



INDEPENDENT NETWORK  
OF LABOUR MIGRATION  
AND INTEGRATION EXPERTS

# IMPROVING ACCESS TO LABOUR MARKET INFORMATION FOR MIGRANTS AND EMPLOYERS



International Organization for Migration (IOM)

Funded by DG for Employment, Social Affairs and Inclusion of the European Commission

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With special thanks to Giuliana Urso and Katharina Buerkin of the IOM LINET Team.

English language editor: Jessica Barratt

Cover concept and publication layout: Trevo – Martins

Publisher: International Organization for Migration  
Regional Office for EU, EEA and NATO  
40 Rue Montoyer  
1000 Brussels  
Belgium  
Tel.: +32 2 287 70 00  
E-mail: [ROBrussels@iom.int](mailto:ROBrussels@iom.int)  
Website: <http://labourmigration.eu>

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# IMPROVING ACCESS TO LABOUR MARKET INFORMATION FOR MIGRANTS AND EMPLOYERS

Edited by  
Maria Vincenza Desiderio and Anke Schuster





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# ACRONYMS

ACS	American Community Survey
AEO	Arranged Employment Opinion
ALLIES	Assisting Local Leaders with Immigrant Employment Strategies
ALMP	Active Labour Market Policy
BIP	Business Immigration Program
BLS	Bureau of Labor Statistics
BRP	Biometric Residence Permit
CBI	Confederation of British Industry
CBSA	Canadian Border Services Agency
CCLB	Centre for Canadian Language Benchmarks
CEC	Canadian Experience Class
CIC	Citizenship and Immigration Canada
CIPD	Chartered Institute of Personnel and Development (United Kingdom)
CLB	Canadian Language Benchmarks
COS	Certificate of Sponsorship
CV	Curriculum Vitae
CVA	Canadian Visa Office Abroad
DOL	Department of Labor
ECA	Education Credential Assessment
ECVET	European Credit System for Vocational Education and Training
EEA	European Economic Area
EEF	Engineering Employers' Federation
EI	Employment Insurance
EIF	European Integration Fund
ELT	Enhanced Language Training
ESL	English as Second Language
ESOL	English for Speakers of Other Languages
EU	European Union
EU-15	European Union of 15 Member States (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom)
EU-27	European Union of 27 Member States (Austria, Belgium, Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom)

EUR	European Euro
EURES	European Employment Services
FEA	Federal Employment Agency
FCRO	Foreign Credentials Referral Office
FCRP	Foreign Credential Recognition Program
FMET	Federal Ministry of Economics and Technology
FMLS	Federal Ministry of Labour and Social Affairs
FPI	Fiscal Policy Institute
FSWP	Federal Skilled Worker Program
GAO	Government Accounting Office
GBP	Great Britain Pounds
GDP	Gross Domestic Product
GUS	Polish Central Statistical Office
HR	Human Resources
HRSDC	Human Resources and Skills Development Canada
HSMP	Highly Skilled Migrants Programme
HtFV	Hard-to-fill vacancy
ICT	Intra-Corporate Transfer
ILO	International Labour Organization
IMPACT	Integrating Migrants through the Provision of Adaptability and Competence Training
IRCA	Immigration Regulation and Control Act
IRPA	Immigration and Refugee Protection Act
ISMU	Fondazione ISMU (Iniziative e Studi sulla Multiethnicità). Formerly Fondazione Cariplo -ISMU since 1991. Italian independent organization promoting studies, research and projects on multi-ethnic and multi-cultural society, and focusing in particular on the phenomenon of international migration ( <a href="http://www.ismu.org">www.ismu.org</a> ).
IT	Information Technology
JSA	Job-seekers Allowance
LCA	Labor Condition Application
LCP	Live-In Caregiver Program
LDMA	Labour Market Development Agreement
LFS	Labour Force Survey
LINC	Language Instruction for Newcomers to Canada
LMO	Labour Market Opinion
MAC	Migration Advisory Committee (United Kingdom)
MB	Migration Board (Sweden)
MNC	Multinational company
MRCO	Migrant and Refugee Community Organization
NAICS	North American Industry Classification System
NARIC	National Recognition Information Centre
NGO	Non-Governmental Organization
NHS	National Health Service
NIACE	National Institute of Adult Continuing Education (United Kingdom)
NMS	EU Member States having acceded to the EU in 2004 and 2007 (Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia)

NOC(S)	National Occupation Classification (System)
OPT	Optional Practical Training Program
PBS	Points Based System
PEO	Public Employment Offices
PER.LA	Italian Survey on working paths of immigrant citizens (in Italian: “ <i>Indagine sui Percorsi LAVORativi dei cittadini immigrati</i> ”)
PES	Public Employment Service
PNP	Provincial Nominee Program
R&D	Research and Development
RLMT	Resident Labour Market Test
SAWP	Seasonal Agricultural Worker Program
SAWS	Skilled Agricultural Workers Scheme
SBS	Sectors Based Scheme
SEK	Swedish Crowns
SINK	Special income tax for non-residents
SME	Small and Medium-Sized Enterprise
SMS	Short Message Service
SOL	Shortage Occupation List
SQW	Segal Quince Wicksteed (consulting agency, United Kingdom)
SSC	Sector Skills Council
SSV	Skill-shortage Vacancy
SSYK	Swedish Standard Classification of Occupations
STEM	Science, Technology, Engineering, and Mathematics
TFWP	Temporary Foreign Worker Program
TFWU	Temporary Foreign Worker Units
TRIEC	Toronto Region Immigrant Employment Council
UK	United Kingdom
UKBA	United Kingdom Border Agency
USA	United States of America
USCIS	United States Citizenship and Immigration Services
USD	United States Dollars
USDHS	United States department of Homeland Security
ZAV	International Placement Service ( <i>Zentrale Auslandsvermittlung</i> )
WHMS	Working Holiday Makers Scheme

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# IMPROVING ACCESS TO LABOUR MARKET INFORMATION FOR MIGRANTS AND EMPLOYERS

## EXECUTIVE SUMMARY

Maria Vincenza Desiderio<sup>1</sup>

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<sup>1</sup> The author would like to thank Anke Schuster (IOM LINET Project Manager) and Anna Platonova (IOM Regional Labour Migration Specialist) for their review and comments on previous versions of this executive summary. A draft version of the executive summary was presented at the IOM LINET conference on *Improving Access to Labour Market Information for Migrants and Employers* held in Brussels on 6 November 2012.





## INTRODUCTION

Labour and skills shortages<sup>2</sup> are expected to rise over the short to medium term in the EU, as a result of demographic trends of shrinking workforce and of structural changes in the distribution of occupations and in the nature of the skills in demand, induced by an increasingly competitive global economic environment. After decades of growth, the decline of the working-age population of the EU will start in 2013, according to Eurostat demographic projections (EUROPOP, 2010), which indicate a loss of more than 2.5 million in the working-age population of the EU27 in the decade 2010–2020, and a four-time higher decline in the following decade. This would result in a 12 per cent contraction of the EU working-age population by 2030.

As regards the skill composition of the EU workforce, the past decades have seen significant upskilling, largely driven by the higher educational attainment of the new entrants in the labour force compared with the retirees. However, recent Organisation for Economic Co-operation and Development (OECD) analysis on the demography of educational attainment (OECD, 2012a) indicates that over the period 2010–2020 the share of highly educated workers among the older retiring cohorts will be significantly higher than in previous decades, leading to much slower increases in the size of the highly skilled labour force. In addition, according to the latest CEDEFOP skills forecast (March 2012), in the decade 2010–2020 the demand for highly skilled workers will grow at a faster pace compared with the previous decade, as a result of continuing skill-intensive economic and technological change. At the same time, growth rates by occupational skill level for the period 2000–2010 as identified by the OECD (OECD, 2012b), also point to an increasing trend at the opposite extreme of the skill spectrum, with an average growth by 9 per cent in elementary occupations across OECD countries as compared with a 13 per cent increase in highly skilled jobs. The Talent Shortage Survey run in 2012 by Manpower Group among European Employers points to relevant shortages in medium-skilled occupations.

Forecasted labour and skills shortages challenge the economic growth prospects of the EU Member States and the potential for economic recovery. Faced with difficult-

<sup>2</sup> A labour shortage occurs when there are generally too few people applying for vacant positions, including entry-level positions or those requiring no specific type of skill. A skill shortage occurs when there is a lack of candidates with the required education, experience or skills applying for jobs. Often, labour and skills shortages coexist.

to-fill job vacancies employers may decide to hire under-qualified workers, increase workload for their staff, or delay/abandon business development plans, with adverse effects in terms of productivity, workforce retention and competitiveness. As stressed by the European Commission (EC) in the 2011 *Communication on Migration* and in the 2012 *Employment package*<sup>3</sup>, international migration can contribute to meeting labour and skills shortages both through the recruitment of labour migrants from third countries, and through a better labour market integration of immigrants already resident in the EU, including family and humanitarian migrants.

In most EU Member States, labour migration systems are predominantly demand driven, that is, immigration of workers from third countries is authorized in response to the existence of unmet labour shortages which may be identified in various ways, the more common being labour market tests and shortage lists. As a general rule, in demand-driven schemes, labour migrants are not legally permitted to enter the country without a job offer. On the other hand, employers willing to fill labour shortages which cannot be met with the recourse to resident or EU workforce, are expected to hire a worker who is still residing abroad. Those labour migration systems assume that the employment match between employers and the employee would generally happen without any previous meeting between the two counterparts. In this context, access to labour market information for both employers and prospective migrants is key if international migration is to play a role in responding to labour and skills shortages.

On the demand side, difficulties in accessing information on the functioning of the procedures to recruit from abroad and on the availability of migration candidates with the appropriate skills may hinder the capacity of employers – and of small and medium-sized enterprises (SMEs) in particular – to fully tackle the potential of migration to address their labour needs. The study found that such information barriers, and the costs related to them, largely account for the limited recourse of SMEs to foreign recruitment and explain the frequency of informal network-based recruitment practices among those SMEs which hire from abroad. Using personal networks and referrals, however, may not represent the most efficient information strategy in terms of job-skills matching and productivity outcomes.

On the supply side, prospective labour migrants often lack knowledge on legal migration channels and on the specific labour market requirements in destination countries. This might also be related to language barriers and to shortcomings in the systems of recognition of foreign qualifications and competences. In addition, limited access to networks, diversity-related issues in hiring practices and discrimination may also result in information barriers hampering the possibilities for migration candidates with appropriate skills to come to the EU to fill unmet labour shortages.

<sup>3</sup> Communication from the Commission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions of 4.5.2011 *Communication on Migration* [COM(2011)248 final]. The *Employment package* was adopted by the European Commission on 18 April 2012 with the aim of supporting a job-rich recovery, addressing both the demand and supply sides of the labour market. This package also underlines the long-term role of economic migration for creating a genuine EU labour market.

Labour market bottlenecks related to networks and access to information may also represent a challenge for the employment of immigrants already residing in the country where the shortages arise. Even though information barriers seem to be greater in the case of sourcing from abroad, due to specific issues related to the awareness and functioning of the legal labour migration procedures, there also exist obstacles in the recruitment of resident immigrants. These include difficulties in access to information on, respectively, job openings and suitable candidates, as well as shortcomings in the procedure of recognition of foreign qualifications or attributable to perceptions and behavioural factors. Those obstacles may hamper the full utilization of the skills of immigrants already in the country. In this context, facilitating employers' and migrants' recourse to efficient labour market information channels would contribute to strengthening labour market integration of immigrants while, at the same time, addressing growing labour and skills shortages in the EU and OECD countries. Under the Europe 2020 strategy, the European Commission has identified improving labour market outcomes of resident immigrants as being one of the key steps for meeting the headline employment target.

## OBJECTIVES AND METHODOLOGY

From June to November 2012 the Independent Network of Labour Migration and Integration Experts (LINET)<sup>4</sup>, run by the International Organization for Migration (IOM) with the support of DG Employment, Social Affairs and Inclusion of the European Commission, carried out a study on *Improving Access to Labour Market Information for Migrants and Employers*. As part of this project, an international conference was jointly organized by the European Commission and IOM LINET (6 November 2012, Brussels, Belgium) bringing together policymakers, experts, representatives from international organizations, employers and other stakeholders involved in the issue of access to labour market information.

The study investigated information strategies and channels most commonly used, respectively, by employers (private and public) willing to hire migrant workers – both from abroad and inside the country – and by prospective and resident migrants looking for available job opportunities in selected EU Member States and non-EU settlement countries. The purpose of the study was to identify the main information-related obstacles which hamper jobs-skills matching for migrants, and propose appropriate policy responses, including at the pre-departure stage, to overcome those obstacles and enhance the potential of international migration to respond to labour and skills shortages.

Although information-related obstacles which are common to migrants' recruitment both from abroad and from inside the country may exist, generally each of these two situations also presents some distinctive features with respect to access to labour market information. Thus, separate analyses were devoted to the patterns of access to, use and perception of labour market information by employers and migrants, respectively, in the case of foreign recruitment, and in that of employment matching for migrants already resident in the country where the vacancies arise. This was carried out with the aim of identifying the specific bottlenecks which characterise each situation, and proposing tailored policy responses.

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<sup>4</sup> LINET was created by the International Organization for Migration (IOM) in 2009 to provide DG Employment, Social Affairs and Inclusion of the European Commission with expert analysis and advice on economic migration and labour market integration of migrants. The network unites experts from 27 Member States of the European Union, Croatia, Norway and Turkey. Further information on LINET and its studies is available at <http://labourmigration.eu>.

The study addressed four main research questions:

- How do employers acquire and perceive information on the legal procedures to recruit prospective migrants from third-countries and on the availability of migration candidates matching their labour needs? How do they use this information in their recruitment practices?
- What are the channels used by prospective migrants (third-country nationals) to obtain information on job vacancies abroad and on the legal requirements to migrate in response to those vacancies? To what extent do they use those channels to get their jobs?
- What are the specific information-related barriers in the recruitment of third-country nationals already residing in the EU and what are the measures implemented to overcome those barriers?
- What policy measures could be implemented to improve access to labour market information for employers and migrants?

To investigate these issues, IOM LINET conducted seven country case studies intended to capture the various strategies and lessons learnt in Canada, Germany, Italy, Poland, Sweden, the United Kingdom of Great Britain and Northern Ireland and the United States of America. Relevant country-specific information was also drawn from selected IOM LINET studies on Migration, Employment and Labour Market Integration Policies<sup>5</sup>. In addition, the author carried out a desk review of other available studies and extracted relevant data from programmes implemented by IOM field missions, notably pre-departure training and labour market information programmes run by IOM in migrants' countries of origin.

This publication presents the main findings of the study on *Improving Access to Labour Market Information for Migrants and Employers*. It compiles the country case studies and includes additional input from the discussion held during the IOM LINET conference.

## Conceptual framework of the study

The study on access to labour market information for migrants and employers focused separately on the demand side (that is, the employers) and the supply side (that is, the migrants) of the employment match. Although migrants and employers may both use the same channels for labour matching – as few of them exclusively target employers or migrants – the separate focus allowed for the identification of specific information patterns according to the size of the enterprise, the level of

<sup>5</sup> The IOM LINET studies on Migration, Employment and Labour Market Integration Policies analyse data on migration flows, labour market indicators and condition in the 30 LINET research countries arising as a result of existing policies, with the aim of investigating the various factors that determine the impact of migration on employment (see IOM 2010a; 2010b; 2013a).

qualifications and skills of migrant candidates, and the type of sector and occupation in which difficult-to-fill vacancies were observed.

On the demand side, particular attention was devoted to the analysis of the recruitment practices of small and medium-sized enterprises (SMEs). The definition of SMEs adopted for the purposes of this study follows that in use by the European Commission (DG Enterprise and Industry): “The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.”<sup>6</sup>

SMEs are the backbone of the EU economy, with 20.7 million firms accounting for more than 98 per cent of all enterprises, of which the largely predominant share (over 92%) are firms with fewer than ten employees. For 2012 it is estimated that SMEs accounted for 67 per cent of total employment (corresponding to more than 87 million persons) and 58 per cent of gross value added in the EU (ECORYS, 2012).

However, SMEs are often confronted with labour market imperfections and face challenges finding qualified labour to sustain and grow their business, even in times of high unemployment. These challenges are largely related to their restricted resources, which may reduce or distort access to labour market information, as a consequence of limited access to new technologies and professional recruitment services, and of inadequate human resources personnel in terms of both effectiveness and training. Since access to labour market information in the case of labour matching through migration, and particularly, through foreign recruitment, generally requires more resources than those needed for domestic recruitment, one of the initial assumptions of the study was that SMEs would face additional difficulties in hiring migrants. Furthermore, unlike bigger firms, SMEs cannot rely on economies of scale, which would partly offset the relative cost of establishing a targeted information strategy and devoting human and financial resources to migrant recruitment.

Particular attention was also dedicated to the analysis of information strategies used by private households when attempting to recruit migrant workers for occupations in the domestic and care sector, as it was expected that specific patterns would result from both the employer’s size and the nature of the job involved, requiring personal trust to a great degree.

On the supply side, patterns of access to, use and perception of labour market information by prospective and resident migrants were reviewed against the different skill groups of migrants. This was based on the assumption that migrants may mobilize different resources to acquire and use information on available job vacancies and on the legal requirements to fill them, according to their level of education and their competences. The definitions of low-, medium- and highly skilled migrants adopted throughout the study follow an educational perspective and are based on the classification of levels of qualifications and training as set by the International

<sup>6</sup> Extract of Article 2 of the Annex of Recommendation 2003/361/EC.

Standard Classification of Education (ISCED)<sup>7</sup>. According to this approach, those migrants (or migration candidates) having pre-primary to lower secondary education attainment (ISCED 0–2) are defined as low-skilled; those with upper to postsecondary education (ISCED 3–4) are defined as medium-skilled, while the highly skilled are those having attained tertiary education (ISCED 5–6).

Labour market information strategies and channels may also vary depending on the sector and occupation in which employment is sought. This is generally observed when the labour matching occurs without recourse to migrant recruitment. The study involved disaggregated analysis of labour market information patterns by sector and occupation, and tried to identify those segments of the labour market in which migrants' recruitment is more likely to be affected – and hampered – by information-related bottlenecks. In addition, the tools and the efforts that employers are disposed to deploy for the identification of available candidates and of legal procedures to fill their job vacancies may differ depending on whether these vacancies are temporary or permanent. On the supply side, the nature of the job contract sought (permanent, temporary or seasonal) may also influence the choice of more or less formal information strategies by prospective employees. In this respect, the study endeavoured to shed more light on the specific labour market information issues involved in foreign recruitment in response to the temporary need of employers.

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<sup>7</sup> There are various approaches to the definition of the skill levels of workers (and migrants). The educational approach, based on ISCED levels, uses education and training as a proxy of skills. The occupational approach, based on the International Standard Classification of Occupations (ISCO), refers to the nature of occupation in which the worker is employed. An empirical approach consists of taking into account the level of wage paid to the workers. These three definitions overlap to some extent and may be used simultaneously in the definition of the skill level of migrants adopted by immigration law (Chaloff and Lemaitre, 2009).

## 1. Labour migration policy contributes to shaping patterns of access to labour market information for jobs-skills matching through migration

The way in which labour migration policy is designed and implemented may affect in various respects the patterns of access to and use of labour market information for employment matching through migration. Thus, the relative importance of supply- and demand-driven elements in the design of the legal requirements to migrate for working purposes may be reflected into the higher or lesser development of, respectively, the labour market information channels facilitating the recruitment of migrant workers already resident in the country, and the information resources for foreign recruitment. In **Canada**, for example – where support measures to facilitate the flow of labour market information for job-skills matching through international migration are more widespread than in any other country studied – most of the initiatives target the matching between employers and resident immigrants. This is related to the traditional predominance of supply-side requirements in the selection of permanent economic immigrants, who can be admitted in Canada as job-seeker (that is without necessarily having a job offer). Recently, as both demand-driven elements in the permanent economic migration stream and entries under the temporary migration streams (TFWP, live-in caregiver, and seasonal agricultural programmes, all of which require a job offer) have been gaining momentum in Canada, measures to facilitate access to labour market information in the case of foreign recruitment have also been showing an increasing trend (**Chapter 11**).

Shortcomings in the design and the implementation of labour migration policy in response to actual labour market needs may contribute to shaping – and distorting – labour market information practices involved in migrants' recruitment. An emblematic example in this respect is noted in Italy where, regardless of the ruling of a demand-driven legal labour migration system requiring a job offer for admission for employment purposes, in most cases the matching between the employer and the labour migration candidate occurs informally from inside the country. This de facto situation, which largely reduces the significance of the analysis of information strategies for recruitment from abroad in **the Italian case**, is the result of a combination of factors among which migration policy issues seem to play a prominent role. The restrictive quota system



hardly reflecting actual labour market needs, the uncertainty about the annual planning of flows and on the length of the immigration procedure required to admit a worker from abroad, together with the existence of a large pool of irregular immigrants in the country and the cyclical regularization programmes, are all migration policy-related elements which, in the Italian case, concur to explain the disconnection between the actual labour market information strategies mobilized by employers and migrants for jobs-skills matching, and the legal framework for economic migration (**Chapter 7**).

It has to be noticed, however, that some distinctive features in the demand for migrant workers in Italy – such as the important demand for migrant workers to fill domestic and care occupations in private households, see *infra* section 4.1 – and the salient characteristics of the Italian industrial structure (predominance of micro-enterprises) and labour market (extension of the informal labour market), also contribute to the peculiar migration and labour market information patterns observed in the country. Findings from the country study on **Poland** also suggest some caution against attributing a preponderant contribution to shaping patterns of access to labour market information for employers and migrants to the failure of migration policy in effectively addressing labour shortages. The study reports that, despite a significant liberalization and simplification of the legislation concerning the employment of foreigners since 2007, and the consequent increased awareness of employers about formal migrants' recruitment channels, informal and irregular practices persist (**Chapter 8**).

Notwithstanding this caveat, uncertainties on the labour migration process, both in terms of the annual planning of flows and of the length of time required to obtain a work permit for a migrant worker, represent a major constraint, particularly for SMEs. The study found that these shortcomings limit the recourse to migrant recruitment in response to labour shortages and to have an impact on patterns of access to labour market information for employers and migrants. In general, complex administrative procedures, red tape, and paperwork burden disproportionately affect SMEs compared with bigger firms, due to resource restrictions. Thus, bureaucratic delays associated with the process of migrant recruitment – due to shortcomings in the design and implementation of the labour migration system – can translate into significant income losses for SMEs. Consistently across the countries studied it was observed that cumbersome and lengthy immigration procedures are among the main factors which discourage SMEs from lawfully recruiting from abroad in response to their labour needs, particularly if such needs are temporary. In the United States, the H-2A visa for seasonal workers in agriculture is one of the only two legal migration routes allowing for the admission of low-skilled migrants, and this despite persistent and growing shortages in low-skilled occupations<sup>8</sup>. Although the H-2A stream is

<sup>8</sup> Since the late 1980s a polarization of labour demand at the two ends of the skills spectrum has been observed in the United States. In particular, shortages in low-skilled occupations in the service sectors (and especially in health care and personal care) are prospected to grow in the short- to medium-term. However, legal labour migration streams in the United States are mostly reserved to highly skilled workers. This restrictive labour migration policy, not responsive to the actual economic needs, has contributed to the large pool of undocumented migrants living in the United States and available for recruitment. A detailed discussion of the United States labour migration policy is provided in Chapter 12.

uncapped, however, the complexity of the procedures and the housing requirement contribute to explaining the limited recourse of **United States** growers to H-2A visa and continuing trends of irregular employment of undocumented migrants in agriculture (**Chapter 12**).

Even in the case of **Sweden**, where procedures to recruit and apply for a work permit are relatively simple and non-bureaucratic, and migrant inflows are small in international comparison, waiting times due to backlogs in processing applications have repeatedly been pointed out by employers as being the biggest hurdle when they try to hire workers from outside the EU (**Chapter 9**)<sup>9</sup>. To shorten the processing times and facilitate recruitment from abroad in response to domestic labour needs, some countries (such as Australia and Sweden) have introduced systems of certification of “reputable” employers, which partly exempt those employers from administrative requirements. While those schemes undoubtedly streamline the immigration procedures and are particularly interesting in the case of foreign recruitment in response to temporary labour needs, they generally apply only to large employers or to employers who frequently recruit from abroad and may, thus, contribute to widen the labour market information gap between bigger and smaller firms. In Sweden, for example, companies that submit at least 25 work permit applications a year can apply to become certified by the Migration Board. This certification exempts the company from the requirement to obtain the trade union’s opinion on wages and working conditions, and may reduce the waiting time to obtain a work permit to five days. However, the requirement of 25 applications a year hinders companies with low recruitment and SMEs from getting certified. Similarly, in the **United States of America** the United States Citizenship and Immigration Services (USCIS) provide a Premium Processing Service for employers filing an application to sponsor a migrant on a non-immigrant visa for short-term employment, which guarantees application processing within 15 calendar days (against a normal average of two to six months). However, since the service is provided for an additional fee of USD 1,225 per application, it is unlikely that small employers have recourse to it.

In most of the countries studied, regulations on intra-corporate transfers also give a competitive advantage to big firms with subsidiaries and affiliates abroad compared with SMEs, when trying to fill temporary labour shortages. In the United States, for example, businesses that have offices abroad or a foreign parent often use the L-1 visa for intra-corporate transfers. This is the most employer-friendly visa allowed under the United States immigration policy. Certain large corporations with at least 1,000 employees in their United States offices and annual sales of at least USD 25 million receive a blanket L-certification provided they obtained at least ten L-1 visas during the past one year. Once granted, the blanket L-certification allows a company to bypass the USCIS petition process. The L-1A visas for intra-corporate transfers of

<sup>9</sup> Based on figures from the Swedish Migration Board for October 2012, the IOM LINET country study on Sweden reports an average processing time of six to seven months, against a target to complete applications submitted electronically within four weeks. It has to be noted, however, that for about half of the 60,000 decisions that the Migration Board processes per year, the companies have to wait for less than five weeks.

executives or managers do not even require a labour certification. This is a distinct advantage over most other employment visas that require labour certification, which is a cumbersome and time-consuming process (**Chapter 12**).

It is noteworthy to recall here that the 2013 IOM LINET study on *Recognition of Qualifications and Competences of Migrants* found that, also in the case of recruitment of already resident immigrants, the complexity and the length of the procedures for the recognition of foreign qualifications and competences reduces the potential of efficient jobs-skills matching through migration (IOM, 2013b; see also section 3 of this chapter for a brief discussion of this topic).

## **2. Access to labour market information in the case of foreign recruitment: challenges and good practices**

### **2.1. The employers' perspective**

*The study confirmed the original assumption of higher informational barriers involved in foreign recruitment by SMEs compared with bigger firms. Except for some specific sectoral patterns, foreign recruitment is largely the fact of multinationals and big firms. Those firms have a clear informational advantage compared with smaller employers, as they have not only more internal resources which they can mobilize in view of hiring from abroad, but also a higher capacity to benefit from public support measures implemented to facilitate the flow of labour market information for employment matching through migration. On the other hand, shortcomings in access to information on labour migration procedures, and on the availability of appropriate migration candidates abroad, together with the uncertainty around the length of time required to obtain a work-permit for suitable migration candidates, are the major factors explaining the very limited recourse of SMEs to foreign recruitment in response to their unmet labour needs. Those information-related asymmetries among SMEs and bigger firms respectively are particularly acute in the case of temporary labour shortages, as multinational companies faced with the need to hire from abroad for a short-term position have the opportunity to rely on intra-corporate transfers.*

#### **Awareness of migration policy and foreign recruitment procedures**

Consistently across the countries studied, a lack of awareness of the legal migration procedures required to recruit a foreign worker from abroad is described as a major information bottleneck, hampering the potential of migration to respond to unmet labour shortages. Awareness of legal requirements for foreign recruitment tends to differ according to the firm size and, in some cases, by sector. While shortages of qualified workers are reported to be a major challenge for SMEs, research has found that a significant proportion of small employers do not even realize or consider that labour migration can be a potential response to this challenge.

Information on the legal migration procedures is generally provided by the competent public authorities, sometimes in partnership with immigrant-serving organizations. In the past five to ten years, the sources of information on legal migration procedures have become increasingly user-friendly in the main immigrant-receiving countries,

largely as a consequence of the application of the new information technologies. Thus, in most EU Member States and settlement countries, government authorities in charge of migration have established official websites detailing migration legislation and procedures<sup>10</sup>. Reference information provided by way of those official Internet portals is of particular relevance in the context of demand-driven labour migration streams, where the responsibility of checking the compliance of a migration candidate with immigration legislation is largely transferred from the public authorities to the employers.

Thus, in the **United Kingdom**, with the introduction of the points-based-system (PBS) and the increasing importance of the demand-driven tiers – and particularly Tier 2 – after the 2011 reforms, employers have a greater formal role than before in the admission of migrants and in ensuring compliance with the legal migration requirements. The website maintained by the United Kingdom Border Agency (UKBA) provides specific information for employers willing to recruit workers from abroad, outlining the sponsorship procedure, which lies at the heart of the system (<http://www.ukba.homeoffice.gov.uk/business-sponsors/>). The sponsorship procedure foreseen under PBS Tiers 2 and 5 involves several steps and a complex range of duties for the employer. Failure to follow correct procedures may result in the loss or downgrading of an employer's right to sponsorship and, in certain circumstances, employers may also face fines and/or criminal action. Sponsoring employers may make use of the UKBA helpline or pay for a customized service from UKBA, offering direct access to a personal contact within the Agency. The level of the additional fees required for this tailored service, however,<sup>11</sup> makes it unlikely that small firms will be able to benefit from it (**Chapter 10**).

While the contribution of official migration portals to facilitating the flow of information on the legal procedures to recruit from abroad is well recognized, the capacity of SMEs to fully navigate those websites to obtain the specific information needed among a vast array of published material may be somewhat limited by the typical resource constraints which affect small businesses, including lack of dedicated administrative staff.

It has to be noted, however, that the capacity of employers – and particularly of SMEs – to navigate through the information on legal migration procedures published in official immigration portals also varies depending on the degree of complexity of the labour migration procedure itself. Thus, in **Sweden**, where the December 2008 reform has led to the implementation of one single legal channel for labour migration, 86 per cent of the users of the Migration Board's website declared to be satisfied with the information provided (**Chapter 9**).

<sup>10</sup> Most of these websites target both employers and prospective migrants. A discussion of the accessibility and use of internet tools from the migrants' perspective will be provided in section 2.2.

<sup>11</sup> At the time of writing the costs involved are GBP 25,000 per year for a full package and GBP 8,000 per year for a reduced package – see <http://www.ukba.homeoffice.gov.uk/business-sponsors/points/sponsoringmigrants/premium/>.

Tailored Internet resources targeting SMEs may contribute to enhancing the capacity of small employers to fully access and use online information on migrant recruitment procedures, thus helping to reduce the information asymmetry among bigger and smaller firms. Good practices in this respect are noted in **Canada**, where the different government departments dealing with labour migration issues have developed a vast array of specific Internet tools to support SMEs willing to hire migrants. The Foreign Credential Referral Office (FCRO) has published a document called *Employer's Roadmap to Hiring and Retaining Internationally Trained Workers* offering practical information and guidance, targeted for SMEs. Similarly, the [www.hireimmigrants.ca](http://www.hireimmigrants.ca) website, funded by Human Resources and Skills Development Canada (HRSDC) and run by Maytree, provides tailored information according to the size of the employer, as well as to the sector of activity (**Chapter 11**).

Employers' associations may also play a role in facilitating access to information on legal labour migration procedures for their members. As a general rule, a greater involvement of social partners in providing guidance on migrants recruitment practices is observed in countries with highly regulated labour markets (such as Sweden). Also in countries with more liberal labour regulations (as in the United Kingdom), sectoral associations of employers operating in segments of the labour market facing severe shortages are usually active in providing information on migrant recruitment to their members.

In **Sweden**, The Confederation of Swedish Enterprise provides information on the possibility to recruit from third countries through its website and informs its member organizations about changes in regulations. Among the sectoral employers' associations more active in supporting foreign recruitment is the Forestry and Agricultural Employer Association that organizes employers in forestry, agriculture, veterinary care, and horticulture, all industries which are largely dependent on seasonal labour that may be difficult to source in Sweden. The Association has published a sectoral guide on how to proceed when recruiting foreign workers and has organized a series of meetings gathering representatives of relevant public authorities (Tax Authorities, the Swedish Public Employment Service and the Migration Board) to inform its members about the opportunities to recruit abroad and the various regulations foreseen (**Chapter 9**). In the **United Kingdom**, organizations of employers operating in shortage sectors such as the Engineering Employers' Federation and the National Health Service Employers also provide information and guidance on migration (**Chapter 10**).

In contrast to what is observed for the other countries studied, in **Germany** employers' associations are reported to rather neglect the option of intensifying international recruitment activities as an answer to shortages of skilled labour. Instead, they tend to advise their members to focus on mobilizing internal capacities with measures such as on-the-job training (**Chapter 6**). The country study on **Poland** has revealed that employers' organizations are only marginally interested in the issue of employment of third-country nationals. None of the four largest organizations had in place a comprehensive project targeted at supporting its members in this regard. Interviews

with employees of those organizations have suggested that their activity is limited mainly to lobbying for the eradication of restrictions concerning the possibility to hire migrant workers, while at the same time they do not think they should be responsible for informing employers about new procedures or for the creation of formal recruitment channels, considering those as government's responsibilities (**Chapter 8**).

The involvement of employers in the design of the labour migration system is key to ensure that labour migration regulations and targets are responsive to the actual shortages. At the same time it also brings an important contribution to awareness raising among employers. In the **United Kingdom**, individual employers and employers' organizations are regularly consulted by the Migration Advisory Committee (MAC) for its periodical update of the list of shortage occupations in which recruitment of migrant workers from abroad under tier 2 is allowed (**Chapter 10**).

### ***Information channels to identify potential migration candidates to fill domestic labour and skill shortages***

Employers may use a mix of different methods to advertise their job vacancies and identify the migration candidates with the appropriate skills matching their labour needs. These may include:

- personal and professional networks (including referrals from current employees, business partners or competitors);
- employing private recruitment agencies and intermediaries;
- advertising job offers in the media, through the company's website or through job banks;
- participating in job fairs;
- referring to the national public employment service or to the list of job-seekers compiled by the national consulates abroad.

Each recruitment channel has its own associated costs and benefits in terms of coverage of potential recruits and effectiveness in identifying and selecting suitable recruits. In turn these translate into direct costs of recruitment and indirect costs in terms of delays and errors in recruitment.

The study has shown that, in the current practice, big firms tend to use a wider range of information channels for employment matching, compared with SMEs, which in most cases almost exclusively rely on informal networks and referrals. This is again related, at least in part, to the higher resources and assets of bigger firms compared with smaller ones and to the economies of scale that the former may realize when investing in formal recruitment strategies.

Thus, in most countries studied, big employers have more frequent recourse to formal private intermediation channels, such as private recruitment agencies, for employment matching compared with SMEs. International staffing agencies often

provide a comprehensive package of services to employers willing to hire from abroad, which may include assisting with the legal formalities to obtain work permits, identifying prospective migrants with appropriate skills, checking migrants' foreign qualifications and documents, and organizing migrants' arrival and stay. However, all those services involve costs, which SMEs may be barely able or willing to afford especially since they generally recruit a limited number of workers. In **Poland**, *EastWestLink*, the country's biggest job agency dealing with the employment of migrants, offers both employee recruitment and hiring out, as well as employment support and services of obtaining work permits. The range of services proposed is extremely comprehensive. An employer interested in hiring a migrant worker may commission to the agency the responsibility of the whole process – from finding an employee, through arrangement of all requisite documents, organization of his arrival to Poland, transit to work, to arrangement of his departure after employment ends. The agency also offers translation of the documents confirming the qualifications, and during employment. The gathered information suggests that a decisive majority of the agency's clients are large enterprises interested in employing at least a dozen or several dozen workers (among which are Budimex – a large construction company, the Hard Coal Mine in Katowice, and Gdańsk Shipyard) (**Chapter 8**).

Similarly, an employer willing to hire more than 10 workers from abroad or for whom foreign recruitment is a regular practice, may be more disposed to afford the relatively expensive costs involved in an international advertising campaign, in consideration of the expected returns of those investments. At the same time, the costs of advertising are generally lower and the likelihood of success higher for big firms, whose reputation represents a competitive advantage in this respect.

Even when vacancy advertisement and job-matching are not paying services *per se*, as when they happen through publicly funded online job-banks, the exercise may require that the enterprise has specifically trained human resources and assets to devote to it, which is less often the case for SMEs as compared with bigger firms. Information-related risks associated to the difficulties in verifying the genuine nature of information reported in *curriculum vitae* filed online may involve the need for the employer to organize an in-depth selection interview. Thus, in the case of foreign recruitment, Internet matching tools seem to better serve big firms – and notably multinationals – with departments or business partners abroad who can arrange interviews in the country of residence of the applicant, than SMEs with small human resource management capacity. Similar considerations apply to the international employment matching process established through consular lists<sup>12</sup>.

In **Canada**, the government maintains an online job-bank, [www.workingincanada.gc.ca](http://www.workingincanada.gc.ca) designed to function as a hub connecting Canadian employers with anyone looking to work in Canada, from both inside and outside the country. Employers can use this website to advertise and recruit for free. While this is a general service,

<sup>12</sup> For a discussion of the pros and cons of the use of job-seekers lists and databases established in the context of bilateral agreements between migrants' countries of origin and destination, see section 2.2.

not targeting migrants, it is reported to be the most widely used public job-bank to connect potential immigrants and temporary workers with Canadian employers. The reason for this is that CIC and HRSDC heavily promote the portal to migrants (**Chapter 11**). However, the Canadian study suggests that, for the job-matching to take place from abroad based on online applications, employers should be in a position not only to contact the candidates, but also to have enough information on their competences to make a job offer. In this respect, multinational corporations with offices in migrants' countries of origin have a clear competitive advantage over SMEs.

The study found that – with the exception of the information bottlenecks which may arise from shortcomings in the immigration procedures and in the recognition of foreign qualifications – multinationals do not face specific information obstacles for matching up with potential employees in the case of foreign recruitment as compared with recruitment in their country of operation. Their recruitment practices do not differ substantially in each of the two situations, since, through their offices and subsidiaries around the world, multinationals can easily have direct contact with any potential employee abroad. In the **United States**, a recent and growing trend is that of multinational corporations using their overseas subsidiaries to hire workers abroad. Generally, those workers are employed at the overseas subsidiaries for a certain period before getting transferred to the United States office (**Chapter 12**). It is important to mention here that the possibility of intra-corporate transfers is a powerful tool for multinationals to address their temporary labour shortages, and one which offsets most of the information costs involved in foreign recruitment. Evidence of large recourse to intra-corporate transfers by big corporations for temporary recruitment of skilled workers was found in the **United States** and in **Sweden**.

In general, big firms tend to have less recourse to informal networks in their recruitment strategies, compared with smaller ones. To some extent these differences by employer size are a reflection of more standardized approaches and professionalized human resources practices of larger organizations, which in turn result from lesser resource constraints. However, in some of the countries studied, regardless of their higher opportunities to use formal channels for international jobs-skills matching, big firms also seem to make a large use of informal networks in their international recruitment strategies. Indeed, big firms are in a better position than SMEs even when they recur to social networks, due to their capacity to mobilize larger connections. In **Sweden**, personal networks are the most commonly used means across all firm sizes for employment matching both through migration and in the domestic labour market (**Chapter 9**). In **Germany**, an analysis of the success rating of different international recruitment channels by firms in the federal state of Baden Wurttemberg indicated that personal contacts are perceived as the most successful international recruitment channel (**Chapter 6**). The relevant difference as compared with smaller firms is that, while these often have to rely exclusively on personal networks, big firms tend to use them in combination with other, more formal, tools.



In **Italy**, informal channels – in the form of personal networks or direct referrals from current employees – dominate employers’ recruitment strategies. In particular, ethnic networks play a key role in the interaction between demand and supply of foreign workers. As previously discussed, in the Italian case this interaction rarely occurs directly from abroad. According to data from the Excelsior survey – an annual survey of about 100,000 Italian firms run by the statistical office of the Italian Chambers of Commerce – more than 60 per cent of the firms use an informal channel as the principal strategy for seeking and recruiting personnel. This share decreases in relation to the firms’ size: it is around 66 per cent in firms with one to nine employees – which are the vast majority in the Italian context – but it falls to 10 per cent in (the few) firms with more than 500 employees. However, the Excelsior survey only measures labour demand and recruitment methods of firms, entirely leaving out the households’ demand for domestic and care workers, which, in the Italian context, is substantial. Informal practices are paramount in this sector, where informality characterizes not only the matching process but also the early stages of the employment relation. Structural characteristics of the demand (namely the fact that it originates from private households, clearly lacking the resources needed to use formal recruitment channels and generally willing to employ no more than one person) and of the job performed – involving behavioural requirements and mutual trust at least to the same degree as professional competence – explain this pattern. Where direct personal contacts are not enough to find a good candidate, some special intermediaries seem to play an important role in the Italian context. The Catholic Church – and all its related organizations and NGOs – seems to be a prominent actor in facilitating the match between families and immigrants. Similarly, non-confessional NGOs and trade unions are active in this area (**Chapter 7**).

In **Canada**, a plethora of immigrant-serving organizations – often in partnership with local authorities – does a great job in facilitating the matching between employers and migrants. Evidence here suggests that supporting the establishment and territorial diffusion of non-profit initiatives that connect employers faced with difficult-to-fill job vacancies with labour migration candidates, and raising awareness of such initiatives among SMEs, may greatly contribute to reducing the informational asymmetries between large and smaller firms when recruiting from abroad, by decreasing the unitary cost involved in the identification of workers with the appropriate competences in third countries. This would, in turn, contribute to increase the recourse to foreign recruitment by SMEs affected with difficult-to-fill vacancies. Similar positive outcomes could be reached by enhancing the pre-departure matching initiatives implemented in the context of bilateral agreements between destination and origin countries of migrants.

It is worth noting here that, among SMEs, ethnic businesses and enterprises run by foreign-born persons show a distinct pattern in foreign recruitment, with a much higher propensity to source migrant workers from abroad compared with businesses run by native citizens. Clearly, employers originating from third countries share an advantage in recruiting from abroad due to their larger networks in migrants’ countries of origin and to their personal knowledge of immigration procedures. The

use of informal ethnic networks seems to be the most common recruitment practice for migrant entrepreneurs directing small firms, who very often employ co-ethnics. In **Sweden**, for example, the large majority of small- and medium-sized enterprises that recruit from third countries are employers originating from those countries, who use their personal networks in their countries of origin to identify recruits (**Chapter 9**). Similarly, according to the country study on the **United States**, immigrants own a majority of the SMEs that hire migrant workers in the country. For instance, in the leisure and hospitality industries, immigrants make up 47 per cent of hotel and motel owners and 37 per cent of restaurant owners; in taxi service firms, 65 per cent of owners, and in dry cleaning and laundry services, 54 per cent of owners, are immigrants. Approximately half of the fuel service stations and grocery stores in the country are owned by immigrants (**Chapter 12**). These immigrant SME employers use well-established social networks that allow them to identify the skills they need to hire migrant workers. Being migrants themselves, they are also familiar with the legal and irregular channels of hiring migrant workers. It is also likely that, in such cases, issues of cultural diversity and discrimination are not affecting migrants' recruitment patterns.

Patterns of access to information on available migration candidates abroad to fill unmet labour shortages also vary by sector. Indeed, each sector has specific characteristics of labour demand and supply which are likely to shape the way in which the employment matching occurs. Thus, across all firm sizes the recourse to the services of intermediary agencies, both operating in the country where the firm has its premises or from the migrants' countries of origins, is more frequent for the recruitment of qualified workers with technical skills in regulated professions – including in the health sector – as those agencies generally also take care to verify the qualifications held by the foreign candidate and of facilitating the recognition process. Greater recourse to private intermediation services – both lawfully established and informal – is also observed in the case of seasonal employment. In **Sweden**, for example, where almost all seasonal workers from third countries come from Thailand, those workers are recruited through a few Thai staffing agencies, with well-established networks with Swedish berry-picking companies. Using Thai intermediary agencies has the advantage of exempting berry pickers from having to pay Swedish social security contributions. The services of private intermediary agencies are also often sought for the temporary recruitment of highly skilled workers. However, as will be discussed in section 2.2, online advertising, particularly through the websites of higher-education institutions, seems to be the prevailing practice here.

Finally, consistently across the countries studied and with the relevant exception of Germany, public employment services seem to play a marginal role for matching employers with labour migrants, both in the case of foreign recruitment and in the recruitment of resident migrants. More than the availability of tailored services, it seems that a general issue of lack of trust between employers and the public employment service, on the one hand, and between migrants and the public employment service on the other, is responsible for this pattern. In **Italy**, the Excelsior survey showed that only 3 per cent of Italian firms hire through

the Public Employment Offices (PEOs). The Italian country study reports that this weak percentage is likely to be related to the fact that entrepreneurs in Italy continue to perceive the PEOs as a public sector agency with which they have to interact for mandatory bureaucratic requirements rather than an agency specialized in providing services to firms and employers (Censis, 2010). On the supply side and specifically on migrants, the IOM LINET monitoring report on the **Czech Republic** (IOM, 2013a) suggests a problem of mutual distrust between public employment institutions and migrants.

## ***2.2. The migrants' perspective***

On the supply side, the study identified asymmetries in the access to labour market information depending on the skills level of the migrants willing to move to an EU Member State or a settlement country for work purposes. Highly skilled migration candidates have more personal resources – notably in terms of language knowledge, IT literacy and general education – and social and professional networks that they can use to get information on the immigration procedures as well as for getting in contact with the employers abroad, compared with their less-skilled counterparts. These different capacities resulting from dissimilar levels of education, together with the specific characteristics of the occupations in which employment is sought, concur to shape the respective labour market information patterns of high-, medium-, and low-skilled migrants.

### ***Awareness of the legal requirements and procedures to migrate for work purposes***

Official websites maintained by the immigration authorities in the main countries of destination of economic migrants, detailing the national labour migration procedures, can be accessed by anyone who has an Internet connection, and thus by both national employers and prospective migrants abroad. In addition, in a number of EU Member States and non-EU settlement countries, dedicated immigration portals and online resources have been established targeting specifically prospective migrants in order to raise their awareness of labour migration opportunities and regulations.

However, in most cases, information published online is offered only in the receiving country's own language and in English. This limits the target audience, as it cannot be assumed that all prospective immigrants are proficient in the two languages proposed. Highly skilled migration candidates are more likely to be proficient in English and in the language of their expected country of destination, compared with the lesser skilled. They are also more likely to have access to internet facilities and to have computer literacy as well as the capacity to fully apprehend the legal and procedural requirements explained through the websites, compared with less-skilled migrants.

In **Germany**, the website “Make it in Germany” [www.make-it-in-germany.com](http://www.make-it-in-germany.com) was launched in mid-2012 as a joint initiative of the Federal Ministry of Economics and

Technology (FMET), the Federal Ministry of Labour and Social Affairs (FMLS) and the Federal Employment Service (FEA) with the aim of encouraging foreign workers to come to take up employment in Germany. In addition to a presentation of the German culture and way of life, formal requirements for immigration and working are detailed in the website. A five-step procedure guides the prospective immigrant through the process of finding employment in Germany, including a “quick check” section that informs about the specific immigration regulations that may apply in the user’s situation. In case uncertainties persist – such as with respect to the recognition of foreign qualifications and credentials – prospective immigrants are provided with the contact details of responsible institutions. However, the website is currently only available in a German version and in an English version. Furthermore, it is not yet evident how many prospective immigrants will become aware of this online portal. For example, when entering obvious search terms in popular online search engines, the website is often not listed among the top results (**Chapter 6**).

In **Poland**, language barriers and bureaucratic terminology are reported to hamper the actual utilization of the migration information published in the web portal run by the public employment service, [www.zielonalinia.pl](http://www.zielonalinia.pl), established on the initiative of the Ministry of Labour and Social Policy, and co-financed by the European Social Fund. The main goal of the portal is to provide all available information about how the Polish labour market functions. In the part concerning employment of migrants, it contains all necessary information an employer might need to employ a foreigner legally, both on the basis of a work permit and a declaration. The website targets both employers and prospective employees, natives or migrants. It is run in three languages: Polish, English and Russian. Given that Ukrainians form by large the first national group of immigrants in Poland, the lack of an Ukrainian version represents a shortcoming for the utilization of the website as a tool for employment matching through migration. Moreover it may prove difficult to understand some pieces of information, as legislation provisions regulating foreigners’ access to Polish labour market are not adapted into colloquial language (**Chapter 8**).

A good practice with respect to the multilingual provision of immigration information comes from **Sweden**, where, in addition to the Migration Board’s website, the Swedish Institute maintains a specific website aimed at potential labour migrants from third countries, [www.workingsweden.se](http://www.workingsweden.se). The portal displays information about national laws and rules together with facts about living conditions in Sweden. The aim is to get third-country nationals to choose Sweden as a labour destination. The portal is run in seven languages (Arabic, Chinese, English, French, German, Russian, and Spanish). In addition, fact sheets with integrated information are provided in 27 more languages, including those spoken in the main countries of origin of economic migrants to Sweden.

Information on the requirements to migrate for working purposes in a given country is also generally provided by the country’s consular offices in the main origin countries of labour migrants – both through the consulates’ websites and direct counselling services. In the **United Kingdom**, the United Kingdom Border Agency (UKBA) and Home Office work on communication programmes with the

Foreign and Commonwealth Office (FCO) to disseminate messages about the legal framework for migration and employment in the United Kingdom, the risks of irregular migration and of illegal working, and about life in the United Kingdom. Information is delivered by UKBA Regional Directors across the world, supported by Foreign and Commonwealth office and Embassy staff (UKBA and FCO, 2010). Similarly, the **United States** consular offices in various countries advertise the short-term immigration programmes. Innovative methods used by some United States consulates include broadcasting information about immigration procedures via *Youtube* and offering live web-chats and web-seminars (**Chapter 12**).

NGOs and immigrant-serving organizations also frequently offer free-of-charge advice services on immigration procedures and on the labour market in the country of destination to prospective migrants.

In addition, for-profit private consulting agencies providing legal counselling on immigration procedures are a growing trade. In the **United States**, a plethora of immigration lawyers advertise their services through the Internet. More broadly, private intermediation agencies generally take care of all the immigration procedures, thus eliminating the need for legal counselling, but migrants – especially the low-skilled – generally have to pay fees to use their services.

### ***Information channels for employment matching***

The level of education and the type of occupation sought are (interrelated) factors which influence the choice of channels used by prospective migrants to obtain information on available job opportunities and to match with employers offering vacancies abroad. The study found that highly skilled prospective migrants have a wider range of channels at their disposal for international employment matching, compared with both the medium- and low-skilled.

Consistently across the countries studied it was observed that university and professional networks play an important role in connecting highly skilled third-country nationals with employers in the EU Member States and in non-EU settlement countries. In **Sweden**, for example, a common pattern in the mining industry is for companies to recruit engineers through university networks (**Chapter 9**). Similarly, in the **United Kingdom**, recruitment in the aerospace sector involves, among the other methods, connections between United Kingdom firms and Asian universities, with the selection process being carried out in Asia (**Chapter 10**).

Due to their ability to navigate through the Internet, and to their linguistic skills, highly skilled migration candidates also commonly use web-based job portals as well as direct search on the websites of the most renowned enterprises in their field of speciality to find job opportunities abroad.

Jobs-skills matching through private intermediation agencies is also a possibility for the highly skilled but in this case costs are generally not involved for the potential migrants since it is rather employers abroad – and especially big firms – who hire

private staffing agencies to find highly skilled recruits in third countries. The recourse to private intermediation agencies is more common for those highly qualified third-country nationals willing to work in regulated occupations abroad, such as, typically, doctors. Here, the possibilities of direct matching with the prospective employer abroad are lowered as a consequence of the requirement to obtain the recognition of foreign qualifications and accreditation by the relevant professional bodies prior to starting work. Private intermediation agencies generally take care of recognition and accreditation procedures, thus ensuring that there are no additional costs involved for the prospective employer in waiting for the selected migrant to go through complex and often cumbersome procedures. Similar patterns are observed also for medium-skilled migration candidates willing to take up employment abroad in specialized, technical occupations, such as nursing.

As a matter of fact, an issue of demand-driven labour migration systems is that they require prospective migrants to be job-ready before departure. This characteristic seems to hinder the possibility of direct international jobs-skills matching between the prospective employer and the prospective migrant in those segments of the labour market which are highly regulated (that is, in regulated professions).

In the **United States**, a study by the Academy of Health (reported in **Chapter 12**) found that direct overseas recruitment is not the preferred option for companies hiring in specialized occupations, such as nursing, teaching, science, technology, and engineering. The recourse to private intermediation agencies implied by the need to verify the foreign qualifications held by the migration candidate translates into relatively high costs for the employer. For example, the study (Pittman et al., 2007) reported that recruiters typically charge hospitals and nursing homes a standard fee of USD 15,000–25,000 per foreign-trained nurse. Thus, it is not surprising that even in an occupation like nursing where a vast network of international recruiters exists, direct overseas recruitment is not the primary source for hiring foreign trained workers, especially in a largely supply-driven labour migration system such as that of the United States, where skilled migrants can be admitted on migration streams other than those requiring a job offer. In this context, it seems less expensive and less risky for United States employers to hire foreign workers already in the country, who obtained the required accreditation in the United States.

Even in an entirely demand-driven labour migration system as the one implemented in **Sweden**, it is very rare that employers in the formal health and care sector (which in Sweden are mostly public employers) recruit directly from third countries, and this despite a growing unmet demand for doctors and nurses. Receiving the validation for health professions is a long and complicated procedure in Sweden, which can take years even for EU nationals (**Chapter 9**). To be able to recruit doctors and nurses from third countries the employers would need to set extensive programmes for pre-departure training, for them to be job-ready before a work permit can be granted. Currently such initiatives do not exist in Sweden.

Pre-departure training and accreditation measures in migrants' countries of origin represent an interesting tool for facilitating employment matching in specialized

and technical occupations – both regulated and non-regulated – and should be promoted.

Pre-departure information and training programmes publicly funded by the national government, and run in partnership with immigrant-serving organizations in one or more countries of origin of migration flows directed to the funding country, have already been implemented in some of the countries studied. They are often implemented in the context of bilateral agreements between the funding country and the country of origin of migrant inflows. In consideration of their high potential for jobs-skills matching through migration, these programmes should be promoted.

The IMIS (Integrated Migration Information System) project, funded by the Italian Cooperation for Development and the Italian Ministry of Labour and Social Policy and run by IOM together with the Egyptian Ministry of Manpower and Emigration (MoME) since 2001, is an interesting example of public initiative to facilitate international employment matching in the context of a bilateral agreement between a country of origin and a country of destination of economic migration flows. The project has established an online database where Egyptian job-seekers can upload their *curricula vitae* and Italian employers can post their job vacancies. To reduce the information risks which may result from the provision of uncorrected data by job-seekers in their profiles, the project currently integrates skills' assessment procedures as well as a referral mechanism, and offers information on bridging courses for those who failed the assessment. In addition, IOM in cooperation with the MoME and with the financial support of the Italian Development Cooperation has implemented a project providing pre-departure orientation to prospective migrants from Egypt willing to work in Italy.

By the end of 2011 the Italian Ministry of Labour had also launched a programme aimed at the creation of an integrated system of labour mobility between **Italy** and the 15 most important countries of origin of migrant inflows to Italy, in the context of bilateral agreements. The initiatives foreseen under the International Labour Mobility programme – which is run by IOM in partnership with the agency of the Italian Ministry of Labour, *Italia Lavoro* – include the establishment of local Labour Coordination Offices in the target countries, the identification in those countries of private and public agencies able to select the most appropriate migration candidates for the Italian labour market and their connection with Italian employers, the delivery of consular services facilitating the fulfilment of the migration procedure, as well as of pre-departure vocational training and cultural orientation curricula adapted to the requirements of the Italian labour market. To date, Local Labour Coordination Offices have been established and are operating in Albania, Sri Lanka, Moldova and Egypt.

In **Canada**, the Canadian Immigrant Integration Project (CIIP) aims at providing potential applicants to the Federal Skilled Worker Program (FSWP) and to the Province Nominees Programs (PNP) with essential orientation pre-immigration, including knowledge of the Canadian labour market, realistic expectations about post-immigration outcomes, and the ability to fully prepare for immigrating to

Canada. Since the vast majority of resources are now online, a primary action under the CIIP is to increase awareness among skilled worker applicants of existing online resources. It also provides extensive referrals to immigrant-serving organizations, sector councils, and regional governments with Province Nominees Programs streams in place that would be more advantageous than FSWP. An important feature of this initiative is that it began as an outreach programme which automatically contacted principal applicants in the final stage of the FSWP, though response was voluntary.

Once contacted, applicants are offered to participate in a three-step process. The first step consists of group seminars providing basic information about the Canadian labour market. This includes: information on the Canadian economy and labour market trends, integration challenges faced by immigrants – such as credential recognition and language requirements – and job-search instruction. In the second step of the process individual counselling sessions are provided which are designed to help applicants produce a personal action plan for labour market integration. The individual counselling sessions take place prior to departure and are guided by each applicant's particular situation and run in partnership with licensing bodies, post-secondary institutions, regulatory bodies, and employers to ensure that each applicant receives the most complete information they would need prior to immigrating. The third step of the process consists in providing referrals to immigrant serving organizations that can assist applicants remotely in preparing to immigrate or search for a job. Referrals are also made to post-secondary institutions to prevent immigrants from being unprepared or unable to meet unexpected educational requirements.

CIIP originated as a 5-year pilot project in 2005 by HRSDC, and continued as a CIC project from 2010 onwards, after successful evaluation. The primary actor, however, was and remains an immigrant-serving organization, the Association of Canadian Community Colleges (ACCC). With funding from CIC, ACCC currently implements CIIP in accordance with goals established through consultations with HRSDC, CIC, other immigrant-serving organizations, and the results of the evaluation of the pilot project. Between the launch of client services in January 2007 and the conclusion of the pilot project in November 2010, CIIP provided direct service to 9,000 FSWP and PNS applicants from India, China, and the Philippines, through offices established in Delhi, Guangzhou and Manila. The response to the project from the migrants surveyed was overwhelmingly positive; among other encouraging outcomes, 62 per cent of economic immigrants who participated in CIIP prior to arriving in Canada found employment within six months of arriving in Canada, compared to 44 per cent for economic immigrants overall (**Chapter 11**).

A characteristic feature of the Canadian Immigrant Integration Project is that employers are involved in providing labour market information to prospective migrants. In the pilot phase of the project, Canada's five major banks and companies in every major sector of the Canadian economy, such as energy, health care, and IT participated in the project, typically offering résumé advice and seminars on job search strategies and career opportunities to migration candidates.



Low-skilled migration candidates have fewer information tools at their disposal compared with their more skilled counterparts. Thus, they may lack digital literacy or other skills to use the digital media to connect with prospective employers abroad. On the other hand, they are generally less sought after by big firms, compared with the highly skilled, and their networks are not as broad as those of more qualified migrants. As a general rule, low-skilled migrants mostly rely on personal and social co-ethnic networks (diaspora) to find employment abroad. If, on the one hand, the use of informal, ethnic networks has the advantage of offsetting the comparative information and language deficiencies of the low-skilled, generally without involving fees, on the other hand this practice entails high risks of creating and replicating ethnic segmentation of the labour market. The use of ethnic networks for international employment match generally has the effect of clustering workers from each migrant group in specific occupations in their country of destination, regardless of their actual skills and competences, thus hampering the possibilities of professional mobility for those migrants, also as a result of the slower acquisition of country-specific skills. Analysis of the occupational progress and earning attainments of migrants in **Germany** as compared with the native population (Constant and Massey, 2005) has identified a high degree of initial occupational segmentation for migrants, which is presumably driven by their recourse to ethnic networks when looking for employment opportunities. This results in little job mobility and a widening of the status gap between Germans and immigrants over time. From the employers' point of view, hiring through ethnic networks might not be the most cost-efficient strategy in terms of productivity outcomes, since it implies a recruitment process not entirely based on the candidates' competences.

When personal and ethnic networks and migration chains are not sufficient for prospective low-skilled migrants to find employment abroad, they generally have recourse to the services of private intermediation agencies, as is notably the case for seasonal employment abroad. In **Poland**, results of studies carried out among seasonal workers from Ukraine demonstrated that most of them found their job through friends' recommendations (62%) and via intermediaries (21%), who very rarely have registered job agency activities – the so-called “drivers” (**Chapter 8**). Ukrainians in Poland are largely employed in the agricultural and horticultural sectors, and Ukrainian women in care occupations in private households. Vietnamese, who are established in big cities, are mainly found working in the retail sector (textiles). There is evidence that the prominence of informal matching channels is leading to the establishment of immigrant clusters in the country, both from a geographical and from an occupational perspective. The dominant pattern of informal channels for employment matching in Poland is reported to be a consequence of the absence of public or publicly supported non-profit initiatives to facilitate the interaction between labour demand from Polish firms and migrant labour supply.

NGOs and charitable organizations established in both the countries of origin and destination of migrants may also act as facilitators of international employment matching for the low- and medium-skilled. This pattern is observed in **Italy**,

where the Catholic Church plays a relevant role in employment matching through migration (**Chapter 7**).

### **3. Labour market information bottlenecks common to foreign recruitment and recruitment of resident migrants**

*Issues related to the awareness of the legal migration procedures and to the functioning of the procedures themselves, as well as difficulties which may arise in accessing and using information on available job opportunities and suitable candidates abroad respectively, generally translate into greater labour market information bottlenecks in the case of foreign recruitment compared to employment matching between employers and migrants operating and residing in the same country. However, shortcomings in the access, use and perception of labour market information for jobs-skills matching through migration may persist also in the latter case, notably due to difficulties and uncertainties in the recognition of foreign qualifications held by resident migrants, cultural diversity-related issues and discrimination in the recruitment practices, as well as access to networks. Those factors hamper the optimal labour market integration of immigrants in their countries of residence as well as the full utilization of their skills and competences to address labour shortages.*

#### **3.1. Shortcomings in the recognition of foreign qualifications and competences**

Qualifications and competences acquired abroad by resident migrants involve an information risk for the employer, who may not be familiar with foreign qualifications and working practices and may be doubtful of the effective aptitude of migrants holding such qualifications and experience to perform the duties required by the job offered. As compared with multinationals and big firms regularly recruiting foreign workers, SMEs hiring only in the domestic labour market are generally less familiar with foreign qualifications. Uncertainty about the value of foreign qualifications results in information asymmetries involving a clear disadvantage for resident migrants with foreign diplomas compared with natives (and with immigrants having studied in their host country) in the recruitment process. When not sure of the skills corresponding to foreign *curricula*, employers would have the tendency to favour native applicants with the same or even lower level of formal qualifications and/or years of experience, over immigrants, in their hiring practices. Thus, in the **United States** there is a growing debate, in the respective professional associations, on whether foreign-trained nurses and teachers provide quality services (**Chapter 12**).

Furthermore, when the recognition of the qualifications acquired abroad is formally required for the practice of a given profession, as in the case of regulated professions, recruiting a migrant who holds foreign qualifications may imply additional costs for the employer as compared with recruitment of another candidate holding national qualifications. Those additional costs result from the length of time needed for the migrant to obtain accreditation. As highlighted in the country study on **Sweden**

**(Chapter 9)**, cumbersome recognition and accreditation procedures for employment in regulated professions largely account for the difficulties of recruiting foreign-born professionals in occupations such as doctors and nurses, for example, despite growing, unmet labour demand.

On the supply side, the complexity of the procedure for the recognition of foreign qualifications may discourage migrants to apply, thus leading to their insertion in their host country's labour market at a lower occupational level than the one corresponding to their formal educational attainment.

The implementation of simple and streamlined procedures for the recognition and accreditation of foreign qualifications is crucial to offset the risks and costs involved for employers in the recruitment of resident migrants having gained their skills abroad. Such procedures can greatly contribute to reducing the relative disadvantage that those migrants face in entering the labour markets of their receiving countries, as well as the mismatches between their competences and the skills requirements for the jobs in which they eventually end up working. The IOM LINET study on *Recognition of Qualifications and Competences of Migrants* (IOM, 2013b) has identified best practices and delivered policy recommendations on how to improve the systems for the recognition of foreign qualifications in the EU Member States in order for those systems to be more responsive to the labour market needs and to facilitate efficient jobs-skills matching through migration.

Another measure that could facilitate the recruitment of migrants holding foreign qualifications is the recourse to subsidized employment programmes in which the cost of hiring the migrant is partly borne by the State and, as a consequence, the information-related risks are shared between the private employer and the public authorities. In **Sweden**, the risks involved for the employer in hiring a candidate who may lack all the appropriate skills to perform the job can be quite large, as a result of a labour market system which has a strong emphasis on employment protection. In turn, this protection makes entry to the labour market more difficult, particularly for the unemployed within marginal groups such as young people, immigrants and low-skilled workers. To facilitate entry into the labour market, subsidized employment programmes similar to regular jobs have been implemented in the country. Newly arrived migrants have access to subsidized employment known as entry-level jobs and New Start jobs. An entry-level job means that an employer who employs a person (EU/EEA and Swiss-citizens excluded) who has had a residence permit for a maximum of three years receives 80 per cent of the salary from the state. The job must be linked to Swedish for Immigrants, (SFI), so that the employee is able to combine language training with the job. New Start jobs are available for a person who has had a residence permit for a maximum of three years. An employer who employs such a person receives financial assistance of an amount equal to two times payroll tax (31%). According to data from the Swedish Employment Service, in 2011, about 14,000 recent migrants were employed through subsidized employment (New Start jobs and entry-level jobs) **(Chapter 9)**.

While subsidized employment programmes might be useful to reduce employers' reluctance to hire migrant workers in labour markets with comparatively high levels of employment protection, the cost-effectiveness of such programmes in terms of optimal employment matching is less clear-cut.

It is worth mentioning here that higher risks perceived by the employers in recruiting migrants as compared to natives are also partly attributable to the fact that the former generally have less access to personal networks connecting them to the employer, relative to that of natives. Although not always granting the more efficient employment matching in terms of productivity outcomes, hiring through personal referrals is often perceived as reassuring by employers. To reduce the relative disadvantage represented for resident migrants by a lack of or limited access to networks in the labour market of their country of destination, mentoring programmes have been implemented, with success, in many EU Member States<sup>13</sup> and non-EU settlement countries.

In **Canada**, the Toronto Regional Employment Council (TRIEC) runs the Mentoring Partnership initiative, aimed at facilitating access to labour market information for newcomers lacking professional networks in the country, equipping them with the ability to find job opportunities in their field of education. This is done through pairing immigrants or “mentees” with a “mentor” who is an established professional in their field. Mentors commit to 24 hours of meetings with their mentee over four months, and develop a programme tailored to the individual mentee's labour market needs, including referrals to other services and information interviews. An evaluation of the programme has shown that almost 70 per cent of the participants found employment in their field within three months, and nearly 80 per cent found employment overall. As of 2012, Mentoring Partnership had coordinated 5,800 mentorships between recent skilled immigrants and working Canadian professionals in Toronto. Mentoring Partnership has in part served as a model for the National Mentoring Initiative, an effort to expand mentoring support to immigrants living in or destined for Canadian cities other than Toronto, such as Calgary, Edmonton, Montreal, and Halifax. The National Mentoring Initiative provides three main services in the same manner as Mentoring Partnership: coaching, online self-development resources, and assistance in networking (**Chapter 11**).

### ***3.2. Discrimination and lack of intercultural knowledge***

Lack of intercultural knowledge by employers may also lead to a relative disadvantage for migrants compared with natives in the hiring process. Due to their resource restrictions and to limited experience of recruitment from abroad, SMEs in particular seem to lack the capacity (in terms of both dedicated counselling and training) to deal with cultural diversity issues in the recruitment process. A certain behaviour or way of dressing during the job interview, for example, if not completely conform

<sup>13</sup> For a detailed discussion of the measures implemented in the EU Member States to facilitate the labour market integration of resident migrants see IOM (2010 a, b, 2013 b).

to the standard practices in the country, may be perceived as non-professional. In addition, cultural attitudes or preferences of the migration candidate may be perceived as a potential risk in terms of good interrelations with potential future colleagues and the cohesion of the working team. As a consequence, even when explicit discrimination against migrants is not observed, implicit stereotypes and intercultural barriers may bias the recruitment process, contributing to less positive hiring outcomes for migrants when compared to natives with the same levels of qualifications and competences.

The country study on **Germany** has shown that, despite the introduction of a wide-ranging Anti-Discrimination Law in 2006, discriminatory behaviour against ethnic minorities does still play a role in hampering migrants' access to jobs on an equal footing as natives. Findings of a recent testing study on students' applications for internships (Kaas and Manger, 2012) are reported, which indicate that, all other things being equal, applicants with a Turkish-sounding name are on average 14 percentage points less likely to receive an invitation for a job interview than applicants with a German-sounding name. This difference in call-back rates is found to be even larger in SMEs where it amounts to 24 percentage points.

Against this background, and also in response to a lively public debate after these results had been published, the Federal Anti-Discrimination Agency initiated a field experiment with anonymous job applications in Germany to investigate their potential in combating hiring discrimination. This initiative was inspired by field experiments in other European countries, such as France, Sweden and the Netherlands. The results of the German experiment are encouraging as anonymous job applications do indeed appear to reduce hiring discrimination (**Chapter 6**).

Anonymous job applications can be practically implemented without excessive costs, and they can lead to equal opportunities for minority groups of applicants – at least in the initial stage of the recruitment process. However, in the more advanced stages of the hiring process – and, namely, in the job interview – implicit discrimination and stereotyping (Rooth, 2007) and cultural diversity considerations may still result in a relative disadvantage for applicants with migrant background compared with natives.

A testing study recently conducted in **Norway** (Horverak, 2011) indicates that, when evaluating an applicant with a migrant background during the job interviews, Norwegian employers place stronger emphasis on person–organization fit (that is, the aptitude of the person to integrate into the firm's working environment) than on formal work competence. In the field experiment, person–organization fit was assessed on the basis of private domain acculturation preferences. As such preferences can be deemed irrelevant for job performance, the results suggest a biased recruitment process which is likely to lead to hiring decisions that can challenge firms' productivity outcomes.

In this context, counselling and support measures would be needed – especially for SMEs – to provide managers and human resources personnel with the capacity to deal with cultural diversity-related issues appropriately in the hiring process, thus avoiding

biased recruitment outcomes and contributing to improving firms' productivity as well as the labour market integration of immigrants. Since discrimination and cultural diversity-related issues may also have a negative impact on earning outcomes and job mobility of employees with migrant background, anti-discrimination counselling and support should be provided not only for the recruitment process but throughout the human resources management cycle.

In **Sweden**, according to the new Discrimination Act, which came into force in January 2009, employers with 25 or more employees must have an action plan against discrimination and conduct pay reviews every three years. They can turn to the Equality Ombudsman for guidance on how to comply with the Act, and they are also offered the opportunity to participate in courses (**Chapter 9**); those measures should be extended to smaller firms. A good practice for diversity-hiring awareness in Sweden consists in the networks meetings organized by the Ombudsman with the unions and the representatives of employers' associations. Lawyers and experts are invited to participate in those meetings, the objective of which is to exchange experience of working with discrimination cases, and of effective measures.

## POLICY RECOMMENDATIONS

*The study found that, in the EU Member States as in non-EU settlement countries, imperfect access to labour market information and shortcomings in the use of available labour market information, also related to misperceptions, hamper the efficient employment matching between employers and migrants – both prospective and resident migrants. Information deficiencies are significant obstacles to foreign recruitment, particularly as most EU Member States have predominantly demand-driven labour migration systems, which place the matching between employers and prospective migrants abroad at the heart of the migration process. When the recruitment occurs within the domestic labour market, shortcomings in the access, use and perception of labour market information contribute to the relative disadvantages for job-seekers with migrant background compared with their native counterparts, and to inefficient allocation and utilization of immigrants' skills. Against this general backdrop, specific labour market information challenges and patterns were identified, together with best practices, which allow a number of policy recommendations to be drawn:*

### **1. Provide labour migration channels adapted to the actual labour demand – including for low-skilled workers – and streamline labour migration procedures**

The way in which labour migration policy is designed and implemented may affect in various respects the patterns of access to and use of labour market information for employment matching through migration, notably in the case of foreign recruitment. Inadequacy of the legal labour migration channels to reflect and respond to the labour needs of the employers may contribute to the distortion of labour market information practices involved in migrants' recruitment, as observed in Italy and in the United States. Labour migration regulations should be designed by the public authorities in consultation with all the relevant stakeholders – and, notably, the employers – and be flexible enough to adapt to changing labour market needs. In particular, the demand for migrant workers to fill unmet labour shortages in low-skilled occupations should be taken into account.

Uncertainties amid the labour migration process, both in terms of the annual planning of flows and of the length of time required to obtain a work permit for a migrant worker, represent a major constraint – particularly for SMEs – and one which was found to limit the recourse to migrant recruitment in response to labour

shortages and to have an impact on patterns of access to labour market information for employers and migrants. Consistently across the countries studied, it was observed that cumbersome and lengthy immigration procedures are among the main factors which discourage employers to lawfully recruit from abroad in response to their labour needs, particularly if such needs are temporary. This calls for the introduction of clear and time-bound labour migration procedures.

## **2. Provide targeted support to small and medium-sized enterprises for foreign recruitment**

The study found that, even in countries in which migration policy is not a major barrier to foreign recruitment, only a very limited proportion of firms hire migrants from abroad, and those are predominantly multinationals having broad networks and facilities abroad, and big firms. In Sweden, where the decision concerning foreign recruitment essentially depends on the will of the owner of the firm, only 7 per cent of the firms recruit from abroad (including from other EU Member States), according to 2012 data from the Confederation of Swedish Enterprise, and those are mostly multinationals or SMEs owned by foreign-born.

The scarce recourse to foreign recruitment by SMEs is largely accountable to the resource restrictions typically affecting this kind of business, which generally translate into limited access to new technologies and professional recruitment services and inadequate endowments in human resources personnel, in terms of both effectiveness and training. As a consequence of these resource constraints, SMEs willing to recruit migrants from abroad face a clear informational disadvantage compared with bigger firms, which have both more internal resources they can mobilize in view of hiring from abroad, and a greater capacity to benefit from support measures implemented to facilitate the flow of labour market information for employment matching through migration. This is also related to the economies of scale that big firms can realize when investing in foreign recruitment strategies, due to the number of recruits sought, which are instead precluded to smaller businesses.

A distinct pattern among big firms was observed for multinationals. With the exception of the information bottlenecks which may arise from shortcomings in the immigration procedures and in the recognition of foreign qualifications, multinationals do not face specific information obstacles for matching with potential employees in the case of foreign recruitment as compared with recruitment in their country of operation. Their recruitment practices do not differ substantially in each of the two situations, since, through their offices and subsidiaries around the world, multinationals can easily have direct contact with any potential employee abroad. In addition, in most of the countries studied, regulations on intra-corporate transfers constitute a powerful tool for big firms with temporary labour shortages.

Employers may use a combination of different methods to advertise their job vacancies abroad and identify those migration candidates with the appropriate



skills matching their labour needs. These may include: personal and professional networks – including referrals from current employees, business partners or competitors; employing private recruitment agencies and intermediaries; advertising their job offers in the media, through the company’s website or through job banks; participating in job fairs; and referring to the national public employment service or to the list of job-seekers compiled by the national consulates abroad. The study has shown that, in the current practice, big firms tend to use a wider range of information channels for international employment matching and to have more frequent recourse to formal intermediation channels, compared with SMEs, which in most cases and with some relevant exceptions – notably in the case of seasonal vacancies – almost exclusively rely on informal networks and personal referrals. The heavy reliance of small firms on personal contacts in their foreign recruitment strategies exposes those firms to risk of imperfect jobs-skills matching with negative consequences in terms of productivity outcomes.

Against this background, policymakers in the EU Member States should support the establishment and territorial diffusion – both inside the country and in the main countries of origin of migrant flows – of non-profit initiatives, run in partnership with local NGOs, aimed at connecting employers faced with difficult-to-fill job vacancies with labour migration candidates. Good practices with this respect can be drawn from Canada, where a plethora of immigrant serving organizations – often funded at least in part by the federal or local authorities – does a good job in facilitating the employment match between employers and migrants. Efforts would also be needed in raising awareness of such initiatives among SMEs.

### **3. Assist SMEs and migrants in the use of Internet-based migration and labour market information tools**

In the past five to ten years, the sources of information on legal migration procedures and on, respectively, available job opportunities and migration candidates to fill them, have become increasingly widespread and user-friendly, largely as a consequence of the application of the new information technologies. A proliferation of Internet tools both for the awareness of the migration procedures and for job-matching – in the form of job-bank portals – has been recorded.

However, on the demand side, big firms are clearly more able to make use of and benefit from digital labour market information tools compared with their smaller counterparts. The capacity of SMEs to fully navigate those websites to obtain the specific information needed among a vast array of published material may be somewhat limited by the typical resource constraints which affect small businesses, including a lack of dedicated administrative staff. To reduce asymmetries between big firms and SMEs in the use of digital labour market information tools, tailored Internet resources targeting SMEs should be introduced. Good practices can again be drawn from Canada, where the different government departments dealing with labour migration issues have developed an extensive range of specific Internet tools to support SMEs willing to hire migrants.

On the supply side, the ability to access and use digital labour market information tools largely depends on the skill level of the prospective migrants. In addition, language issues may limit the target audience of migration information and international job-matching websites. With respect to this latter point, the provision of multilingual information would contribute to reducing the barriers to the utilization of Internet-based labour market information tools. A good practice in this respect comes from Sweden, where the “workinginsweden” portal provides migration information in 34 languages.

#### **4. Facilitate international employment matching in specialized and technical occupations (including in regulated professions), notably through pre-departure information and training**

On the supply side, the level of education and the type of occupation sought are (interrelated) factors which influence the choice of channels used by prospective migrants to obtain information on available job opportunities and to match with employers that have vacancies abroad. A general finding of the study was that highly skilled prospective migrants have a wider range of channels at their disposal for international employment matching, compared with both the medium and low skilled. Those channels include university and professional networks as well as the use of the digital media.

However, when looking for job opportunities abroad in highly specialized occupations requiring formal recognition of foreign qualifications and accreditation before starting to work, highly skilled migration candidates – like their medium-skilled counterparts seeking jobs in technical occupations – tend to largely rely on the services of private intermediation agencies. This pattern is observed, for example, in the health sector, both for doctors and nurses. However, recruiting abroad through private intermediation agencies which take care of the qualification recognition and accreditation procedures may involve high costs, which in shortage professions are generally borne by the employer. These costs partly account for the limited recourse of foreign recruitment in regulated professions.

Publicly funded pre-departure training and accreditation programmes implemented in migrants’ countries of origin represent an interesting tool for facilitating international employment matching in specialized and technical occupations and should, thus, be promoted. Some of the countries studied – notably Canada and Italy – have already implemented pre-departure information, training and matching initiatives in the main countries of origin of labour migrants. Those programmes are generally run in partnership with NGOs operating in migrants’ countries of origin. Preliminary evaluations of those programmes are encouraging. To wholly reveal their potential for international jobs-skills matching, pre-departure training programmes should be designed and implemented with the involvement of the employers in migrants’ countries of destination.

## 5. Support non-profit employment-matching assistance for prospective low-skilled migrants

Low-skilled migration candidates have fewer information tools at their disposal compared with their more skilled counterparts. Thus, they may lack digital literacy or other skills to use the digital media to connect with prospective employers abroad. At the same time, they are generally less sought after by big firms, compared with the highly skilled, and their networks are not as broad as those of more qualified migrants.

As a general rule, low-skilled migrants mostly rely on personal and social co-ethnic networks to find employment abroad. If, on the one hand, the use of informal, ethnic networks has the advantage of offsetting the comparative information and language deficiencies of the low-skilled – generally not involving any fees – on the other hand this practice entails high risks of creating and reproducing ethnic segmentation of the labour market, clustering workers from each migrant group in specific occupations in their country of destination, regardless of their actual skills and competences, and hampering the possibilities of professional mobility for those migrants also as a result of the slower acquisition of country-specific skills.

When personal and ethnic networks and migration chains are not sufficient for prospective low-skilled migrants to find employment abroad, they generally have recourse to the services of private intermediation agencies, as is notably the case for seasonal employment. However, instances of abuse of low-skilled prospective migrants by private staffing companies were indicated in most of the country studies.

Against this background, the action of NGOs and other immigrant-serving organizations in support of international labour matching for the low-skilled – both pre-departure and post-arrival – should be promoted also through the identification and dissemination of best practices and quality standards.

## 6. Implement simple, transparent and time-efficient procedures for the recognition of foreign qualifications, also at the pre-departure stage

Qualifications and competences acquired abroad by prospective or resident migrants involve an information risk for the employers, who may not be familiar with foreign qualifications and working practices and may doubt the effective aptitude of migrants holding such qualifications and experience to perform the duties required by the job offered. SMEs, having less experience of foreign recruitment, tend to face higher information costs related to the issue of foreign qualifications compared with multinationals and big firms that regularly recruit foreign workers.

The issue of the recognition and accreditation of foreign qualifications is a major barrier especially for the recruitment of foreign professionals in regulated occupations. With respect to foreign recruitment, such a barrier largely hampers the direct sourcing of

workers from abroad to fill shortages in regulated professions. As a matter of fact, demand-driven labour migration systems – as the majority of those implemented in EU Member States largely are – require prospective migrants to be job-ready before departure. This hinders the possibility of direct international matching between the prospective employer and the prospective migrants in the highly regulated segments of the labour markets.

More generally, uncertainty about the value of foreign qualifications, and on the administrative requirements and the length of time needed for a migrant holding foreign diplomas to have them recognized in the country of destination, may hamper the efficient employment matching between employers and migrants both in the case of foreign recruitment and in that of the recruitment of resident migrants. Information asymmetries related to foreign qualifications imply a clear disadvantage for both prospective and resident migrants with foreign diplomas compared with natives (and with immigrants having studied in their host country) in the recruitment process. However, complex and time-consuming procedures for the recognition of foreign qualifications may discourage migrants from applying for recognition.

In order to both facilitate jobs-skills matching through migration and to improve labour market outcomes for resident immigrants (notably with respect to overqualification issues), the EU Member States should implement streamlined, transparent and time-efficient systems for the recognition and accreditation of foreign qualifications and competences. In addition, in an effort to reduce to the greatest possible degree informational asymmetries between migrants holding foreign qualifications and other groups of workers and job-seekers, those systems should allow for an initiation of the recognition procedure at the pre-departure stage. A good practice in this respect can be drawn from Germany, where the new Federal Law on Recognition of Foreign Qualifications came into force in April 2012 and provides the possibility for prospective labour migrants to have their foreign qualifications assessed before their arrival in the country.

## **7. Tackle discrimination and cultural-diversity related issues in the hiring process**

Discrimination and lack of intercultural knowledge by employers translate into a relative disadvantage for migrants compared with their native counterparts in the recruitment process. Even when explicit discrimination against migrants is not an issue, implicit stereotypes and intercultural barriers may bias the recruitment process and contribute to less positive hiring outcomes for migrants as compared to natives with the same levels of qualifications and competences and, thus, to underutilization of migrants' skills. This risk is, once more, higher when the employer is a small or medium-sized enterprise. Due to their resource restrictions and limited experience of recruitment from abroad, SMEs in particular seem to lack the capacity – both in terms of dedicated counselling and training – to deal with cultural diversity issues in the recruitment process.

A general finding across the European countries studied is that applicants with non-European-sounding names (and particularly with Arab/Muslim names) have lower call-back rates for job interviews than all the other groups, at corresponding levels of qualifications and experience. To promote equal opportunities for minority groups of applicants at this initial stage of the recruitment process, anonymous job applications can be implemented without excessive costs.

At a more advanced stage of the recruitment process – notably during the job-interview – a certain behaviour or way of dressing, if not completely conform to the standard practices in the country, may be perceived as unprofessional. In addition, cultural attitudes or preferences of the migration candidate may be perceived as a potential risk for good interrelations with potential future colleagues and the cohesion of the working team. Although all those aspects can be deemed irrelevant for the job performance, in practice they do seem to play a role in the job-selection process involving candidates with migrant background.

In this context, counselling and support measures would be needed – especially for SMEs – to provide managers and human resources personnel with the capacity to deal appropriately with cultural diversity-related issues in the hiring process, thus avoiding biased recruitment outcomes and contributing to improving firms' productivity as well as the labour market integration of immigrants. Since discrimination and cultural diversity-related issues may also have a negative impact on earning outcomes and job mobility of employees with migrant background, anti-discrimination counselling and support should be provided not only for the recruitment process but throughout the human resources management cycle.

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# COUNTRY STUDIES

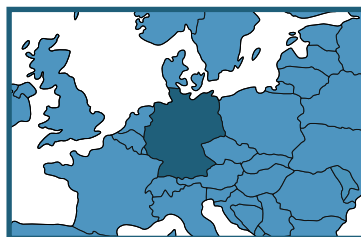
Edited by  
Maria Vincenza Desiderio and Anke Schuster

## **PART 1** GOOD PRACTICES AND RECOMMENDATIONS FROM SELECTED EU MEMBER STATES



# GERMANY

Amelie F. Constant and Ulf Rinne<sup>14</sup>



## Abstract

*German firms in general do not perceive increased international recruitment activities as an important instrument in counteracting the imminent shortages of skilled labour. This is the case even though many firms already have experience in the recruitment of foreign workers.*

*Despite recent improvements, firms rate Germany's immigration policy as among the primary restraints preventing them from intensifying foreign recruitment activities. This appears to be particularly relevant in SMEs.*

*Although still adopting a comparatively passive approach towards the recruitment of foreign workers, Germany has experienced an increase in net immigration in recent years. This seems to be related to the country's relatively good performance during the Great Recession as immigration rates from countries that were severely affected by the crisis particularly increased. However, countries of origin are still primarily European countries, and more specifically EU countries. Third countries play no major role. We identify informational barriers as important restraints for prospective immigrants and these are especially relevant for those from third countries.*

*Germany still lacks a uniform and comprehensive approach for providing prospective immigrants with the necessary information to prepare their move. Nevertheless, progress is being made, as can be noted with, for example, the new online platform*

<sup>14</sup> Amelie F. Constant is Program Director for Migration at the Institute for the Study of Labor (IZA) in Bonn, Germany, Executive Director of DIW DC in Washington DC and a visiting professor at the Elliott School of International Affairs at George Washington University. Ulf Rinne is Senior Research Associate and Personal Adviser to the Director at the Institute for the Study of Labor (IZA). The authors acknowledge the generous support of IOM to conduct this study in which they serve as national experts for Germany. The authors thank Alexander de Vivie and Margard Ody for excellent research assistance.

*“Make it in Germany”, or the FMLS campaign to recruit international specialists that will start in 2013.*

*Above-average unemployment rates of resident immigrants in Germany appear to be mainly due to barriers in the access to jobs. Immigrants need more time to find employment, but they do not end up in less stable jobs than the native population. Although the empirical evidence on whether Active Labour Market Policy (ALMP) is able to mitigate immigrants’ problems in the access to jobs is scarce, measures that directly target the job search process as well as start-up subsidies appear promising. Employment subsidies, on the other hand, should be treated with caution since their positive effects appear to be mainly based on prolonged employment durations and not on increased hiring rates.*

*Preliminary findings point at the potentials of improved systems for the assessment and recognition of foreign qualifications as well as of anonymous job applications, but further research is needed to exactly quantify the effects on resident immigrants’ access to jobs.*

*Immigrant children face two main barriers in Germany’s education system. First, their on average more disadvantaged family background results in typically lower education outcomes. Second, immigrant children are less likely to enter the dual system even with the same amount of schooling as native children. Subject to passing the dual system, however, they are as successful in the labour market as their native peers. Although we identify some scope of ALMP to mitigate some of these problems, the appropriate policy interventions would have to occur in the education system and in access to the apprenticeship system.*

*Germany has recently made steps towards a more labour-oriented immigration policy. However, this has not been adequately recognized internationally. The country therefore still does not manage to attract qualified immigrants in sufficient numbers, especially not from third countries.*

*A more transparent and open immigration system could be more actively promoted. Within such a system, it is possible to address many of the barriers and obstacles employers and prospective immigrants currently face. A points system appears to be one feasible and attractive option.*

*Throughout our assessment, the language barrier appears as one of the most significant obstacles to increased levels of skilled labour migration. Recent initiatives (such as the FMLS campaign) take this barrier better into account by providing pre- and post-migration language courses.*

## 1. Introduction

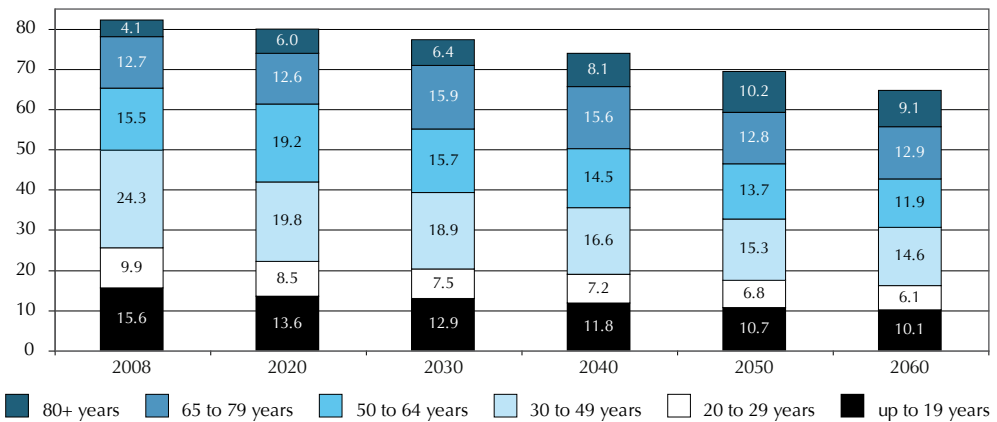
In contrast to many other developed economies, Germany’s labour market responded only mildly to the Great Recession. Although the country was hit relatively hard by the crisis in terms of GDP, the recession never translated into an employment decline. Similarly, the unemployment rate has remained largely unaffected. Rinne

and Zimmermann (2012) explain the German success story during the Great Recession by an improved functioning of the country's labour market (due to labour market reforms also known as Hartz reforms), the specific nature of the crisis in the German context (mainly export-oriented companies were affected), as well as the concrete policy responses in this critical period (such as the extension of short-time work).

Moreover, Germany's remarkable resilience to the Great Recession appears to be related to the expected shortages of skilled workers in the economy. This is also the case in two other economies that have gone through the crisis without a significant rise in unemployment: Austria and the Netherlands. This suggests that the combination of (at least) three features seems to be related to successfully navigating through the crisis. Germany, the Netherlands and Austria experienced a transitory shock in external demand; the three countries are expected to face long-term shortages of skilled workers; and they had short-term work schemes available during the crisis. While the former two features create incentives to follow a strategy of labour hoarding, short-term work is a relatively attractive instrument to sustain such a strategy (Rinne and Zimmermann, 2012; Brenke et al., 2011).

The expected shortages of skilled workers have therefore been an important factor why German firms had a strong interest in retaining their qualified workforce in the Great Recession. However, the ageing population, the declining size of the workforce, and increasing shortages of skilled labour will pose enormous challenges in the future. Figure 6.1 illustrates this development. The Federal Statistical Office (2009) estimates a drastic decrease in the size of the German labour force until 2060. Compared to 2008, the population aged between 20 and 65 years will shrink by about one third. During the same period, the population aged 80 years and older will more than double.

**Figure 6.1: Development of the german population by age group, 2008–2060**



Source: Federal Statistical Office (2008).

Note: In million persons. Based on a constant fertility rate and a net immigration of 100,000 persons per year.

Against the background of these demographic trends, what is the extent to which the German labour market is currently experiencing shortages of skilled workers? And what is the outlook for the medium term? Admittedly, most scholars and policymakers agree that labour shortages are not easy to measure. However, some studies have performed this ambitious exercise. For example, Zimmermann et al. (2002) estimate labour shortages for specific occupations. They calculate Beveridge curves for the period from 1980 to 1995 for forty occupational groups in Germany and find indications of shortages in the early 1990s for engineers, stone masons and technicians, persisting until 1995 for health-related occupations. Similarly, a more recent study analyses the labour market of engineers and finds that in 2009 there was a shortage of about 34,200 engineers, and the economic cost in terms of missed value added was estimated to be about 3.4 billion Euros (IW, 2010a). Additionally, the shortage of engineers in Germany is projected to increase by 48,300 people per year from 2023 to 2027.

When considering the medium-term outlook for the German labour market, a number of studies agree that shortages of skilled workers will broadly affect the economy starting in 2020 (for example, Bonin et al., 2007; Börsch-Supan and Wilke, 2009; Fuchs et al., 2011). By this point, the effects of population ageing and a shrinking labour force will start to fully unfold. According to a recent projection by Helmrich et al. (2012), the number of employed will be exactly as high as the size of the labour force in 2030. This, of course, implies massive shortages of skilled workers in a number of sectors of the economy. Helmrich et al. (2012) identify the following sectors as particularly affected: a) hotel, restaurant and cleaning, b) health and care, c) logistics and security, and d) manufacturing and engineering.

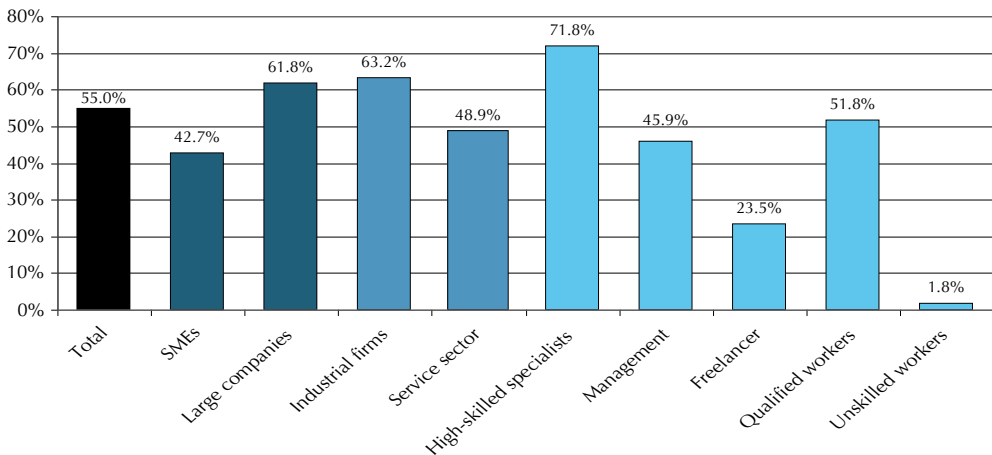
Constant and Tien (2011) discuss different ways to increase labour supply in Germany. They also describe the roles that different institutional actors play in this context. Evidently, there are a number of means by which the domestic labour force could be activated more powerfully. These options include increasing the working hours per employee, increasing the retirement age, and increasing the female labour force participation rate. However, these options (or a combination thereof) are very unlikely to be able to fully compensate the massively shrinking labour force. Experts therefore agree that, at least in the medium and longer term, immigration to Germany has to increase to mitigate some of the negative consequences of demographic change (Sachverständigenrat, 2011).

However, and despite the growing and alarming demographic challenges, the country's labour immigration system is underdeveloped. Constant and Tien (2011) summarize that until the early 2000s, the German government had not openly and officially recognized the country as a de facto immigration country. The labour market reforms that started in 2003 opened up the scope for a new immigration debate. In 2005, a new Immigration Act came into force and only since then has Germany's immigration policy been gradually oriented toward labour immigration of highly skilled foreign workers. Still, improvements are necessary to attract foreign qualified workers in sufficient numbers.

Recent legal changes and amendments to existing laws (such as the Labour Migration Control Act which came into force on 1 January 2009) are steps in the right direction. However, Germany's immigration policy lacks important elements such as, for example, a component of qualitative control and selection. It furthermore suffers from bureaucracy and a lack of transparency. Besides (and because of) its complexity, it is not internationally recognized or understood, and it thus fails to reach potential immigrants in their home countries. Hinte et al. (2011) therefore highlight that policy makers and other stakeholders should be aware of at least two important aspects in the context of the German immigration debate. First, immigration policy needs to be tailored to the needs of prospective migrants, and additionally it requires some marketing effort to attract qualified workers in the context of global competition. Second, Germany still suffers from its past failures. For various reasons, Germany is not among today's most popular immigration countries. This, in turn, then makes the country even less attractive for future immigrants. Irrespective of any policy changes, it is therefore not possible to attract a large number of qualified immigrants in the short term.

In spite of these deficiencies in the institutional framework, a survey conducted in 2008 revealed that more than half of the German companies already have experience in recruiting from abroad (see Figure 6.2). Recruiting foreign workers is more common in large companies with more than 1,000 employees, while it is less often used in SMEs. This might be related to the sectoral distribution of international recruitment since it is more common in industrial firms than in firms operating in the service sector. Furthermore, firms use international recruitment channels comparatively more often to hire highly skilled specialists in areas such as IT, R&D and sales (IBE, 2008).

**Figure 6.2: Companies' experiences with international recruitment, 2008**



Source: IBE (2008).

Note: Fraction of companies who report experiences in international recruitment in a survey of 309 decision makers conducted in 2008.

What are the reasons why firms currently recruit from abroad? Firms most frequently state that they do so because they operate internationally (77.1% of all firms state this reason; IBE, 2008). The second most frequently stated motivation is that their operations require intercultural competencies (54.4%). A lack of qualified native workers ranks only as the third most important motive (41.2%). As most firms (75.3%) moreover indicate that they do not follow a strategic approach towards international recruitment and rather appear to recruit foreign workers on an ad hoc basis, it seems that firms in their majority do not (yet) react to shortages of skilled labour by recruitment from abroad. If firms currently recruit from abroad, they recruit most frequently from Eastern European countries, from German-speaking countries and from the United Kingdom.

The remainder of this report is organized as follows. Section 2 addresses the patterns of access, use and perception of labour market information by employers and prospective immigrants in the context of recruitment from abroad. Section 3 describes similar issues from the perspective of immigrants already residing in Germany. Finally, Section 4 summarizes the main findings of our previous analysis and derives policy recommendations.

## 2. Recruitment from abroad

This Chapter analyses the patterns of access, use and perception of labour market information by employers and immigrants in the context of recruitment from abroad. We mainly focus on third-country nationals. Furthermore, our analysis is done in two parts. First, we consider the demand side, that is, we investigate the above-mentioned issues from the employers' perspective. Second, we focus on the supply side, which is the perspective of prospective immigrants to Germany.

### 2.1. *Employers' perspective on the demand side*

To secure qualified workers in the future, firms may intensify their international orientation and their international recruitment activities. However, firms do not esteem these two channels to be important mechanisms against the imminent labour shortages in Germany. Only 23 per cent of all firms plan to intensify their international orientation in the future, whereas only approximately 10 per cent plan to intensify their recruitment activities from abroad (Bahrke et al., 2011). Interestingly, all other elements that are included are regarded as being more important devices. These include a positive employer branding, training and further education, intensified apprenticeship programmes, cooperation with schools and universities, work-life balance, financial incentives and outsourcing.

This could, of course, be related to the fact that employers are not aware of the legal immigration channels for recruiting employees from third countries. However, employers do appear to be aware of these channels in general. As shown above in Figure 6.2, more than half of German firms have some experience in international recruitment. Nonetheless awareness is higher in larger firms than in SMEs.



Some public initiatives that should further raise firms' awareness of the legal immigration channels are underway. For example, against the background of the expected shortages of skilled workers, the Federal Ministry of Economics and Technology (FMET) initiated a platform to safeguard specialist workers.<sup>15</sup> Although firms in urgent need of highly skilled professionals are also encouraged to consider falling back upon university graduates and to rely on senior workers' experience, a significant value is put on the option to recruit immigrants from abroad. In particular, those employers that may have scarcely any experience in recruiting from abroad (for instance SMEs) are provided with a checklist of measures to be taken when announcing vacancies internationally, and guidance as to which institutions to go to for consultation. However, this platform does not play a direct role in the employment match. It is therefore not possible for employers to advertise their vacancies, and prospective workers cannot post their *curricula*. Instead, employers are provided with an overview of potential recruitment channels, including public recruitment channels, online job platforms, print media, career fairs, and university cooperation. For most of these channels, information is available concerning how to use these channels in practice, and also about institutional contacts with whom to seek further consultation.<sup>16</sup>

As one example of such an institution, the International Placement Service (ZAV) of the Federal Employment Agency serves as a contact for both employers and employees that are interested in international recruitment. As part of its services, the ZAV offers placement services in Germany for employers seeking workers from abroad as well as for German employers. Although the ZAV in principle offers worldwide services, its primary focus is on EU countries and EU citizens since it is part of the European Employment Services (EURES).

In contrast to public initiatives, when German employers' associations try to address expected shortages of skilled labour, they rather neglect the option of intensifying international recruitment activities. Instead, they advise a focus on mobilizing internal capacities with measures such as on-the-job training and long-term commitments with experienced in-house specialists (BVMW, 2011a).

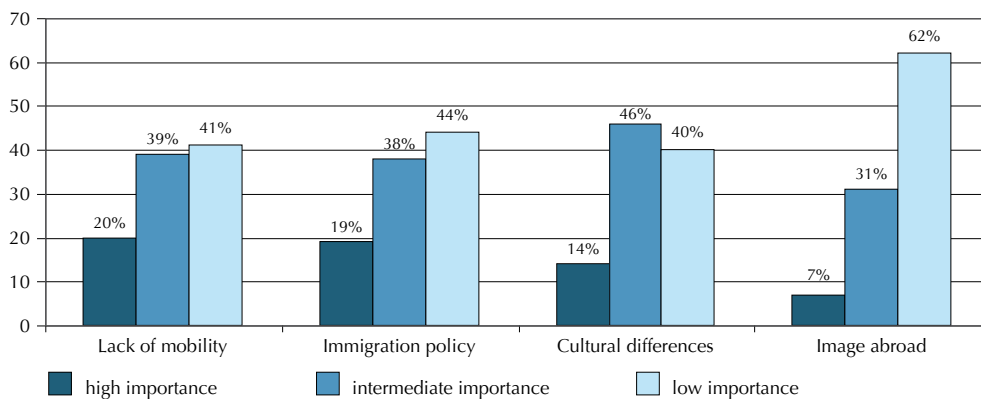
The reluctance to intensify international recruitment appears to be related to the fact that many firms perceive the legal framework guiding immigration to Germany as a significant barrier to international recruitment. Figure 6.3 displays the degrees of importance of potential obstacles for employers in recruiting workers from abroad. Germany's immigration policy is rated among the primary restraints. About 20 per cent of all firms perceive it as a highly important barrier to recruiting from abroad.

<sup>15</sup> The platform <http://www.kompetenzzentrum-fachkraeftesicherung.de/handlungsempfehlungen/fachkraefte-finden/rekrutierung-aus-dem-ausland/analyse-und-vorbereitung/> offers detailed information on the preparation stage, the country selection and the implementation stage (last accessed on October 22, 2012).

<sup>16</sup> Besides the information provided directly online, a (downloadable) information brochure is available (FMET, 2012). This publication contains in some cases even more detailed information. For example, employers are referred to <http://www.stellenboersen.de/stellenboersen/international/>, where country-specific online job platforms are listed (last accessed on December 4, 2012).

A similar rating is obtained only for a lack of mobility, whereas cultural differences and Germany's image abroad are perceived as less important restraints. These figures are based on an online survey of German companies focusing on trends in human resources three times a year. About 3,000 companies provided information in 2010. Bahrke et al. (2011, pp. 141-144) contains more details.

**Figure 6.3: Employers' restraints to international recruitment**



Source: Bahrke et al. (2011, Table 5-15).

Note: In per cent of all surveyed firms, weighted according to number of employees.

When the legal framework offers no opportunity for immigration, or such an opportunity cannot be identified, immigrants may illegally enter the country or take up irregular employment. However, the extent of irregular immigration to Germany is hard to measure. Although some indications can be derived from recordings of deaths, births and marriages of previously irregular residents with legal citizens, the measurement has become even harder since the introduction of the Schengen zone. Available estimates suggest that the irregular immigrant population in Germany is between 500,000 and 1 million individuals (Sinn et al., 2005). Similar reservations have to be placed on estimates of the size of the German shadow economy, but available data indicate that it has decreased from 17.1 per cent of GDP to 13.4 per cent during the last 10 years (IAW, 2012). This decrease can at least partially be explained by economic growth and decreasing unemployment rates, both of which should also affect irregular employment of irregular immigrants. Available statistics on irregular employment patterns in this group suggest a concentration in particular sectors (such as construction, hotels and restaurants, cleaning, agriculture and so forth), private households, SMEs and urban areas (Deutscher Bundestag, 2000).

In the current legal framework, international job-seekers who are EU citizens do not require any permission to work in Germany. Two exceptions are Romanian and Bulgarian nationals with low and intermediate skills, for whom such a document is still required. In order to grant this permission for one year, the ZAV generally demands that the employer provides a valid labour contract. Should the employee have worked in Germany for one year, his work permission automatically extends

to an unlimited time period. No further costs arise; only the processing time of approximately four weeks has to be taken into account. Whereas the application for a work permit must be filed at the ZAV, non-EU labour migrants from third countries, except if they are from Liechtenstein, Iceland, Norway or Switzerland, also need to possess a residence permit. This document can already be applied for in the country of origin's German embassy, that is, without involving the prospective employer. In this procedure, the ZAV has set criteria in terms of country of origin and skill level. Specialists who can provide recognized international qualifications or whose annual income will exceed EUR 44,800 receive the so-called "Blue Card" (or EUR 34,944 for specialists in occupations such as mathematics, IT, natural sciences and engineering). The Blue Card allows quicker entrance into the German labour market.

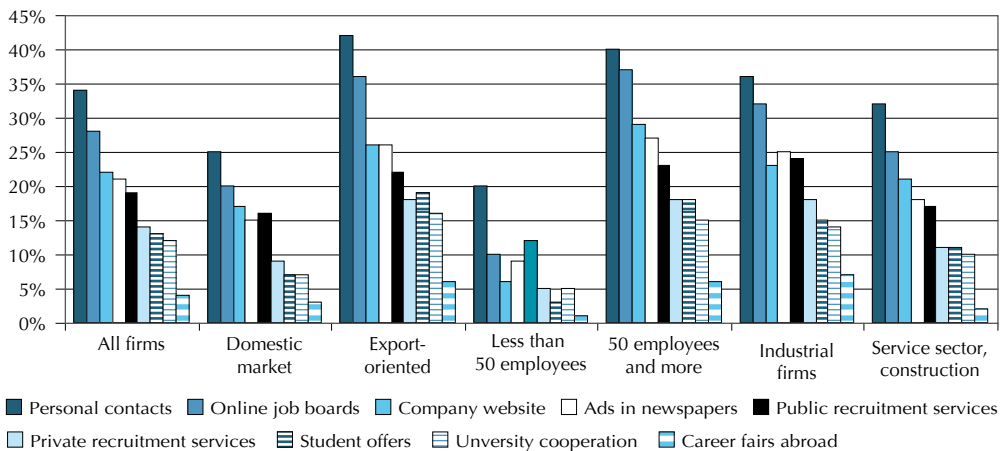
However, SMEs in particular may not fully benefit from the introduction of the Blue Card. SMEs have, in comparison to larger German companies, a relatively strong demand for workers with low and intermediate skills who do not fall under the Blue Card regulation. Hence, those workers still have to be informed about a specific vacancy in a firm before they can initiate the application process for a residence permit. In combination with the rather limited scope of SMEs to reach international job-seekers, this might lead to tougher barriers for SMEs in hiring workers from abroad. However, the EURES and its sub-institutions such as the ZAV have recognized this problem and financially support SMEs that recruit international workers (European Commission, 2012). The support is, however, limited to specific occupations (for example IT specialists, engineers, physicians and nurses), to workers with EU citizenship who are between 18 and 30 years old, and to SMEs with fewer than 250 employees. Supported workers have to be employed for at least six months and only workers who are hired in the context of bilateral agreements within the EURES network are eligible. This implies that in the current German context, only workers from Bulgaria, Greece, Portugal and Spain qualify. Once all these conditions are met, financial support can take the form of travel and relocation subsidies as well as sponsored (pre- or post-migration) language and integration courses.<sup>17</sup>

The different legal framework for prospective international employees, depending on skill level and occupation among other things, suggests that firms may choose diverse approaches and channels to recruit workers from abroad. This argument is supported by a study examining the different recruitment channels used by firms to hire apprentices. Results suggest that these patterns substantially differ with firm size. Whereas larger firms more often play an active role in searching for trainees, SMEs lack the necessary financial resources and thus take a rather passive approach. Often, they merely respond to applications they receive (BIBB, 2010b).

<sup>17</sup> Financial support amounts to a maximum of 890 Euros per month and per employer, see <http://sgad.de/aktuelles/einzelansicht/finanzielle-foerderung-fuer-auslaendische-fachkraefte-und-kleine-und-mittlere-unternehmen-kmu-durch-die-zav/047f7d0e8d377624fe7073c1baf19526> (last accessed on 22 October 2012).

Similar findings can be drawn from the pattern of international recruitment. Figure 1.4 displays the success rating of different international recruiting channels by firms in the federal state of Baden-Württemberg. Accordingly, personal contacts are perceived as the most successful international recruitment channel, followed by online job boards and the company’s website. When differentiating between firms oriented towards the domestic market and export-oriented companies, between firms with fewer than 50 employees and larger firms, and between industrial firms and firms in the service sector and construction, notable differences become apparent. For instance, export-oriented firms rate all international recruitment channels as more successful than firms that are geared towards the domestic market. There also exist differences in the ratings of industrial firms and of firms in the service sector and construction, but these differences are relatively small. In stark contrast, ratings differ enormously according to firm size. Whereas larger firms rate most international recruiting channels as relatively successful, firms with fewer than 50 employees perceive virtually all channels as rather unsuccessful. Personal contacts and public recruitment services stand out as two notable exceptions. These two channels are rated as relatively successful, yet not as successful as rated amongst the larger firms.

**Figure 6.4: Employers’ success rating of different international recruitment channels**



Source: Bahrke et al. (2011, Table 5-13).

Note: In per cent of all surveyed firms, weighted according to number of employees.

In contrast to other Western European countries such as the United Kingdom, private recruitment agencies are only of secondary importance to German firms. It is recommended to contact private head-hunters when attempting to fill very specific vacancies that require highly skilled specialist workers. But for the most part, employers’ associations recommend making full use of the wide variety of public job provision platforms or the increasingly available international online recruitment platforms. Aware of this tendency that German firms are rather reluctant to outsource (parts of) the hiring process, the FMET has introduced an information platform

about foreign educational systems, covering the full range from elementary schools to university and higher education. This condensed information should contribute to a less time-consuming and more reliable assessment of foreign qualifications.

SMEs have less experience with the recruitment of foreign workers; they may not wholly benefit from the introduction of the Blue Card and they perceive basically all international recruitment channels as rather unsuccessful. SMEs clearly face a disadvantage of scale. Although these firms employ in total the majority of the labour force, because of their relatively small individual staff size, they are less experienced in filling vacancies with workers from abroad than large and often internationally operating companies. They are therefore also less aware of successful strategies and sources to recruit workers – this holds in general and not only for foreign workers. According to a recent survey, 89 per cent of German SMEs experience problems in finding employees who appropriately match their vacancy profiles (BVMW, 2011b). Approximately two thirds of SMEs state that they generally receive too few applications, and roughly one third attributes their recruitment problems at least to some extent to other people's low awareness of their company (IW, 2010b). While problems are already existent in the domestic market, they are even stronger when recruiting foreign workers. SMEs also state that they lack experience in successfully integrating workers from abroad, and in particular low-skilled workers (DIHK, 2012).

German employers face imminent shortages of skilled labour, to which they could respond with increased international recruitment activities. However, firms generally do not recognize this option as an important strategy. This could be related to the fact that firms are not aware of this channel and its legal framework, but a comparatively large share of firms already have experience in the recruitment of foreign workers, and public initiatives further raise awareness. In contrast, employers' associations rather advise to focus on mobilizing internal capacities. Despite recent improvements, firms perceive Germany's immigration policy as a primary restraint preventing them from intensifying foreign recruitment activities. This appears to be particularly relevant in SMEs. Consequently, at least under the current circumstances, international recruitment does not appear to be a serious option that could mitigate the impact of demographic change, at least not in SMEs.

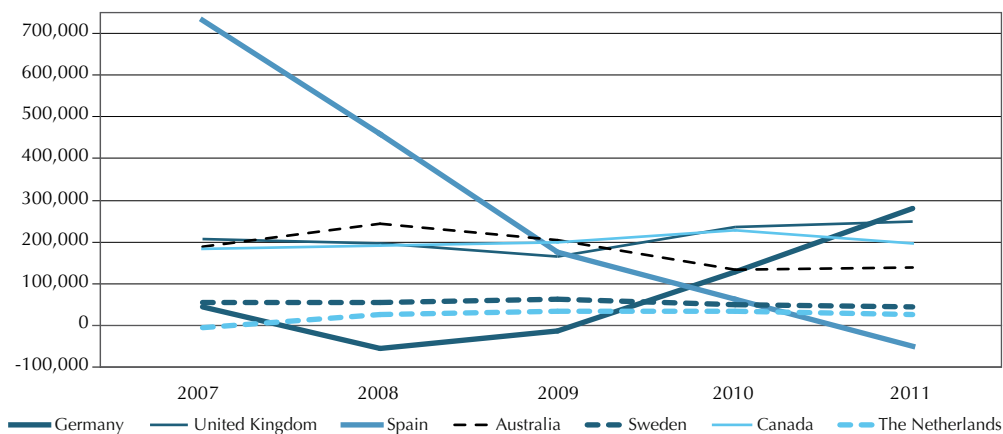
## ***2.2. Prospective immigrants on the supply side***

Only since 2005, when a new Immigration Act came into force, has Germany's immigration policy been gradually oriented towards labour immigration of high-skilled foreign workers. Germany's resistance to implement free labour mobility after the EU Eastern enlargement in 2004 and 2007 was nevertheless remarkable – and it has resulted in negative effects (Rinne and Zimmermann, 2009). As the only country along with Austria, Germany had placed restrictions on labour mobility of immigrants from the accession countries until 2011, when those restrictions ultimately had to end. Therefore, Germany has quite intentionally avoided establishing itself as an immigration country in the enlargement process. And, although the number of

Eastern European immigrants may have increased, their qualification level has not improved during the years of restricted labour mobility.

The quantitative impacts of Germany's recent gradual orientation towards labour immigration are difficult to isolate, but it seems useful in this context to consider the number of immigrants to Germany over time and compare it to other countries. Figure 6.5 displays these statistics for the period from 2007 to 2011, where three different patterns become apparent. First, countries such as the United Kingdom, Canada and Australia have managed to attract a relatively constant number of approximately 200,000 net immigrants. These are the countries that have a points system in place. Second, countries such as Sweden and the Netherlands have also attracted a relatively constant, but relatively low number of immigrants during recent years. And third, the countries Germany and Spain essentially display oppositional patterns. Whereas Spain started from an initially very high immigration rate of more than 700,000 immigrants in 2007 and, severely affected by the Great Recession, subsequently experienced a substantial drop in these numbers, Germany has only in very recent years realized positive net immigration. The country's comparatively good economic performance during the Great Recession certainly plays a substantial role in explaining this increase.

**Figure 6.5: Net immigration to selected countries, 2007–2011**



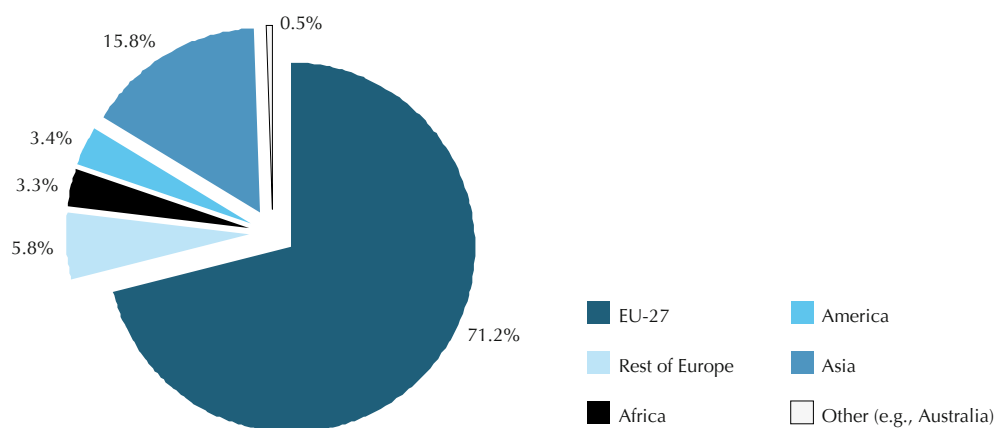
*Source: Authors' representation based on official statistics.*

Note: Net immigration calculated as difference between immigration and emigration in a given year, in absolute numbers.

This latter argument is supported when considering the sending regions of recent foreign immigrants. Figure 6.6 displays the breakdown of the total net immigration of foreigners to Germany in 2011. First, more than 70 per cent of the total net immigration is from EU27 countries and, hence, less than 30 per cent from third countries. Immigrants from European non-EU countries account for roughly 6 per cent of net immigration. When focusing on regions outside Europe, most of those immigrants are citizens of Asian countries accounting for about 16 per cent

of the total net immigration. African and American countries as well as Australia and Oceania play no major quantitative role as those regions in sum account for roughly 7 per cent of the total net immigration. Notably, the increase in recent years is primarily due to rising immigration from EU countries and not from third countries (Federal Statistical Office, 2012). Particularly strong increases in net immigration between 2010 and 2011 were recorded for Greece (net immigration increased by 90%), Spain (52%) and the EU accession countries of 2004 (43%) and 2007 (29%). As a result, countries in Eastern Europe and European countries that were severely affected by the Great Recession (Bulgaria, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Poland, Romania and Spain) account for more than 60 per cent of total net immigration to Germany in 2011.

**Figure 6.6: Net immigration of foreigners to Germany by sending regions, 2011**



Source: Federal Statistical Office.

Note: Net immigration calculated as difference between immigration and emigration in 2011, in absolute numbers.

One potential explanation for the comparatively low immigration rates from third countries is the legal barriers that those immigrants face. The legal requirements for generally settling in Germany have been simplified only recently, and many prospective immigrants may not yet be aware of their rights and obligations with regards to entering the German labour market. To counteract this possible uncertainty, the ZAV provides a simple questionnaire that gives prospective migrants the chance to check the legal requirements for receiving permission to work over a restricted or unlimited period of time.<sup>18</sup> The assessment is based on the prospective immigrants' nationality, vocational degrees, skills and qualifications.

<sup>18</sup> The questionnaire is available at [http://www.arbeitsagentur.de/nn\\_620330/Navigation/Dienststellen/besondere-Dst/ZAV/arbeiten-in-deutschland/EN/bewerben-EN/migration-check-EN/migration-check-nav.html](http://www.arbeitsagentur.de/nn_620330/Navigation/Dienststellen/besondere-Dst/ZAV/arbeiten-in-deutschland/EN/bewerben-EN/migration-check-EN/migration-check-nav.html) (English version; last accessed on October 24, 2012).

Any interested foreign worker can access the ZAV's homepage and find relevant information. However, it would be more convenient if prospective immigrants were directly forwarded to a website that explains how to receive the necessary documents, possibly also allowing for online submission. This procedure would then be similar to that of the website "Recognition in Germany", offered by the FMET, which explains both a foreign worker's legal requirements for permanently or temporarily working in Germany and the institutions to approach if one's foreign vocational degree is not automatically recognized. A unified, easy-to-find, multilingual and more detailed information website as such would definitely be advantageous for prospective immigrants.

In principle, such a unified information portal already exists. The website "Make it in Germany" was launched in mid-2012.<sup>19</sup> It is a joint initiative of the FMET, the Federal Ministry of Labour and Social Affairs (FMLS) and the Federal Employment Service (FEA) that aims at convincing foreign workers to take up employment in Germany. The page provides prospective immigrants with answers to very important questions when they consider moving to Germany. Along with a presentation of the German culture and way of life, information on the formal requirements for immigration and working is accessible. Importantly, a five-step procedure guides prospective immigrants through the process of finding employment in Germany, which also includes a "quick check" to inform about specific immigration regulations that may apply in their situation. In case uncertainties exist, such as on the recognition of foreign qualifications and credentials, prospective immigrants are given the contact details of responsible institutions. However, the website is currently only available in a German version and in an English version. This likely limits the target audience as it cannot be assumed that all prospective immigrants are proficient in one or both of these two languages. Furthermore, it is not yet evident how many prospective immigrants will become aware of this online portal. For example, when entering obvious search terms in popular online search engines, the website is often not listed among the top results.<sup>20</sup> In spite of certain flaws, the launch of this online portal is a step in the right direction. However, it is very new and, hence, its actual impacts are not yet clear.

Even if prospective immigrants are aware of general formal requirements, another more specific obstacle constitutes the recognition of their foreign qualifications and credentials. Despite the fact that German enterprises lack qualified employees, especially in sectors such as IT, engineering, and health-related professions, firms still put a high value on the applicants' provision of officially recognized qualifications. According to the EU's "regulated professions database" which lists the number of professionals who obtained their qualification abroad and not in their destination

<sup>19</sup> See <http://www.make-it-in-germany.com/en/home/> (English version; last accessed on October 25, 2012).

<sup>20</sup> For example, when entering the terms "Germany immigration", "Germany job vacancy" or "Germany job migration", the website is not listed among the top-100 results of <https://www.google.com> (last accessed on 25 October 2012). When entering "work in Germany", the website is listed as the 26th result – but this search term is also one of its main slogans.



country, the number of high-skilled labour migrants whose qualification was accepted to gain a job in Germany has remained comparably low. In 2010 and 2011, for example, 5,950 positive decisions were taken on the recognition of professional qualifications for the purpose of permanent establishment within Germany, and 444 positive decisions for professionals wishing to provide services on a temporary and occasional basis in Germany.<sup>21</sup> However, the German government has introduced the Professional Qualifications Assessment Act in mid-2012, giving every foreign worker the right to an objective assessment of possible recognition of his or her professional qualification. The Federal Statistical Office collects statistics on the extent to which prospective labour migrants make use of this process, as well as about its duration and success rate. These data will be available in 2013.

Prospective immigrants can obtain information about vacancies in the German labour market at the online job platform of the Federal Employment Agency.<sup>22</sup> At the end of October 2012, around one million vacancies and apprenticeship positions were advertised through this public service. Although the website is in principle available in five foreign languages (English, French, Italian, Russian and Turkish), the job descriptions are for the most part available only in German. The website is therefore primarily targeted at the domestic job market, and it demands sufficient German language skills from prospective immigrants. Of course, this sets relatively high informational barriers for international job-seekers and will often require them to contact (private) German job intermediaries.

The FMLS has recently initiated a campaign that should attract international specialists, starting in 2013. Although the target group are primarily young individuals from EU countries suffering from the Great Recession and the fiscal crisis, this campaign could be a role model for attracting foreign qualified workers from third countries in the future. Importantly, prospective migrants in this campaign are prepared for the German labour market in two steps. First, they participate in an introduction course to the German language, culture and labour regulations in their country of origin. This course is financially supported by the FMLS. Second, after successfully passing this first step, the ZAV actively supports participants to search for employment or an apprenticeship position in Germany. Furthermore, to prevent communication barriers after immigration to Germany, successfully placed immigrants have the option to take part in advanced language classes in Germany.<sup>23</sup> This two-step approach appears sensible in addressing the needs of prospective immigrants to Germany. It may in particular be helpful to overcome the relatively substantial language barrier they face in Germany. Both prospective immigrants who are between 18 and 35 years old as well as interested employers can apply for support under this campaign. Although the concrete implementation has not been

<sup>21</sup> Data obtained from [http://ec.europa.eu/internal\\_market/qualifications/regprof/index.cfm](http://ec.europa.eu/internal_market/qualifications/regprof/index.cfm) (last accessed on 24 October 2012).

<sup>22</sup> See <http://jobboerse.arbeitsagentur.de> (last accessed on 24 October 2012).

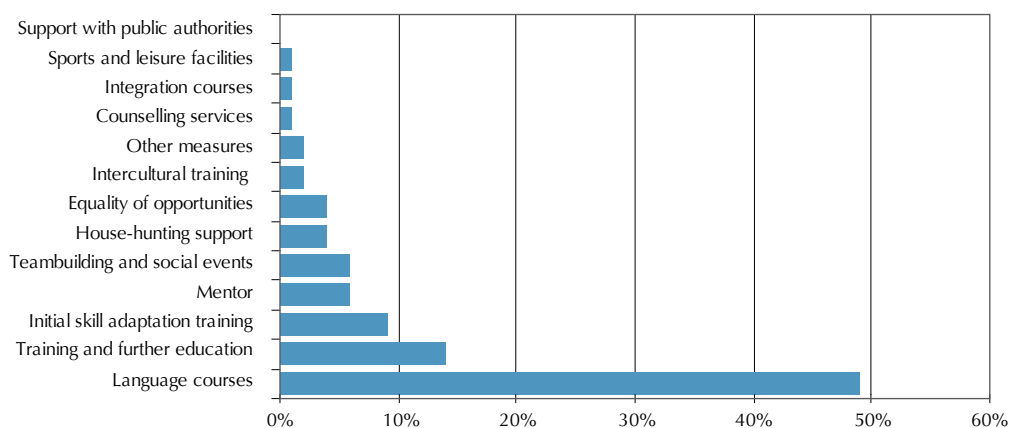
<sup>23</sup> See <http://www.bmas.de/DE/Service/Presse/Pressemitteilungen/europa-arbeitsmarkt-2012-09-25.html> for more details (last accessed on 24 October 2012). The campaign's annual budget amounts to 40 million Euros.

announced yet, it is planned to issue vouchers for language courses (these pre- and post-migration courses would then be free-of-charge for the immigrants) and to reimburse costs related to integration courses.<sup>24</sup>

What can prospective immigrants do to prepare for a successful life in Germany? Prospective immigrants may take German language courses in their home country on their own initiative, for example courses offered by the Goethe-Institut. Data on the duration and success rate of these courses are now available for the first time (Goethe-Institut, 2012). These data show that, on average, six months elapse between prospective immigrants taking the German language examination in their home country and moving to Germany, and an additional five months elapse from the time they enter Germany until they start the integration course. In other words, the transition period lasts on average 11 months. According to the data, these pre-integration courses have a positive effect as most of the immigrants retrospectively consider that learning the German language in their home country was very helpful (58%) or helpful (30%) in preparing them for life in Germany. However, the study also shows that a large percentage of new arrivals with a certificate of basic German language skills obtained in their home country start the integration course in Germany again at the beginner level.

Employers also report that language courses in particular serve as successful integration measures for internationally recruited workers. Figure 6.7 shows that these courses are widely perceived as the most successful measure. Other measures, such as training, further education or mentoring, receive much lower success ratings. Interestingly, supporting foreign workers when they interact with public authorities does not receive any positive rating at all.

**Figure 6.7: Employers' success rating of different integration measures**



Source: Bahrke et al. (2011, Table 5-14).

Note: In per cent of all surveyed firms, weighted according to number of employees.

<sup>24</sup> See [http://www.arbeitsagentur.de/nn\\_27044/zentraler-Content/Pressemeldungen/2012/Presse\\_-12-039.html](http://www.arbeitsagentur.de/nn_27044/zentraler-Content/Pressemeldungen/2012/Presse_-12-039.html) (last accessed on 5 December 2012).

International migration largely occurs in ethnic networks and the importance of migrant networks for migration decisions is frequently stressed (for example, Massey et al., 1993). It is, however, less clear to what extent prospective immigrants actually rely on personal and informal networks to find employment opportunities abroad – especially in the German case. This research gap is, of course, in a substantial part due to lack of adequate data. One piece of evidence can be deduced from the employers' perspective. As shown above in Figure 6.4, employers generally perceive personal contacts as the most successful international recruitment channel. And as a successful worker–job matching requires finding a prospective immigrant through this channel, one can infer that prospective immigrants rely rather heavily on personal and informal networks to find employment opportunities abroad.

Another piece of evidence is provided by studies that investigate the determinants of migration decisions among potential migrants in sending countries. For example, Mahmood and Schömann (2002) analyse the determinants of migration decisions of IT graduates from Pakistan and find that economic factors are in general more important in this context than socio-political and institutional factors. However, when comparing more specifically the location decision between Germany and the United States, the interviewees rate factors such as income, social networks, residence permit as well as language and culture significantly higher for the United States than for Germany.

Empirical evidence on this issue is also available after immigrants have made their migration and location decision. In this context, the question is to what extent the recourse to social networks contributes to the reproduction of ethnic segmentation in the labour market of the destination country. To shed light on this issue, Constant and Massey (2005) study the occupational progress and earnings attainment of guest workers in Germany in comparison to the native population. Their analysis shows a high degree of initial occupational segmentation, with immigrants being less able to translate their human capital into a good first job than natives. Additionally, immigrants appear to experience significant discrimination in the process of occupational attainment. This results in little job mobility over time and a widening of the status gap between Germans and immigrants. Conditional on occupational status, however, there is less evidence of direct discrimination in the process of earnings attainment. Although immigrants achieve lower rates of return to technical or vocational training than their native counterparts, their wage returns to experience, hours worked, years since migration, and academic high school were greater, yielding significant earnings mobility over time.

The initial occupational segmentation of immigrants in Germany could be driven by their recourse to ethnic networks when looking for employment opportunities. Indeed, Drever and Hoffmeister (2008) find that nearly half of all new jobs of individuals with a migration background are acquired with the help of personal contacts in the social network. In the native population, this is the case for only about one third of all jobs. This study additionally finds that it is particularly young immigrants, immigrants with few years of formal education, and immigrants without

native Germans among their friends who rely heavily on social networks to find employment. Although the use of this informal search channel more likely results in jobs that involve physical labour and are more tedious, the level of the perceived improvement in working conditions appears to be the same irrespective of whether or not social networks were used as a search channel.

Germany has experienced increasing net immigration in recent years. This seems related to the country's relatively good performance during the Great Recession as substantial rises in immigration rates were recorded from countries that were severely affected by the crisis. However, sending countries are primarily European countries, and more specifically EU countries. Third countries still play no major role. We identify informational barriers as potentially very important restraints for prospective immigrants, especially for those from third countries. Although these barriers appear to have diminished in recent years, this is mainly due to individual initiatives. Germany still lacks a uniform and comprehensive approach for providing prospective immigrants with the necessary information to prepare their move. Nevertheless, progress is being made, for example with the new online platform "Make it in Germany" or the FMLS campaign for international specialists starting in 2013.

### 3. Recruitment of resident immigrants

This Chapter focuses on the resident immigrant population. For this population, we address similar issues as before. That is, we analyse the patterns of access, use and perception of labour market information by employers and immigrants already residing in Germany. We first assess the general situation of resident migrants and focus in a second part on specific problems of younger individuals with a migration background.

#### ***3.1. General assessment of the situation of resident immigrants***

Figure 6.8 indicates that resident immigrants might indeed face problems in terms of their labour market integration. There is a persistent difference in the unemployment rates of native and foreign workers in Germany. The gap amounts to roughly 10 percentage points for almost the entire period from 1997 to 2012. This means that there is currently about 2.4 times more unemployment among foreigners than among Germans. This persistent difference is striking. It could be due to differences in characteristics such as education, skills and qualifications that reflect differences in productivity and employability. Moreover, there could exist more subtle reasons such as information-related risks that prospective employers face when recruiting resident immigrants. The importance of the latter reasons is crucial as policy may be able to mitigate their consequences. However, it is difficult to directly measure the extent to which a lack of access to networks, foreign qualifications and a lack of work experience constitute risks for prospective employers when recruiting resident immigrants. A number of studies are able to

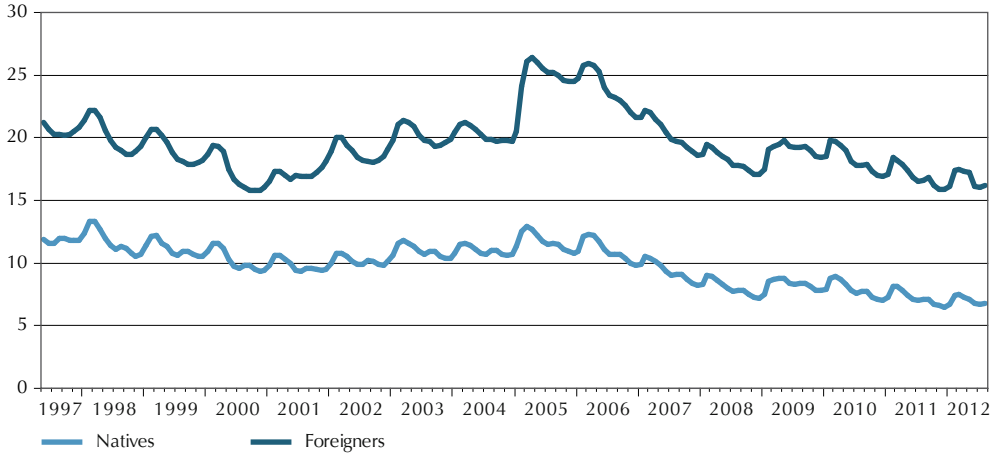
provide indirect evidence on this issue. For example, such evidence can be found in studies that analyse the labour market dynamics of immigrant workers in comparison to native workers.

A first piece of evidence is provided by studies that focus on differences in unemployment durations and, hence, on the access to jobs. If comparable native and immigrant workers would significantly differ in this regard, this may be viewed as a first indication of the existence of more subtle reasons underlying the differences in unemployment rates. For instance, Uhlendorff and Zimmermann (2006) shed light on this issue as they analyse an inflow sample into unemployment of male workers and simultaneously consider transitions from unemployment to employment as well as transitions from employment to unemployment. Their results show that immigrants stay unemployed longer than native workers, and that the probability of leaving unemployment differs considerably by ethnicity. While immigrants from Italy, Ex-Yugoslavia and Spain do not differ from native workers, Turkish immigrants have a significantly lower probability of leaving unemployment for a paid job. Moreover, Turkish members of the second generation of guest workers still have a significantly lower probability of leaving unemployment than native workers. Compared to natives with the same observable and unobservable characteristics, unemployed immigrants therefore need more time to find employment. This appears to be particularly the case for Turks from the first and second generation of immigrants. Kuhlenkasper and Steinhardt (2011) also find that while immigrants from Eastern Europe and other OECD countries tend to return to employment relatively quickly, Turkish immigrants are faced with long durations of unemployment. As an important additional result, formal qualifications appear to be of minor importance for immigrants' longer unemployment durations.

A second piece of evidence can be found in studies that investigate the employment durations and job stability of immigrant and native workers. If the factors mentioned above would indeed constitute a risk for prospective employers, one expects to find employment durations to be shorter for immigrant workers. Worker-job matches are less stable if, among other things, the workers' experience, skills and qualifications do not match the employers' needs and expectations. In general, the available empirical evidence does not find significant differences in the employment stability between immigrant workers and native workers. For instance, Uhlendorff and Zimmermann (2006) show that once immigrants find a new job, no significant differences in employment stability compared to natives exist. This result is moreover independent of ethnicity. Compared to natives with the same observable and unobservable characteristics, unemployed immigrants therefore do not find less stable jobs. Similarly, Höhne and Koopmans (2010) find that once immigrants have a job, their situation is not much influenced by their host country's human and social capital. However, their results also indicate that within the group of immigrants, employed women with a stronger host country orientation find more stable jobs. In contrast, a strong country of origin orientation (displayed in exclusive reading of ethnic newspapers) leads to less stable employment for both men and women.

To summarize, it therefore appears that the access to jobs is the main obstacle for immigrants' labour market performance. On the other hand, once they find a job, immigrants do not seem to differ substantially in their employment prospects when compared to similar native workers.

**Figure 6.8: Unemployment rate of natives and foreigners in Germany, 1997–2012**



Source: Federal Employment Agency.

Note: Monthly data, in per cent of the dependent civilian labour force.

Active Labour Market Policy (ALMP) could potentially alleviate barriers in immigrants' access to jobs. But so far, Germany's ALMP follows no particular approach towards immigrants or individuals with a migration background. The respective law (*Sozialgesetzbuch II/III*) specifies an individual-specific rather than a group-specific approach and, hence, immigrants are no particular target group of ALMP. Immigrants take part in various measures of ALMP, but they are underrepresented among the participants in comparison to their share among the unemployed (Deutscher Bundestag, 2012). Only as far as subsidized self-employment is concerned, the share of foreign participants (18.4%) corresponds roughly to the corresponding share of unemployed. Foreign unemployed persons are especially underrepresented in subsidized employment and working opportunities ("one-euro jobs"). However, many local agencies of the FEA try to facilitate access to labour market information for resident immigrants by appointing immigrant representatives (Deutscher Bundestag, 2012). These persons are involved in planning and monitoring activities of ALMP. Further steps towards a better integration of local stakeholders in these activities are currently being tested (for example, in a pilot study with integration agreements). The effects of these initiatives are not yet clear.

Can ALMP measures alleviate barriers in immigrants' access to jobs? In principle, subsidized employment is an appropriate programme to alleviate barriers in the access to jobs for immigrants. This measure temporarily reduces a firm's labour costs for hiring and employing previously unemployed persons and it can thus trigger

the placement of such persons into jobs (Stephan, 2010). And indeed, studies that compare unemployed individuals who participate in this measure with comparable unemployed who do not participate find that the former benefit from participation as they are more frequently employed afterwards (Bernhard et al., 2007). Even when comparing newly hired individuals who benefit from a wage subsidy with newly hired persons who do not, a positive effect for the former group results (Stephan, 2010). However, these positive effects do not seem to result from increased hiring rates for participants, but rather from prolonged employment durations and an overall improvement of subsequent labour market prospects (Brussig et al., 2011).

Aldashev et al. (2010) evaluate the effects of short-term off-the-job training programmes (aptitude tests, job search training, skills provision and combined training programmes) separately for natives and immigrants in Germany. They find that aptitude tests and skill provision have positive treatment effects for all participants and, to some extent, immigrants benefit more than natives. Skills provision has a positive effect on female immigrants and aptitude tests on all immigrants. This suggests that the productivity of immigrants is undervalued, but revealed after they have participated in such a programme. Job search training seems to be ineffective for all male participants, and also for female immigrants. Any combined training programmes are ineffective for all participants. In the portfolio of active labour market programmes, start-up subsidies for the unemployed have become increasingly important in many OECD countries. Self-employment might be an attractive alternative for immigrants who are potentially discriminated against. Indeed, start-up subsidies appear as an effective tool in promoting sustained self-employment (Caliendo and Künn, 2011). Similarly, ALMP measures may already have an impact if participation appears likely. Such ex ante effects affect the job search behaviour of the unemployed, with heterogeneous impact across groups (Bergemann et al., 2011).

To summarize, at least some ALMP measures may alleviate barriers in the immigrants' access to jobs. Although the empirical evidence is still relatively scarce, it seems that comparatively more effective ALMP measures tackle the problems of a lack of (recognized) foreign qualifications and credentials, and ethnic discrimination. We will therefore discuss these two problems in more detail.

The potentials of improved systems for the assessment and recognition of foreign qualifications and credentials have been quantified by the Federal Ministry of Education and Research. It estimates that the labour market prospects of about 285,000 individuals could be improved if their foreign qualifications were recognized (SVR Migration, 2012). Until recently, third-country nationals were not entitled to assessment and recognition of their foreign degrees. However, the Federal Recognition Act (*Anerkennungsgesetz*) came into effect in April 2012. It introduced the legal right to a procedure to establish whether qualifications gained abroad are equivalent to vocational qualifications gained in Germany. Anyone with vocational qualifications gained abroad that are comparable to a German training occupation can apply for a procedure to assess the equivalence of their qualifications.

Access to the procedure may vary depending on the specialist regulations of the individual regulated professions. In some cases, there are still no procedures in place to evaluate third-country qualifications. Primarily, the Chambers are responsible, while responsibility in regulated professions is based on the respective specialist laws and regulations of the Federal States.<sup>25</sup> However, the effects of this new legal framework have not yet been evaluated.

Ethnic discrimination in firms' hiring decisions could be another obstacle to immigrants' access to jobs. Indeed, a relatively recent study finds that discriminatory behaviour against ethnic minorities is still present in Germany. Kaas and Manger (2012) find that applicants with a Turkish-sounding name are on average 14 percentage points less likely to receive an invitation for a job interview than applicants with a German-sounding name. Furthermore, this difference in call-back rates is found to be even larger in SMEs where it amounts to 24 percentage points. Importantly, the applicants in this correspondence testing study were otherwise similar and only differed in their names. These findings are for at least two reasons rather discouraging. First, the subjects in the study by Kaas and Manger (2012) are students who applied for internships. One may therefore suspect that the differences in call-back rates between immigrant and native workers may be even larger when they apply for "real" jobs. Second, these results are obtained after the introduction of a wide-ranging Anti-Discrimination Law that came into force in 2006. In principle, this law should prevent employers from such discriminatory behaviour. Against this background, and also in response to a lively public debate after these results had been published, the Federal Anti-Discrimination Agency initiated a field experiment with anonymous job applications in Germany to investigate their potential in combating hiring discrimination. This experiment was inspired by field experiments in other European countries (for example in France, Sweden and the Netherlands). The results of the German experiment are encouraging as anonymous job applications indeed appear to reduce hiring discrimination (Krause et al., 2012a). The German experiment shows that anonymous job applications can be practically implemented without excessive costs, and that they can lead to equal opportunities for minority groups of applicants – at least in the initial stage of the recruitment process.

Resident immigrants in Germany still face above-average unemployment rates. This has not changed during the Great Recession. It appears that access to jobs constitutes the main barrier for resident immigrants in the German labour market. Whereas they need more time to find employment, they do not find less stable jobs than the native population. Although the empirical evidence on whether ALMP is able to mitigate immigrants' problems in the access to jobs is scarce, there are some indications that some measures are more effective than others. In particular, measures that directly target the job search process as well as start-up subsidies appear promising in this context. Employment subsidies should be treated with

<sup>25</sup> Detailed information about the Federal Recognition Act and the procedure for different professions is available at <http://www.anerkennung-in-deutschland.de> ("Recognition in Germany;" last accessed on 19 October 2012).



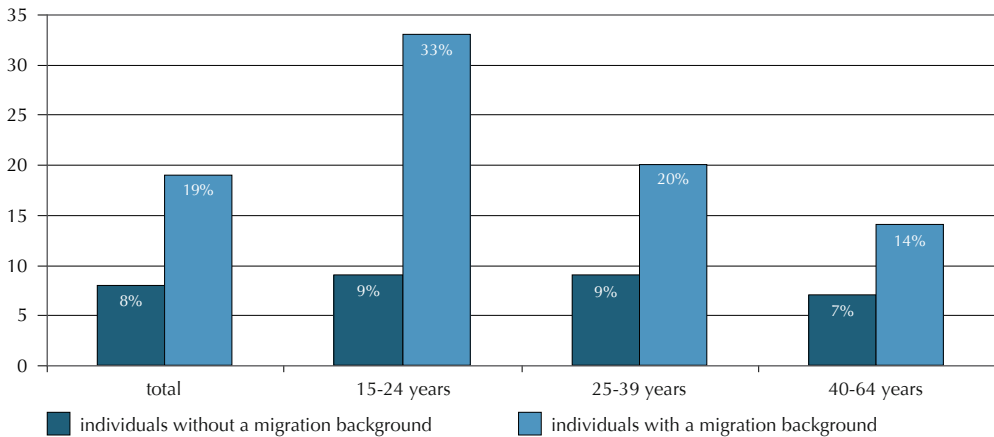
caution since their positive effects appear to be mainly based on prolonged employment durations and not on increased hiring rates. Preliminary findings point at the potentials of improved systems for the assessment and recognition of foreign qualifications and credentials as well as of anonymous job applications, but also in this regard further research is needed to exactly quantify the effects on resident immigrants' access to jobs.

### 3.2. Specific problems of younger individuals with a migration background

Youth unemployment should be of particular concern for every society as it generates long-lasting scars. Although it is generally true that young people have suffered disproportionately during the Great Recession, Germany is one important exception; already in 2009, youth unemployment rates were below their pre-recession value (Bell and Blanchflower, 2011). Nevertheless, youth unemployment rates are a concern in Germany, and the situation of immigrant children's unemployment is alarming.

Figure 6.9 displays the dependency rates on long-term unemployment benefits (*Arbeitslosengeld II*) for different demographic groups. It is striking that about one third of the young individuals with a migration background depend on this form of benefit. This population group thus faces severe problems to integrate into the labour market.

Figure 6.9: Dependency rates on long-term unemployment benefits, 2007–2008



Source: IAQ et al. (2009).

German-style vocational training that combines work experience and general education receives increasing support as a way of labour market integration of youth (see, for example, Biavaschi et al., 2012). In Germany, about 40 per cent of each cohort of school leavers without access to higher education enters the “dual system”, that is, they take part in the widely recognized combination of on-the-job training in firms

and general education in vocational schools (BIBB, 2011). However, immigrants in Germany are less likely to enter the dual system than natives for two main reasons.

First, the gap in education outcomes between natives and immigrants is substantial. However, comparable natives face similar difficulties and show similar education outcomes as immigrant children (Krause et al., 2012b). This finding points at more general inequalities in the education system rather than at an immigrant-specific problem. Nevertheless, the on average more disadvantaged family background of immigrant children results in typically lower education outcomes.

Second, even when controlling for differences in education outcomes, immigrants are about 20 percentage points less likely to enter the dual system than comparable natives (BIBB, 2010a). Access to vocational education thus appears as an additional barrier for immigrant children. However, once immigrant children have entered the dual system, more than three quarters of those individuals successfully integrate into the labour market (Burkert and Seibert, 2007). Young immigrants who pass the dual system are therefore as successful in the German labour market as their native peers.

What are the underlying reasons for the relatively lower participation rate of immigrant children in the dual system? Liebig (2007, p.47) discusses the factors which are likely the most important ones. He mentions an increased competition for apprenticeship positions (which presumably affects immigrant children more adversely than natives), a tendency of immigrant children to get into paid employment as soon as possible (while causality remains unclear), and a lack of personal contacts and smaller social networks providing information and access to apprenticeship positions for immigrant children. Additional factors are revealed by survey data, indicating a lack of language proficiency and a lack of adequate schooling as additional barriers in the access to apprenticeship positions. Liebig (2007) also discusses efforts that aim at increasing immigrants' access to vocational training (such as regional networks and projects). However, rigorous evaluations of these initiatives are not yet available.

A different approach is to help young individuals with public vocational training, which may be relevant in particular for those without a vocational degree. Germany's ALMP offers a variety of such measures. Caliendo et al. (2011) find positive long-term employment effects for nearly all programmes that are directly targeted at labour market integration. These programmes include wage subsidies, job search assistance and short- and long-term training measures. Measures that aim at integrating youths in apprenticeships (preparatory programmes) are effective in terms of education participation, but fail to improve employment outcomes – which holds for both native and immigrant children as Caliendo et al. (2011) do not distinguish treatment effects by migration background or citizenship. In stark contrast, public sector job creation appears to be ineffective. When the authors investigate potentially heterogeneous effects for different pre-treatment schooling levels, important differences become apparent. Programmes appear more effective for highly skilled youth in terms of their subsequent employment outcomes. Low-skilled youths do not seem to be sufficiently accommodated in the current policy set-up. However, as longer-term wage subsidies work equally well for low- and high-educated youths, it could be that low-educated

youths require more time to turn subsidized work experience into a stepping stone to a stable employment relationship. It could thus be helpful to extend the access to longer-term professional experience for this group.

Although we identify a certain scope of ALMP to mitigate some problems, the appropriate policy interventions would have to occur in the education system and in the access to the apprenticeship system. These findings moreover support an immigration policy that is geared towards the labour market and based on economic principles, but such a change would only affect prospective cohorts of immigrants.

## 4. Conclusions and recommendations

In reality, employers and workers do not have perfect information. Thus mismatches, shortages, unemployment and inefficiencies arise. German firms could react with increased international recruitment activities to the imminent shortages of skilled labour. However, firms do not yet perceive this option as an important measure. This could be related to the fact that firms are not aware of this channel or of its legal framework. A comparatively large share of firms, however, already has some experience in the recruitment of foreign workers. While public initiatives try to further raise awareness, employers' associations rather advise focusing on mobilizing internal capacities. In spite of recent improvements, firms rate Germany's immigration policy among the primary restraints preventing them from intensifying foreign recruitment activities. This appears to be particularly relevant in SMEs.

Although Germany is still following a comparatively passive approach towards the recruitment of foreign workers, it has nonetheless experienced increasing net immigration in recent years. This seems to be related to the country's relatively good performance during the Great Recession as immigration rates, in particular from countries that were severely affected by the crisis, increased. However, sending countries are still primarily European countries, and more specifically EU member countries. Third countries play no major role. We identify informational barriers as important restraints for prospective immigrants, especially for those from third countries. These barriers appear to have decreased in recent years mainly due to individual initiatives. Germany still lacks a uniform and comprehensive approach for providing prospective immigrants with the necessary information to prepare their move. Nevertheless, progress is being made, for example with the new online platform "Make it in Germany" or the FMLS campaign to recruit international specialists that will commence in 2013.

Resident immigrants in Germany still face above-average unemployment rates. This has not changed during the Great Recession. Access to jobs constitutes the main barrier for resident immigrants in the German labour market. While it takes them longer to find employment, they do not end up in less stable jobs than the native population. Although the empirical evidence on whether ALMP is able to mitigate immigrants' problems in accessing jobs is scarce, there are indications that some policy measures are more effective than others. In particular, measures that

directly target the job search process as well as start-up subsidies appear promising. Employment subsidies, on the other hand, should be treated with caution since their positive effects appear to be mainly based on prolonged employment durations and not on increased hiring rates. Preliminary findings point at the potentials of improved systems for the assessment and recognition of foreign qualifications and credentials as well as of anonymous job applications, but also in this regard further research is needed to exactly quantify the effects on resident immigrants' access to jobs.

Youth unemployment is also a concern in Germany, where the situation of immigrant children is particularly alarming. We identify two main barriers that immigrant children face in Germany's education system. First, their on average more disadvantaged family background results in typically lower education outcomes. Controlling for these differences, however, leads to similar education outcomes of immigrant and native children. Second, immigrant children are less likely to enter the dual system even with the same amount of schooling as natives. Conditional on passing the dual system, however, they are as successful in the labour market as their native peers. Although we identify a certain scope of ALMP to mitigate some problems, the appropriate policy interventions would have to occur in the education system and in access to the apprenticeship system. Our findings, moreover, support an immigration policy that is geared towards the labour market and based on economic principles, although such a change would only affect prospective cohorts of immigrants.

In recent years, Germany has made steps towards a more labour-oriented immigration policy. However, this has not been adequately recognized internationally. The country therefore still does not manage to attract qualified immigrants in sufficient numbers, especially not from third countries. A more transparent and open immigration system that could and should be actively promoted appears as one solution. Within such a system, it is possible to address many of the barriers and obstacles employers and prospective immigrants currently face.

Among the more recent developments, the introduction of the online information portal "Make it in Germany" is a particularly important step in the right direction. It certainly reduces informational barriers for prospective economic migrants considering moving to Germany. Although there are still some shortcomings of this newly introduced website at the current stage, it could be one important element of a broader strategy to more actively promote Germany as an attractive immigration country. To increase its impact, the website should make information available in more languages (for example Chinese, Russian and Spanish), the demand side (that is, for prospective employers) should be more strongly incorporated, and it should also include pre-departure measures that are helpful for prospective immigrants. Ideally, this website will mature into *the* unique portal where prospective immigrants to Germany find all the information they need. This includes, for example, the possible online submission of application documents for residence and work permits.

The impact of such an online information portal could further increase if Germany's immigration policy were less intricate and bureaucratic. Its current degree of complexity

largely prevents easy and comprehensible promotion activities. Introducing a points system similar to countries like Australia or Canada would, for example, represent an important innovation. A very concrete policy proposal of how such a system could be implemented in Germany is available and appears feasible (Hinte et al., 2011). Its main advantage is probably the transparency of admission criteria.

Finally, individual initiatives should also complement Germany's immigration policy in the future. This includes pre-departure measures in sending regions (such as language courses offered by the Goethe-Institut) as well as international agreements with the countries of origin of prospective immigrants. In particular, Germany should intensify such formal agreements. Depending on its success, the FMLS campaign to recruit international specialists starting in 2013 may serve as a role model in this regard. However, individual initiatives should be geared towards a common goal, sufficiently coordinated and (alongside possible individual promotion) centrally promoted. Also in this context, the newly-introduced online portal "Make it in Germany" could serve as a very useful platform.

However, a warning seems appropriate at this stage. One should not be naïve and expect too much from innovations in Germany's immigration policy. Many potential migrants have already decided to move, and most of those have made their decision in favour of other destination countries. Germany suffers from its past failures, which for example include the failed integration of many guest workers and the missed opportunity in the EU enlargement process. In the future, Germany will have to broadly and actively engage in recruiting skilled workers from abroad to establish itself among the primary destination countries for qualified immigrants. And even in this case, the country will face a strong global competition resulting in uncertain outcomes.

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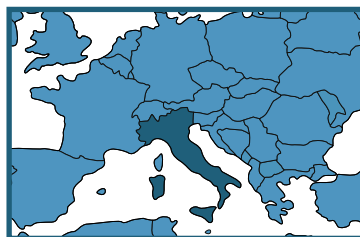
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# ITALY

Francesco Fasani<sup>26</sup>



## Abstract

*Better access to information for employers (private and public) who are willing to hire migrant workers – both from abroad and from inside the country – and for prospective and resident migrants looking for available job opportunities, would critically improve the speed and quality of the matching process. This would have important welfare-enhancing implications for employers, workers and for the economy as a whole (given that better matches lead to higher productivity). This report aims to provide a comprehensive picture of the matching process between employers and immigrants in Italy in recent years.*

*A variety of actors participate in the process of matching between demand and supply of foreign workers in the Italian labour market. As we will see in the subsequent sections, informal channels (namely personal networks, direct referrals, and so forth) dominate both employers' and workers' search strategies in Italy. Meanwhile, public employment services play a role which is marginal at most. Private agents, instead, are more relevant in this context: both for-profit firms – such as temporary workers' agencies – and non-profit bodies – such as NGOs, trade unions, the Catholic Church and its related institutions – do intervene in aiding the flows of information between employers and candidates and in facilitating the matching. Finally, ethnic networks seem to play a major role in the Italian context.*

*There are some aspects which are peculiar and specific to the Italian case and possibly to other Mediterranean EU Member States (such as a segregation of migrant workers in low-skilled occupations, a vast presence of undocumented immigrants,*

<sup>26</sup> Francesco Fasani is Postdoctoral Researcher at the Institute for Economic Analysis (IAE-CSIC), Barcelona and Affiliated Professor at the Barcelona Graduate School of Economics (GSE). The author would like to thank Maurizio Ambrosini, Gian Carlo Blangiardo, Tito Boeri, Giovanni Facchini, Tommaso Frattini, Rachele Poggi and Emilio Reyneri for their help, suggestions and comments.

*widespread shadow employment, intensive employment of immigrants in the domestic care sector, and so on), while others are easily generalizable to other countries and contexts (for example, the extent to which the demand for foreign workers originating from families differs from that of firms; the variation of demand by the size of the firm; the poor performance of Public Employment Services in the placement of workers). Similarly, some of the conclusions and the policy recommendations are specific to the Italian context while others can be generalized to a wider context.*

## 1. Introduction

Better access to information for employers (private and public) who are willing to hire migrant workers – both from abroad and from inside the country – and for prospective and resident migrants looking for available job opportunities, would critically improve the speed and quality of the matching process. This would have important welfare-enhancing implications for employers, workers and for the economy as a whole (given that better matches lead to higher productivity). In order to propose appropriate policy interventions in this area for a specific country, one first needs to understand the precise functioning of its labour market (who are the main actors? How do they behave? What are their incentives and how can one influence them?, and so on) and how this interplays with the existing migration policy.

This report tries to give a comprehensive picture of the matching process between employers and immigrants in Italy. As will become clearer throughout the report, there are some aspects which are peculiar and specific to the Italian case and possibly to other Mediterranean EU Member States (such as a segregation of migrant workers in low-skilled occupations, a vast presence of undocumented immigrants, widespread shadow employment, intensive employment of immigrants in the domestic care sector, and so on), while others are easily generalizable to other countries and contexts (for example, how different is the demand for foreign workers coming from families with respect to that of firms? How does that demand vary in relation to the size of the firm? Why are the Public Employment Services poorly performing in the placement of workers? and so forth). Similarly, some of the conclusions and the possible policy interventions are specific to the Italian context while others could be generalized to a wider context.

The structure of the report is as follows. In Section 1, we summarize recent trends in the Italian labour market and we briefly discuss the performance of migrant workers. The legal framework which regulates the access of foreign workers into the Italian labour market is also explained, and contrasted with the functioning of this system in the current practice. Section 2 focuses on migrants who are already residing in Italy and looks at patterns of access to labour market information from both sides of the employment match: labour demand (2.1) and labour supply (2.2). Recruiting – and job search – from abroad is discussed in Section 3. Finally, we conclude by providing some policy recommendations in section 4.

## **1.1. Labour market trends**

### ***Current trends in the Italian labour market***

As in most other European countries, the Italian labour market is still dealing with the consequences of the economic crisis and with the uncertainty around the timing and intensity of a future recovery. In 2011, there were about 23 million employed workers in Italy; the employment rate was about 56 per cent, with the employment rate of male workers being at 67.3 per cent and that of female workers at 46.5 per cent. The gap between women and men is still substantially larger than the EU average (which is about 12 percentage points) but it shows a clear declining trend in the last years. The number of workers looking for a job is just above 2 million people, with an overall unemployment rate of 8.5 per cent and a youth unemployment rate of almost 30 per cent.

According to estimates of the Italian Chambers of Commerce for the year 2011, the number of firms planning to hire new workers in the near future is about 22.5 per cent. This can be read as a sign of the existence of positive expectations about the recovery among entrepreneurs: that share had fallen from almost 30 per cent in 2008 to a level below 20 per cent in both 2009 and 2010 (Unioncamere, 2011b).

### ***The performance of foreign workers***

In 2011, there were more than 4.5 million documented immigrants in Italy, corresponding to about 7.5 per cent of the population.<sup>27</sup> More than 50 per cent of them are citizens of a European country: 26 per cent from a New Member State (NMS) in the EU27, 24 per cent from a Central-Eastern European country outside the EU27, and only 4 per cent from the EU15. The other continents follow with 22 per cent arriving from Africa (15% from Northern Africa), 17 per cent from Asia and 8 per cent from America (95% of which from Latin America).

In 2011, there were almost 2.2 million foreign-born workers employed in Italy, which accounts for almost a tenth of the employed workers in the country. Their employment rate was 63 per cent – 66 per cent for EU27 citizens and 60 per cent for non-EU27 citizens – while the employment rate of natives was 56 per cent.<sup>28</sup> Immigrant workers mainly work in services (59%), followed by manufacture (20%), construction (17%) and agriculture (4%). About a third of them reside in the North Western regions of the country, 26 per cent in the North East area, 27 per cent in Central Italy

<sup>27</sup> According to estimates from ISMU (see Annex 1) there were about 450,000 undocumented immigrants in Italy in 2011, roughly 8 per cent of the total immigrant population residing in Italy (Fondazione ISMU, 2011).

<sup>28</sup> As shown in Dustmann and Frattini (forthcoming), Italy, Greece and Portugal are the only three EU15 Member States where the employment rate is higher for immigrants than for natives. In the case of Italy this can be explained by the relatively lower employment rate among Italian women (due to their low participation rate) and by compositional differences, between natives and immigrants, in age, education and region of residence. Indeed, Dustmann and Frattini (forthcoming) use linear regression models to show that if one compares immigrants to natives with the same observable characteristics (gender, age, education) and living in the same geographical areas, the probability of being employed is actually lower for immigrants than for natives.

and the remaining 13 per cent in the South and in the Islands. With regards to the medium level of qualifications, the distribution of the immigrant population does not differ substantially from that of Italian workers: the share of workers with secondary education is fairly similar in the two groups. Nevertheless, immigrants are more likely to have just primary education (13 versus 6% of natives) and less likely to have college education (8 versus 16% of natives). As far as occupations are concerned, about 82 per cent of foreign-born workers have a low- or medium-skilled job: 59 per cent are blue-collar workers or artisans and 23 per cent are in low-skilled jobs. The overall figure is in sharp contrast with the corresponding share for the native population which is approximately half (43%). The skill downgrading and segregation of immigrant workers in the lowest ranks of the occupational ladder is a key – and worrying – feature of the labour market integration of foreign workers in Italy (Fullin and Reyneri, 2011) (Dell’Aringa and Pagani, 2011).

In 2011, there were about 300,000 unemployed immigrants in Italy, which implies an unemployment rate of around 12 per cent (in comparison to 8% for native workers). The participation rate, instead, was higher for immigrants, being 75 per cent for EU27 citizens, 69 per cent for non-EU27 citizens and 61 per cent for Italian citizens in working age. The number of foreign citizens who are owners of firms in Italy reached almost 360,000 in 2011, about 10 per cent of the total. Of this 10 per cent, about 2 per cent are EU27 citizens and the remaining 8 per cent are non-EU27 citizens.

## **1.2. Labour migration policy**

### ***Legislative framework***

Similarly to all other EU Member States, Italy regulates the access to its labour market differently for EU citizens and non-EU citizens<sup>29</sup>. EU citizens enjoy free access to the Italian labour market.<sup>30</sup> Non-EU citizens’ access, instead, faces more restrictions and is subject to yearly quotas.

Throughout the 1990s, Italy gradually attempted to set up a quota system to manage the legal inflows of migrant workers. This system finally started to function

<sup>29</sup> One of the main sources for this section is EMN Italy (2010). See Fasani (2008) for a brief summary of the evolution of migration legislation in Italy. A detailed description of the Italian migration policy and of its implementation can be found in Triandafyllidou and Veikou (2001). Zincone (1998) and Zincone (2006) also present important insights on the process of decision making which has led to past and current policies in Italy. More documents are available in Italian. Among these, Barbagli (2007) provides a clear summary of the evolution of the recent migration legislation in the first chapter of the report. While a comprehensive description of all the historical phases which have influenced and shaped the Italian migration policy is given by Einaudi (2007) and, to a lesser extent, by Bonifazi (2007).

<sup>30</sup> As for citizens of New Member States, they gained free access to the labour market once the transitional periods – adopted by the Italian government after the enlargements – had expired. The transitional provisions for citizens of NMS who joined the EU in 2004 were abolished in July 2006. From 1 January 2012, the Italian government has also decided to conclude the transitional period and liberalize the access to the labour market for the countries which joined the EU with the 2007 Enlargement (Bulgaria and Romania).

only in 1998 with the Turco-Napolitano law and was confirmed in 2002 by the following Bossi-Fini law (Fasani, 2008). According to the design of the system, each year the government establishes – through the so-called “Flows Decree” (in Italian: “*Decreto Flussi*”) – the number of immigrants that will be allowed to enter the country in the following year for working purposes (both seasonal and non-seasonal workers). Each region is attributed region-specific quotas and special quotas are reserved for specific countries of origin (mainly those who have signed bilateral agreements with Italy). In order to produce the yearly estimates of the number of new foreign workers needed from abroad – by region and by type (seasonal/non-seasonal) – the Italian Government usually collects information from three main sources: a) the National Institute of Statistics (ISTAT) regarding demographic trends of the Italian population and the decline of the working population; b) the Union of Chambers of Commerce, which annually provides an estimate of the additional immigrant workforce to be included in the labour market (see Section 2); c) different studies on the state of the Italian productive system (EMN Italy, 2010).

The government is also allowed to set an entry quota equal to zero in any given year, which implies that no “Flows Decree” is produced for that year, or to allow the access only of seasonal workers. This has happened in the past and the current government also decided to allow the entry of only seasonal workers through the “2012 Flows Decree” (Ambrosini, 2012b). This uncertainty about the size of the quotas inevitably affects firms’ strategies of foreign recruitment. The incentives to invest in searching and screening workers who reside abroad are likely to be negatively affected by the risk that the employer will then not be able to hire the workers (or will have to wait for one or more years) because the quota system prevents from doing so. This is especially the case if the quotas are binding – that is, are set well below labour market needs – as seems to have often occurred in the Italian context (Fasani, 2008).<sup>31</sup>

Moreover, according to the law, the annual “Flows Decree” should be produced within a framework of medium-term planning which should be specified every three years by the Government with the so-called “Three-year Planning Document” (in Italian: “*Documento Programmatico triennale*”). Other than defining the Government’s

<sup>31</sup> In 2006, for instance, the initial decree provided for 170,000 new immigrant workers, but after receiving more than 500,000 applications, the government decided to expand the quota to 550,000 workers: the new quota basically created enough space to potentially accept all the applications and it was substantially equivalent to an amnesty (Codini, 2007). This has been the only case where the quota has been raised after observing a much larger number of applications than the original quota. Nevertheless, having substantially more applications than the legal threshold set by the annual “Flows Decree” seems to be the norm. Since 2007, employers and immigrants can apply through the Internet: this permits easily measuring the gap between the quota and the actual demand. In 2011, for instance, the quota was set at 98,000 workers, but, within 4 hours from the opening of the process, more than 300,000 applications had been sent (Polchi, 2011). This introduces a degree of randomness in the selection of workers – which ends up depending on the speed in filling in the online form, on the quality of the internet connection, and so forth – which can hardly be optimal for employers and immigrants (Boeri, 2011).

plan of action regarding immigration in the next three years, the document also establishes the general criteria for entry flows which should constitute the basis for defining the annual “Flows Decrees”. It is worth noting that the last “Three-year Planning Document” approved concerned the period 2004–2006.<sup>32</sup> These delays clearly create additional uncertainty for the employers, who are unable to predict the willingness of the government to allow new entries of foreign workers in the next few years and who can not, as a consequence, make any medium-term recruitment plans.

When the “Flows Decree” is approved and becomes effective, potential employers can start applying to hire immigrant workers until the number established by the quota is reached. According to the law, these immigrant workers should be recruited from abroad and should not be already residing in the country. When applying for an immigrant employee within the quota system, the employer can either request a specific individual (in Italian: “*chiamata nominativa*”) or hire the first person in the lists of job-seekers that are compiled by Italian embassies and consulates in origin countries.

While the quota system is meant to regulate new entries of foreign workers in the Italian labour market, we will explain below that the way this system works in practice – although agents formally abide by its legal rules – leads to fairly different outcomes.

The rules which regulate the access of non-EU27 citizens to the Italian labour market vary depending on the type of work (seasonal vs. non-seasonal; subordinate employment vs. self-employment) and depending on whether workers are residing abroad or already legally residing in Italy.<sup>33</sup> We summarize these rules in the following table.<sup>34</sup>

<sup>32</sup> The “2007–2009 Planning Document” was elaborated by the centre-left Prodi government and never approved as final because of the early termination of that legislature.

<sup>33</sup> Apart from the case of general amnesties, undocumented immigrants who are unlawfully residing in Italy are considered as resident abroad. In other words, there is no such thing as a permanent mechanism which, under certain conditions, allows the undocumented immigrant who has found an employer willing to legally hire him or her to obtain legal residence status (that is, “case by case” regularizations as those carried out in other EU Member States).

<sup>34</sup> See EMN Italy (2010) for further details.

**Table 7.1: Legal provisions for the access of third-country nationals to the Italian labour market**

### Non EU27 workers residing abroad

#### **a) Non-seasonal workers**

The employer (Italian or foreigner legally residing in the country) willing to hire a non-seasonal non-EU27 worker – within the yearly quotas established by the “Flows Decree” – has to apply at the provincial Single Desk for Immigration. In cases where the employer knows the employee s/he wants to hire, s/he must make a request by name for a work permit. For any worker requested, s/he needs to provide documentation showing that the worker has suitable housing accommodation (according to the criteria established by the norms of each region), as well as the relevant “proposal for a residence permit”. Once the application has been checked and given a positive assessment, the Single Desk issues the work permit to the employer and electronically transmits the documentation to the consular offices in the worker’s country of residence. The worker has then up to six months to obtain the relevant visa in order to enter Italy.

#### **b) Seasonal workers**

The procedure is similar to that followed for non-seasonal workers. The authorized period of time is linked to the type of seasonal work, although in no case can it be less than 20 days and more than nine months (six months for certain types of work). The employer may ask for a seasonal employment permit lasting several years (a maximum of three) and granting multiple entries – within the limits of the entry quotas – in favour of an employee who has worked for two consecutive years.

#### **c) Self-employment**

Foreigners are expected by law to meet the same moral and professional standards as those set for native self-employed workers, including – if necessary – admission for professional registers or records. Moreover, if one intends to practice professions which require specific qualifications, these qualifications need to be recognized by the proper Italian authorities. One must also show proof of adequate financial resources to carry out self-employment as well as suitable housing accommodation.

### Non-EU27 workers already residing in Italy

#### **a) New residence contract for subordinate employment**

A non-EU27 foreign worker regularly residing on Italian territory can stipulate a new residence contract for subordinate employment with an employer who replaces or is added to his/her original one. Contracting parties must individually conclude and sign the residence contract and send it to the appropriate Single Desk for Immigration.

#### **b) Conversion of the residence permit**

Under certain conditions, a non-EU27 foreign citizen legally residing in Italy who holds a residence permit for studies or professional training, or has a residence permit for seasonal work, and has an opportunity for non-seasonal subordinate employment can apply and convert his/her residence permit.

## ***The (irregular) practice***

In spite of the fact that the quota system has officially been referred to as a mechanism to sanction the entry of new workers – as it was in the intentions of the legislator – it is common knowledge in Italy that its real functioning differs from the wording of the law (Ambrosini, 2011d). As often happens in Italy, the economy and the society react to inadequate institutions and legislations by devising shortcuts which better fit their needs. In this case, the outcome of this system is (generally) that foreign workers first enter the Italian labour market as undocumented immigrants (or with a

tourist visa) and then, if they find a job and an employer who wants to legalize their employment relationship, they wait for the “Flows Decree” and apply for a place. If their application is accepted, they move back to their origin country and then return to Italy, entering officially this time and pretending not to have been in the country before (Fasani, 2008).<sup>35</sup> The bottom line of this procedure is that, in the Italian context, the main difference between an amnesty and the “Flows Decree” is that the latter procedure establishes a cap to the number of legalized individuals while the first does not.

In order to understand why the quota system is not functioning as it should – namely regulating new entries of foreign workers into the Italian labour market – but rather used mainly to ex post legalize existing (undeclared) employment relations, one has to take into account three specific features of the Italian context. First, there are three types of potential employers of foreign workers: families, small firms and medium–large firms. The distinction of firms by their size is particularly salient in the Italian context because of its peculiar firm structure: 95 per cent of the 4.5 million Italian firms have less than 10 employees and account for almost 50 per cent of the employed workers.<sup>36</sup> Second, immigrant workers in Italy are mostly in demand for low-skilled, manual and domestic care occupations. Third, the size of the underground economy – well above the European average – and the widespread recourse to unlawful employment contracts by both entrepreneurs and families (Reyneri, 2003), together with a large presence of undocumented immigrants, are crucial and persistent features of the Italian labour market (Fasani, 2010).<sup>37</sup>

Families and small firms share many similarities as potential employers of immigrant workers. They both require skills which are, in general, barely certifiable or verifiable at a distance, in other words, for migrants still residing abroad. They both face important limitations (linguistic, organizational, and so forth) which – in the absence of private or public intermediaries – prevent them from engaging in activities of screening and recruiting from abroad. Finally, given that the firms are very small – and by definition so are all families – the employers will personally and continuously interact with the employees, and, therefore, they tend to be more willing to hire someone whom they have already met, whom they find pleasant, and whom they trust.<sup>38</sup>

<sup>35</sup> Quantitative evidence of this malfunctioning, for instance, is provided by the 2006 ISMU survey (see Annex 1.): more than one third of the undocumented migrants interviewed – and therefore already resident in Italy – had applied for the 2006 “Flows Decree”, pretending to be still residing in their origin countries (Sciortino, 2007).

<sup>36</sup> Another 20 per cent is employed in firms with 10–49 employees, about 12 per cent in firms with 50–249 employees and the remaining 20 per cent in firms with more than 250 employees. This latter group of large firms accounts for less than 1 per cent of the total number of firms (Istat, 2011).

<sup>37</sup> Blangiardo and Tanturri (2004), for instance, estimated that about half of the migrant workforce residing in Italy in 2003 had obtained legal status through an amnesty programme.

<sup>38</sup> An exception could be represented by Italian employers who are willing to hire through referrals by their current foreign-born employees (or by immigrant acquaintances they trust) and by migrant entrepreneurs who want to employ co-nationals. Still, in their case, the uncertainty of the quota system – as discussed in the next paragraph regarding medium-large firms – is likely to dramatically reduce their incentives to recruit workers from abroad.



The situation is different for medium and large firms. In their case, one could clearly envisage the possibility of investing in searching, screening and (possibly) training activities abroad. Still, the uncertainty implied by the quota system becomes pivotal here. One cannot expect firms to invest in recruitment from abroad if they are not given sufficient guarantees that they will actually be able to hire the workers they have chosen (and to do so in a sufficiently short time span).<sup>39</sup>

For different reasons, therefore, none of the potential employers of foreign workers (families, small and medium–large businesses) seems particularly likely to engage in hiring workers from abroad. The last distinctive feature of the Italian context comes into play at this stage: the large presence of undocumented immigrants and the widespread tolerance for irregular employment practices. Indeed, this feature provides a viable alternative to the difficulties and uncertainty implied by hiring workers from abroad through the quota system.<sup>40</sup> One can unreportedly hire undocumented immigrants to fill the immediate needs of labour demand and then ex post legalize – through amnesties or the quota system – the matches which have proved particularly productive. In the context of a labour market which is still fairly regulated, this option can offer an additional, and valuable, margin of flexibility in adjusting firms’ workforces.

The presence of this flexible, but illegal, alternative has also created the conditions for the preservation of the status quo. Indeed, one can reasonably speculate that, in the absence of undocumented immigrants – or, in the presence of a higher level of enforcement of labour market regulations – both families and firms would have advocated for (and probably obtained) a change in the current management of migration flows.

## 2. Third-country nationals in the Italian labour market

### 2.1. Demand side: employers’ perspective

#### *Recruiting resident migrants*

In this section we discuss different aspects of labour demand for migrant workers who are (in general) already residing in Italy. When we refer to resident migrants, we mean immigrants who are already physically present in Italy, no matter whether they are documented or undocumented. The process of recruiting foreign workers from abroad, instead, will be discussed in Section 3.

<sup>39</sup> Commenting on the cap on migration inflows imposed by the conservative (and lib-dem) government in the United Kingdom, the Economist writes “*Business folk complain about the expense and wrangling involved in securing work visas. Firms apply and hear nothing for months. There are tales of annoying rule changes at short notice. Smaller firms, which often lack staff dedicated to navigating the system, are put off by the bureaucracy and uncertainty. Charles Delingpole of MarketInvoice (...) said he would not have gone through the hassle of applying for a work visa. <<We can’t spend months and thousands of pounds on something that might not work>>, he says*” (The Economist, 2012).

<sup>40</sup> Clearly, the enlargement of the European Union has recently provided a new alternative for both families and firms. Once the transitional period has expired, citizens from NMS of EU27 countries can freely access the Italian labour market and can be legally hired outside of the quota system.

## **Main actors**

A variety of actors participate in the process of matching between demand and supply of foreign workers in the Italian labour market. As we will analyse in more detail in this section, informal channels (that is, personal networks, direct referrals, and so on) dominate both employers' and workers' search strategies in Italy. Meanwhile, public employment services play a role which is marginal at most. Private agents, instead, are more relevant in this context: both for-profit firms – such as temporary workers agencies – and non-profit bodies – such as NGOs, trade unions, the Catholic Church and its related institutions, and so forth – do intervene in favouring the flows of information between employers and candidates and in facilitating the matching. Finally, ethnic networks seem to play a major role in the Italian context.

In this section, we look separately at the two main types of employers of immigrant workers in Italy: firms and families.

## **General recruiting strategies**

Italian employers tend to rely heavily on informal channels for their recruiting strategies. Indeed, according to Excelsior survey data – an annual survey of about 100,000 Italian firms run by the statistical office of the Italian Chambers of Commerce<sup>41</sup> – more than 60 per cent of the firms interviewed used an informal channel (that is, direct knowledge of the candidate; referral by other employees, acquaintance, customer or supplier, and so on) as the main strategy for searching and recruiting personnel (Table 7.2). This share decreases correspondingly with the size of the firm: it is around 66 per cent in firms with one to nine employees (which are the vast majority in the Italian context), but it falls to 10 per cent in (the few) firms with more than 500 employees.<sup>42</sup> It is larger in manufacture and construction than in the services industry and substantially more widespread in the South of Italy (69%) than in the North (55–56%). Although difficult to quantify, one can expect that informal strategies are even more widely used in the case of recruiting foreign-born workers. In fact, referrals from workers of the same ethnic/national group may help entrepreneurs to bridge important information gaps and communication difficulties that they would face if they tried to look for candidates without any foreign intermediary. A similar conclusion can be reached when the employers are families. The role of ethnic/national networks is further discussed in Section 2.2.

In second place, we find that almost 25 per cent of the firms mainly use internal databases of CVs and contacts of potential candidates. These databases are generally obtained by collecting and organizing all CVs received by candidates, education and

<sup>41</sup> The “Sistema Informativo Excelsior”, which is the statistical office of Unioncamere (the Italian Chambers of Commerce), together with the Italian Ministry of Labour, runs this annual survey since 1997. A sample of about 100,000 firms with at least one employee are interviewed each year and asked about their hirings in the past year and their planned hirings for the current year. The data from this survey are available at: <http://excelsior.unioncamere.net>.

<sup>42</sup> Italy has one of the lowest average numbers of employees per firm in Europe. In 2010, the figure was at 4 employees per firm with respect to a EU27 average of 6.2. Below Italy are only Portugal (around 4) and Greece (3.3).

training institutions, and so forth. As expected, similar databases are used more intensively by large firms: the share of firms using mainly this channel to recruit their personnel is almost 50 per cent among those with more than 50 employees.

Finally, professional intermediaries are used by almost 6 per cent of the firms, while fairly negligible shares of employers use traditional channels such as job advertisements in newspapers (2%) or hire through Public Employment Offices (3%). The marginal role of Public Employment services in placing workers in Italian firms will be corroborated when looking at the supply side of the labour market. This weak performance may be due to specific inefficiencies of these public agencies, but also to the fact that there seems to be a lack of trust and contact between the Public Employment Offices and the entrepreneurs “who keep perceiving the PEOs as a public sector agency they have to interact with for mandatory bureaucratic requirements rather than an agency specialized in providing services to firms and employers” (Censis, 2010) (p.125).

**Table 7.2: Firms’ main recruiting channels, by year, industry, firm size and macro-region, 2007–2010**

	Informal channels	Traditional channels	Professional intermediaries	Firms’ internal database	Public Employment Offices	Other	Total
2007	51.8	6.8	6.8	25.3	5.6	3.7	100
2008	53.7	5.0	8.2	24.7	4.4	3.9	100
2009	49.7	6.1	10.2	21.5	6.3	6.2	100
2010	61.1	2.3	5.7	24.6	2.9	3.4	100
<b>Year 2010</b>							
<b>Industry:</b>							
Manufacture & Construction	64.8	1.7	6.2	20.8	3.8	2.7	100
Services	59.0	2.7	5.4	26.7	2.3	3.9	100
<b>Firm size (# employees):</b>							
1-9	65.8	2.1	3.9	22.0	2.7	3.4	100
10-49	47.0	2.9	10.2	32.9	4.1	3.0	100
50-249	21.7	3.5	21.7	46.3	2.8	4.0	100
250-499	13.7	2.4	27.7	46.3	4.0	5.8	100
500	10.2	3.7	27.1	48.9	2.4	7.7	100
<b>Macro-region:</b>							
North West	56.1	3.1	7.8	26.1	2.6	4.3	100
North East	55.4	3.0	7.2	26.2	3.9	4.4	100
Center	62.7	2.1	4.8	23.7	3.8	2.9	100
South & Islands	69.4	1.2	2.9	22.6	1.7	2.3	100

**Informal channels:** direct knowledge of the candidate, referral by other employee, acquaintance, customer or supplier, etc.

**Traditional channels:** job ads on newspaper, magazines, etc.

**Professional intermediaries:** temporary workers agencies, private recruitment agencies, trade associations, internet, etc.

Note: This table is taken from (Excelsior, Unioncamere, 2011b) (p. 18).

## Hiring immigrant workers

The Excelsior survey allows us to focus on the intentions of hiring foreign workers by Italian employers. An important remark is required here: given that the survey interviews a sample of managers and owners of firms it only measures labour demand coming from firms, entirely leaving out the demand from individuals and families for domestic and personal care workers. This latter demand, in the Italian context, is quantitatively very consistent (see below).

As Table 7.3 shows, throughout the period 2006–2011 about 15–25 per cent of the firms who intended to recruit new personnel were planning to hire an immigrant worker. In all years, this share tends to be slightly higher among larger firms. In the same period, immigrants accounted for a minimum of about 10–20 per cent of all new planned hirings (the maximum estimate is around 16–27%). In 2011, this share would correspond to about 140,000 new workers (as a maximum).

The recent numbers of planned hirings of foreign workers seem to have been substantially affected by the economic crisis. In fact, if we consider the time series of non-seasonal hiring of immigrants in the period 2001–2011 (2.4), we can see that the average of total hirings over this period was almost 163,000 expected hirings per year, which accounted, in average, for 23.3% of total new hires (and this share reaches 36% in agriculture). The peak was registered in 2007, when firms expected to recruit more than 235,000 immigrants, about 27 per cent of the total.

The Excelsior data contain detailed information on the specific industries, qualifications, occupations and so forth that the immigrant workers are sought for. For the most recent data, see Unioncamere (2011). Unfortunately, there are no specific questions on the strategies Italian employers follow nor on the difficulties they face when looking for immigrant workers to fill their vacancies.

**Table 7.3: Firms planning to hire immigrant workers, by firm size and seasonality/non-seasonality of the job, 2006–2010**

	Firms which are planning to hire immigrants <i>(share over total number of firms which are planning to hire someone)</i>				Planned hirings of immigrant workers <i>(share over total number of planned hirings)</i>					
	Firm size (# employees)				Minimum			Maximum		
	1-9	10-49	50 and more	Total	Seasonal	Non seasonal	Total	Seasonal	Non seasonal	Total
<b>2006</b>	16.3	20.9	24.2	18.1	n.d.	n.d.	15.2	8.8	32.3	23.3
<b>2007</b>	24.6	27.9	24.6	25.3	n.d.	n.d.	19.0	12.1	34.1	27.1
<b>2008</b>	15.9	18.6	23.0	17.2	13.4	13.4	13.4	24.6	20.3	21.3
<b>2009</b>	17.5	18.1	18.5	17.7	16.7	11.4	13.2	26.9	17.0	20.3
<b>2010</b>	20.0	22.6	25.7	21.3	17.1	12.9	14.2	30.1	19.2	22.6
<b>2011</b>	13.9	16.1	20.5	15.1	12.6	9.4	10.3	22.0	13.9	16.3

Note: This table is taken from Excelsior, Unioncamere (2011b), p. 76. The “Minimum” value of planned hiring of immigrant workers refers to the number of immigrant workers that the firm has already decided to hire at the moment of the interview. The “Maximum” value refers to the total number of immigrants they are considering to hire in the next year.

**Table 7.4: Planned non-seasonal hirings of immigrant workers, by industry and year, 2001–2011**

	# of hirings			Share of total hirings		
	Manufacture and services	Agriculture	Total	Manufacture and services	Agriculture	Total
<b>2001</b>	145,000	2,400	147,400	20.3	30.4	20.3
<b>2002</b>	163,800	2,600	166,400	23.9	35.4	24.0
<b>2003</b>	224,400	4,900	229,300	33.4	47.9	33.5
<b>2004</b>	195,000	5,600	200,600	28.9	42.7	29.0
<b>2005</b>	182,900	3,900	186,800	28.2	33.1	28.2
<b>2006</b>	162,300	4,800	167,100	23.3	31.6	23.3
<b>2007</b>	227,600	8,200	235,800	27.1	46.6	27.2
<b>2008</b>	167,800	4,100	171,900	20.3	28.3	20.4
<b>2009</b>	89,100	3,400	92,500	17.0	36.7	17.4
<b>2010</b>	105,800	2,200	108,000	19.2	34.3	19.3
<b>2011</b>	83,000	3,400	86,400	13.9	29.7	14.2
<b>avg 2001–2011</b>	<b>158,791</b>	<b>4,136</b>	<b>162,927</b>	<b>23.2</b>	<b>36.1</b>	<b>23.3</b>

Note:.. Author’s calculation from a table taken from Excelsior data Unioncamere (2011), p.14.

### ***Families’ demand***

The employment of immigrants by Italian families for cleaning, personal care and assistance jobs is not easy to measure. As a matter of fact, most of this employment is undeclared, at least at the beginning of the employment relationship (Ambrosini, 2011). According to ISMU estimates (see Appendix 2.I for detailed information on the ISMU survey), the sector may be currently employing about 1 million workers, the vast majority of whom are women (Ambrosini, 2011). Unsurprisingly, there are no systematic surveys, like the Excelsior survey, which measure the size of labour demand from families and their recruiting strategies. Still, there is a general consensus among experts and researchers that the domestic sector is an area where informal practices are absolutely predominant in Italy. Indeed, informality characterizes not only the way labour demand and supply meets each other, but also the actual employment relationships (at least at the beginning).

There seem to be some structural aspects of these occupations which make it very unlikely that families are willing to hire workers from abroad. Indeed, “employers do not usually welcome strangers from abroad into their homes and formally hire them, entrusting them with their most beloved and defenceless family members. Consequently, in the domestic sector, it is common, at least initially, to hire immigrants who still do not have the required documents as a kind of trial period” (Ambrosini, 2011) (p.3). The match between families and workers, therefore, usually starts underground and, if it works well for both parties, it can then be legalized ex post when an amnesty or a “Flows Decree” allows the employer to do so.

But how do Italian families find the domestic and care workers they need? It is well documented that informal channels are paramount in this area. Direct referral

from migrant workers employed by relatives or friends seems to be the preferred method for Italian families. A “good” immigrant worker will suggest another “good” immigrant worker, given that his/her reputation – and possibly even his/her job – is at stake. Clearly, these referrals usually concern workers that belong to the same ethnic network or national group.

As a matter of fact, families need not only a productive worker but also someone whose honesty and trustworthiness is high enough to be given access to the family house and to be entrusted with its youngest or oldest members. Where direct personal contacts are not enough to find a good candidate, some special intermediaries seem to play an important role in the Italian context. The Catholic Church – and all its related organizations and NGOs – seems to be a prominent actor in facilitating the match between families and immigrants. Similarly, non-confessional NGOs and trade unions are active in this area.

### ***Discrimination against migrant workers***

The literature on discrimination against immigrants in the Italian labour market is still very limited with respect to other European countries (Fullin, 2006). Unfortunately, as suggested by the little research available, this apparent lack of interest for the phenomenon is not due to an absence of discrimination in Italy.

Dustmann and Frattini (forthcoming) find that immigrant workers are less likely to be in employment and substantially more likely to be in the bottom deciles of the earning distribution than native workers with similar characteristics. This disadvantage does not seem to vanish with the length of their stay in Italy. Indeed, Venturini and Villosio (2008) have shown that foreign workers employed in the private sector in Italy earn the same wages as natives upon entry into employment, but that the two wage profiles diverge with on-the-job experience. Foreign workers do not seem to assimilate from an employment perspective either: a difference in employment between foreign and native workers is found even upon entry, and increases over time. At least part of these gaps in wages and employment between immigrants and Italians may be explained by a discrimination against foreign workers.

The best way to test whether employment or wage gaps can actually be attributed to discrimination or, rather, to differences in characteristics which cannot fully be observed by the researcher (for example, fluency in the host country language, ability, skills, attitude to work, motivation, and so on) is by conducting field experiments. These experiments are widely used both by economists and sociologists to study discrimination both in the labour market and in other areas such as the housing market. For the labour market, they generally imply sending identical CVs – which only differ in the nationality of the candidate or name (with names suggesting a native background and names suggesting an immigrant one) – or using actors of different nationality/ethnic group to answer to job advertisements from newspapers and the Internet. Any systematic difference in the response rate of potential employers is then attributed to discrimination, as the “candidates” only differ in nationality/immigrant background/ethnicity (see, for instance, Bertrand and Mullainathan, 2004).

Allasino, Reyneri, Venturini, and Zincone, (2004) conducted the only study of this kind in the Italian context. Focusing on three major Italian cities (Turin, Rome and Naples), they used actors of Italian and Moroccan nationality to apply for jobs and tested the level of discrimination at three stages: 1) application: whether the employer accepts to evaluate the candidate's application; 2) job interview: whether the candidate is invited to an interview; 3) job offer: whether the candidate is offered the job. They find a fairly impressive 41 per cent rate of (net) cumulative discrimination. This figure implies that in more than 40 per cent of the valid cases they consider (that is, applications for the same job made by a native and a Moroccan candidate) the Moroccan candidate is discriminated against at one of the three stages and, therefore, eliminated from the selection process. They find that the degree of discrimination is strongest at the first stage of the selection process and then decreases in the following two. They also find a lower rate of discrimination "among medium to large companies, whose more standardized procedures should to some extent prevent foreign applicants from being rejected at the first contact." ((Allasino et al., 2004: 54).

Economists distinguish between preference discrimination and statistical discrimination. In the first case, discrimination is based on preferences: employers who distrust or do not like a particular ethnic/national group will systematically refuse to hire a member of that group (or will pay him/her a lower salary than comparable workers of other ethnic/national groups). This is essentially an expression of racism and xenophobia. Statistical discrimination, instead, may take place even if the employers are not racist at all, but if they face some important information asymmetries. For instance, if they cannot fully assess the quality of an immigrant worker – because they are not fully able to evaluate his/her foreign qualifications, his/her experience gained abroad, and so on – they may simply assume that he/she must be as good as the average member of his/her ethnic/national group. This implies that a high quality worker who belongs to a group with a poor reputation will find it harder to get a job. If immigrants, or specific groups of immigrants, have a bad reputation (with respect to natives) one can observe discrimination in the labour market even if the employers are not necessarily showing racist attitudes.

Devising public interventions to reduce discrimination driven by a lack of information implies thinking about ways to improve the level – and quality – of information that employers have about immigrant candidates (recognizing foreign qualifications and skills; providing correct information on the labour market outcomes of groups that are erroneously considered as low performers, and so forth). Addressing preference discrimination, on the other hand, requires an effective intervention on racist attitudes and xenophobic behaviour.

## ***2.2. Supply side: migrants' perspective***

The channels used to find jobs for immigrant workers in Italy can be "distributed along a continuum which goes from the maximum degree of informality – that is, personal contacts – to the maximum degree of formality – represented by the Public

Employment Offices – while in the middle one can find the standard job posting, private agents (such as the Catholic Church, trade unions, NGOs) and temporary workers agencies.” (Censis, 2010: 123). In this section, we look at the existing evidence from different data sources available in Italy.

### ***Evidence from the labour force survey***

The Labour Force Survey (LFS) represents a unique source of information about job search strategies of workers in the Italian labour market.<sup>43</sup> First, from the answers of unemployed individuals, we can learn about the main channels used by interviewees when looking for a job. Second, when employed workers are asked about the way they found their current job, we can get an idea of which of those strategies is more effective in leading to a positive outcome in the job search process. Moreover, the LFS collects detailed information about the citizenship of the respondents, allowing us to analyse differences in behaviour and in outcomes between Italian citizens and immigrants.<sup>44</sup> We will distinguish workers in four groups: Italian citizens, foreign citizens of EU15 Member States (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom), foreign citizens of New Member States (NMS) in the EU27 (Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia) and citizens of countries not in the EU27. We use LFS data for the year 2010. This is the most recent year for which the micro data were made available for our analysis.

### ***Role of public employment offices***

A first question allows us to assess the role played by the Public Employment Offices in favouring the match between workers and employers in the Italian labour market. Indeed, all workers (employed and unemployed) are asked whether they ever had contact with a Public Employment Office. The first row of Table 7.5 shows that about 40 per cent of Italian workers have had some contact over the course of their working life, while the share among all foreign workers is about half of that figure (around 22%). If we disaggregate these shares by gender (first row, 7.6), we find that women, both Italians and immigrants, are about 4–11 percentage points more likely to have used a Public Employment Office than men of their same citizenship group. Still, the

<sup>43</sup> The Italian Labour Force Survey (LFS) is a continuous survey carried out during every week of a year by ISTAT, the Italian National Institute of Statistics ([www.istat.it](http://www.istat.it)). Each quarter, the LFS collects information on almost 70,000 households in 1,246 Italian municipalities for a total of 175,000 individuals (representing 1.2 per cent of the overall Italian population). The reference population of the LFS consists of all household members officially resident in Italy, even if temporarily abroad. Households registered as resident in Italy who habitually live abroad and permanent members of collective facilities (hospices, children’s homes, religious institutions, barracks, etc.) are excluded. The LFS provides quarterly estimates of the main aggregates of labour market (employment status, type of work, work experience, job search, etc.), disaggregated by gender, age and territory (up to regional detail).

<sup>44</sup> In the analysis in this section, we will adopt a definition of immigrant based on citizenship, that is, we will define as immigrants all those individuals who are not Italian citizens. Some of the Italian citizens, therefore, will be immigrants who have managed to naturalize.



share of positive answers of Italian workers – for both females and males – remains close to twice that of foreign workers. At least part of this gap may be mechanically due to the fact that the shorter permanence in Italy of the immigrant workers has not allowed them to make use of the Public Employment Office yet.<sup>45</sup> In Table 7.7, therefore, we disaggregate immigrant workers by years of residence in Italy. We create three groups of permanence: 0–5 years, 6–10 years and more than 10 years. Indeed, the data show that the share of respondents answering positively to this question increases with the length of their residence in Italy. The share of citizens from NMS EU27 having used a Public Employment Office increases from 22 per cent for those with 0–5 years of permanence in Italy to more than 26 per cent for those with more than 10 years of seniority in the country. Similarly, for non-EU27 immigrants, this share increases from 17 to 25 per cent.<sup>46</sup> Nevertheless, Table 7.7 suggests that, even after 10 years of residence in Italy, the access of immigrants to the Public Employment Office services remains fairly limited with respect to that of native workers.

In Table 7.8, we look at the reported contact with PEOs by educational level of the immigrants. For both NMS EU27 and non-EU27 citizens, the share of individuals having visited a PEO at least once does not systematically increase nor decrease in relation to the level of education of respondents.

The persistent gap in access to PEOs between immigrants and natives may be (at least partially) driven by a differential access of these two groups of workers to unemployment benefits (which require a registration in the unemployed registry held at the PEOs). Or it may be due to limited information about the existence of PEOs and/or to specific difficulties immigrants face in taking advantage of the services offered. The fact that the access to PEOs does not increase with education – and more educated individuals are always better able to gather information – suggests that information about the existence of these offices is probably easily available to all migrants. The quality of the services for foreign workers may be relevant, then. As discussed, a recent survey has shown that about 40 per cent of the (surveyed) PEOs do not offer services tailored to immigrant workers.

### ***Employed workers: how did you find your current job?***

A second question focuses on employed interviewees and asks for the main channel used to find their current job. We can start by making a first remark related to the question we have discussed in the previous section. From table 7.2., we can see that the Public Employment Offices seem to play a negligible role in the matching process of workers and employers in the Italian labour market. Indeed, less than 3 per cent of employed native workers in 2010 found their job through one of those offices, while the percentage is around 1 per cent for the other three immigrant groups. In comparison with other European countries such as the United Kingdom

<sup>45</sup> According to the Italian legislation, documented immigrants have exactly the same access to PEOs as native workers (Ministero del Lavoro, della Salute e delle Politiche Sociali, 2008).

<sup>46</sup> The table does not consider EU15 immigrants because their small sample size prevents us from having sensible figures when further disaggregation, such as that by years of permanence, is used.

and Germany – where the share of workers placed by PEOs is, respectively, two and four times larger (Giubileo F., 2011) – this seems to be a fairly poor performance.

The second important remark is that the principal channel for finding a job – for both natives and immigrants – is the intervention of relatives or parents (so-called informal job search method). Indeed, almost 40 per cent of employed Italian workers found a job through this channel. The share is similar for EU15 immigrants (44%), but it jumps up by more than 30 percentage points for NMS and non-EU27 immigrants. Among these two latter groups, indeed, an impressive 70–73 per cent of employed workers found their jobs through relatives and friends. This finding confirms how informality is still the distinguishing figure of the labour market integration of foreign workers in Italy.

A direct contact with the employer is the second most relevant method for all workers (natives and immigrants), but only 14–16 per cent of NMS and non-EU27 immigrants obtained a job in this way. For NMS and non-EU27 immigrants, the third most important method is going through a private temporary workers agency, although this accounts only for 4–6 per cent of the jobs found by these workers. For Italian and EU15 workers, instead, the third place is occupied by formal methods such as checking for vacancies in newspapers and on the Internet.

The disaggregation by gender reported in Table 7.6 does not alter the picture we have just portrayed in any significant way. The disaggregation by years of permanence in Italy, instead, shows that a longer residence in the country slightly reduces the importance of the role played by relatives and friends, and, for instance, slightly increases the chances of finding a job through a direct contact with the employer. Still, even after 10 years of permanence in Italy, about 69–71 per cent of immigrants in employment have a job thanks to their personal connections (Table 2.6).

As expected, the educational level of immigrants influences the channels used to find a job. As Table 7.8 shows, the main informal channel (that is, friends and relatives) is more important for less educated immigrants: for NMS EU27 citizens, 76–80 per cent of workers with no/primary education found a job thanks to informal channels, while this share is reduced to 66 per cent for individuals with tertiary education. Both the figures and the pattern are very similar for non-EU27 immigrants. For both groups of immigrants, on the other hand, the share (11–15%) of those having found a job through direct contact with the employer does not systematically change with education. Private employment agencies, meanwhile, manage to place a sizeable number of better educated workers (4–7% for NMS EU27 workers with secondary or tertiary education and 6 per cent of non-EU27 workers with this level of education), while they appear rather less effective for less educated workers. Interestingly, PEOs are more important for less educated immigrants (although they remain marginal with respect to other channels): for both groups of migrants, about 1–2 per cent of workers with no/primary education found a job through these offices, while this share reaches basically zero for better educated immigrants. Finally, educational level increases the fraction of NMS EU27 workers finding a job through newspapers or the Internet (but the pattern is more confused for non-EU27 immigrants).

**Table 7.5: Job search strategies of workers in Italy, by citizenship, 2010**

	Citizenship:		
	Italian	Foreign: EU15	Foreign: non EU27
<b>Employed and unemployed workers</b>			
Ever had contacts with a Public Employment Office?	39.67	21.76	21.87
		22.01	
<b>Employed workers</b>			
<b>Main channel used to find current job?</b>			
Public Employment Office	2.80	0.52	0.81
Newspapers	13.36	8.37	1.10
Internet	0.93	8.78	0.68
Direct contact with employer	22.64	18.64	16.4
Relatives/Friends	38.95	43.63	73.35
Private temporary workers agency	2.34	4.43	3.36
Previous internship	7.66	3.00	2.37
Suggested by school / university	2.53	4.20	0.20
Other	8.74	8.44	1.72
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Unemployed workers</b>			
Contacts with a temporary employment agency in the last 6 months?	21.92	62.20	22.22
<b>In the last 4 weeks, did you...</b>			
...have contacts with the Public Employment Office to find work?	28.94	10.40	17.23
...take a test, an interview or an examination with a private employer?	33.66	0.72	32.15
...take written/oral examination for a public competition?	3.65	0.72	0.61
...send applications to take a public competition?	7.51	0.00	0.29
...did you study advertisements in newspapers or journals?	58.66	90.96	61.67
...insert or answer advertisements in newspapers or journals?	24.12	63.90	22.05
...send applications and/or CVs directly to private employers?	68.80	77.71	60.81
...ask relatives, friends, acquaintances, trade unions to find a job?	82.25	94.37	90.13
...did you look for job on Internet?	47.10	82.85	25.65
...have contacts with a temporary employment agency?	18.54	22.81	20.73
...look for land, premises, equipment to start a business?	2.00	0.00	0.00
...look for permits, licences, financial resources to start a business?	0.79	0.00	0.00
...do anything else to find work?	0.56	0.00	0.00

Note: Author's calculations from LFS data. Year2010. The table reports the share of interviewees answering positively to each question. The question for unemployed workers "In the last 4 weeks, did you..." allowed multiple answers.

**Table 7.6: Job search strategies of workers in Italy, by citizenship and gender, 2010**

	Italian		Females		Males	
	EU15	Foreign: EU27 non EU27	EU15	Foreign: NMS EU27	EU15	Foreign: NMS EU27 non EU27
<b>Employed and unemployed workers</b>						
Ever had contacts with a Public Employment Office?	43.70	27.24	24.09	24.45	15.95	19.81
<b>Employed workers</b>						
<b>Main channel used to find current job?</b>						
Public Employment Office	3.22	1.05	0.13	1.18	0.00	1.50
Newspapers	15.17	9.51	1.16	1.73	7.27	1.04
Internet	0.87	3.94	0.41	0.17	13.45	0.96
Direct contact with employer	21.12	18.92	15.91	12.07	18.38	16.24
Relatives/Friends	36.91	45.41	72.98	74.94	41.91	67.83
Private temporary workers agency	2.39	5.30	4.51	4.39	3.60	6.60
Previous internship	7.67	4.57	2.34	2.82	1.48	3.47
Suggested by school / university	2.96	5.80	0.29	0.85	2.65	0.96
Other	9.65	5.50	2.26	1.85	11.27	2.07
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Unemployed workers</b>						
Contacts with a temporary employment agency in the last 6 months?	22.33	-	26.66	42.05	-	12.65
<b>In the last 4 weeks, did you...</b>						
...have contacts with the Public Employment Office to find work?	28.65	-	14.81	34.04	-	22.87
...take a test, an interview or an examination with a private employer?	31.20	-	28.74	26.72	-	40.12
...take written/oral examination for a public competition?	3.010	-	0.00	0.00	-	2.05
...send applications to take a public competition?	7.390	-	0.41	1.22	-	0.54
...did you study advertisements in newspapers or journals?	59.69	-	59.16	61.57	-	67.53
...insert or answer advertisements in newspapers or journals?	24.51	-	24.36	26.36	-	16.67
...send applications and/or CVs directly to private employers?	68.24	-	63.65	47.2	-	54.18
...ask relatives, friends, acquaintances, trade unions to find a job?	80.52	-	86.36	88.88	-	98.92
...did you look for job on Internet?	49.72	-	30.36	34.03	-	14.64
...have contacts with a temporary employment agency?	18.66	-	24.12	37.79	-	12.79
...look for land, premises, equipment to start a business?	1.97	-	0.00	0.00	-	0.00
...look for permits, licences, financial resources to start a business?	0.86	-	0.00	0.00	-	0.00
...do anything else to find work?	0.59	-	0.00	0.49	-	0.00

Note: Author's calculations from LFS data. Year 2010. The table reports the share of interviewees answering positively to each question. The question for unemployed workers "In the last 4 weeks, did you..." allowed multiple answers.

**Table 7.7: Job search strategies of foreign workers in Italy, by citizenship and years of permanence in Italy, 2010**

	Foreign: NMS EU27		Foreign: non EU27	
	0-5 yrs	6-10 yrs	0-5 yrs	6-10 yrs
Ever had contacts with a Public Employment Office?	22.14	20.65	26.28	21.19
<b>Employed and unemployed workers</b>				
<b>Employed workers</b>				
<b>Main channel used to find current job?</b>				
Public Employment Office	1.14	0.85	0.09	1.16
Newspapers	0.66	1.07	2.04	0.89
Internet	0.62	0.94	0.00	0.00
Direct contact with employer	15.76	15.6	20.41	13.51
Relatives/Friends	73.80	73.75	70.79	74.37
Private temporary workers agency	2.02	3.90	4.20	3.89
Previous internship	2.77	2.35	1.75	3.64
Suggested by school / university	0.19	0.27	0.00	0.66
Other	3.04	1.27	0.72	1.88
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Unemployed workers</b>				
Contacts with a temporary employment agency in the last 6 months?	23.70	25.35	4.85	47.25
<b>In the last 4 weeks, did you ...</b>				
...have contacts with the Public Employment Office to find work?	14.68	16.27	29.30	36.95
...take a test, an interview or an examination with a private employer?	38.31	25.02	40.29	39.06
...take written/oral examination for a public competition?	1.55	0.00	0.00	0.00
...send applications to take a public competition?	0.00	0.60	0.00	0.00
...did you study advertisements in newspapers or journals?	64.49	58.40	65.45	57.93
...insert or answer advertisements in newspapers or journals?	16.86	30.60	5.20	34.02
...send applications and/or CVs directly to private employers?	69.68	57.27	45.91	53.32
...ask relatives, friends, acquaintances, trade unions to find a job?	87.41	92.00	91.60	86.00
...did you look for job on Internet?	24.66	26.62	24.99	39.77
...have contacts with a temporary employment agency?	23.75	22.85	2.46	44.17
...look for land, premises, equipment to start a business?	0.00	0.00	0.00	0.31
...look for permits, licences, financial resources to start a business?	0.00	0.00	0.00	0.00
...do anything else to find work?	0.00	0.00	0.00	0.23
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Note: Author's calculations from LFS data. Year 2010. The table reports the share of interviewees answering positively to each question. The question for unemployed workers "In the last 4 weeks, did you..." allowed multiple answers.

**Table 7.8: Job search strategies of foreign workers in Italy, by citizenship and educational level in Italy, 2010**

	Foreign: NMS EU27 Educational level:				Foreign: non EU27 Educational level:			
	None	Primary	Secondary	Tertiary	None	Primary	Secondary	Tertiary
<b>Employed and unemployed workers</b>								
Ever had contacts with a Public Employment Office?	21.58	17.98	23.23	26.00	24.91	19.93	23.27	23.55
<b>Employed workers</b>								
<b>Main channel used to find current job?</b>								
Public Employment Office	2.54	0.97	0.75	0.00	1.20	2.21	0.56	0.56
Newspapers	0.00	0.92	1.16	1.75	1.92	0.94	1.58	1.03
Internet	0.00	0.31	0.44	5.82	1.01	0.02	0.64	0.00
Direct contact with employer	15.79	14.39	17.28	15.49	11.13	14.05	15.62	14.33
Relatives/Friends	75.99	79.55	71.41	66.57	76.65	71.23	70.15	66.91
Private temporary workers agency	0.00	1.85	3.81	6.67	3.43	5.86	5.82	5.70
Previous internship	1.41	0.97	3.03	1.43	2.11	3.06	2.84	6.41
Suggested by school / university	1.35	0.42	0.09	0.00	0.00	0.66	1.10	2.07
Other	2.91	0.62	2.05	2.27	2.55	1.97	1.68	2.99
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Unemployed workers</b>								
Contacts with a temporary employment agency in the last 6 months?	0.00	20.58	25.10	0.00	26.35	46.22	45.79	53.46
<b>In the last 4 weeks, did you...</b>								
...have contacts with the Public Employment Office to find work?	6.44	21.14	15.95	21.87	20.94	25.47	41.19	33.12
...take a test, an interview or an examination with a private employer?	6.44	35.42	33.78	6.43	9.72	34.31	32.36	28.26
...take written/oral examination for a public competition?	0.00	0.00	0.91	0.00	0.00	0.00	0.83	0.00
...send applications to take a public competition?	0.00	0.00	0.00	6.43	0.00	0.04	2.19	0.00
...did you study advertisements in newspapers or journals?	72.79	60.39	62.18	53.77	48.17	58.42	66.27	71.14
...insert or answer advertisements in newspapers or journals?	25.06	14.13	25.18	16.96	28.81	25.72	33.54	35.71
...send applications and/or CVs directly to private employers?	79.23	46.42	64.83	67.88	25.88	53.97	61.62	52.88
...ask relatives, friends, acquaintances, trade unions to find a job?	100.00	90.39	92.28	49.67	92.80	96.80	89.94	77.64
...did you look for job on Internet?	0.00	17.20	26.31	79.61	5.56	23.44	37.82	66.56
...have contacts with a temporary employment agency?	0.00	22.65	22.30	0.00	28.38	41.20	44.41	51.38
...look for land, premises, equipment to start a business?	0.00	0.00	0.00	0.00	0.00	0.11	0.00	0.55
...look for permits, licences, financial resources to start a business?	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
...do anything else to find work?	0.00	0.00	0.00	0.00	0.00	0.55	0.00	0.00

Note: Author's calculations from LFS data. Year 2010. The table reports the share of interviewees answering positively to each question. The question for unemployed workers "In the last 4 weeks, did you..." allowed multiple answers.

**Table 7.9: Main channels used to find current job, by industry and citizenship, 2010**

Main channel used to find current job?	Agriculture		Manufacture		Construction	
	Italian	Foreign: NMS EU27 non EU27	Italian	Foreign: NMS EU27 non EU27	Italian	Foreign: NMS EU27 non EU27
Public Employment Office	10.76	1.99	11.3	0.00	1.46	0.23
Newspapers	2.84	0.00	1.48	1.94	2.25	1.03
Internet	0.00	0.00	0.00	0.51	0.58	0.06
Direct contact with employer	17.47	12.94	17.44	24.90	21.54	14.44
Relatives/Friends	58.63	83.02	63.33	56.15	61.75	76.31
Private temporary workers agency	1.15	1.30	1.23	10.72	0.72	2.23
Previous internship	5.87	0.76	3.47	3.65	7.44	2.42
Suggested by school / university	0.05	0.00	0.00	0.39	1.35	0.43
Other	2.86	0.00	1.75	1.74	2.70	2.85
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Main channel used to find current job?	Wholesale and Retail Trade		Other services	
	Italian	Foreign: NMS EU27 non EU27	Italian	Foreign: NMS EU27 non EU27
Public Employment Office	1.97	0.00	3.08	0.68
Newspapers	4.84	4.82	20.56	1.39
Internet	1.14	0.00	1.01	0.41
Direct contact with employer	28.00	34.84	19.26	11.41
Relatives/Friends	52.49	50.39	29.55	77.00
Private temporary workers agency	2.34	7.61	1.47	2.38
Previous internship	5.65	2.34	8.68	2.07
Suggested by school / university	0.82	0.00	3.29	0.27
Other	2.71	0.00	13.07	2.66
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Note: Author's calculations from LFS data, Year 2010. The table reports the share of interviewees answering positively to each question.

Finally, we look at differences across workers of different industries. We use a five-macro-industries classification (agriculture; manufacture; construction; wholesale and retail trade; other services). Table 7.9 clearly shows that the informal method (through relatives and friends) is the dominant one in all industries for both natives and immigrants and that this channel is always more important for the latter than for the former. Still, one can observe substantial variation across industries both in the share of workers who got their job through informal methods and in the gap in this share between natives and immigrants. For instance, “only” 30 per cent of native workers employed in the “other services” sector used an informal method, while this share is twice as high in agriculture or in constructions. As far as migrants are concerned, these informal methods of job search seem to be relatively less important in manufacture – with shares of “only” about 56 per cent – while they appear paramount in agriculture, construction and “other services”, where they approach shares of 75–80 per cent.

### ***Unemployed workers: how are you looking for a job?***

We can now look at the strategies of job search implemented by unemployed workers in the Italian labour market. The LFS questionnaire asks them whether they went to a temporary workers agency in the last six months prior to the interview and whether, in the last four weeks, they took any of the actions in a 13-item list of job search activities.<sup>47</sup> In answering this latter question, respondents could indicate more than one action. Table 7.5 shows less clear-cut distinctions in the answers of natives and immigrants. Both groups seem to adopt a variety of strategies. Almost everyone (82–94%) asks relatives, friends and acquaintances and substantial shares use formal methods such as sending CVs, checking newspapers and the Internet for job advertisements. Moreover, about 20 per cent of the natives went to a temporary workers agency and almost 30 per cent to a Public Employment Office. These figures are, respectively, 22 and 17 per cent for NSM EU27 citizens and 32 and 45 per cent for non-EU27 workers. Finally, while about 10 per cent of the natives have applied to, or taken part in, a public competition for a civil servant job, the share drops to almost zero for immigrants, reflecting the entry barriers that still prevent foreign workers from accessing public sector jobs.

We do not observe any clear pattern when disaggregating by gender (Table 7.4) and by permanence in Italy (Table 7.7). The disaggregation by educational qualification (Table 7.8), however, allows us to observe a few patterns. More educated workers rely significantly less on family and friends to find a job: the share of NSM EU27 workers relying on this channel drops from 100 per cent (93% for non-EU27 workers) to 50 per cent for highly educated workers (78% for non-EU27 workers).

<sup>47</sup> The 13 possible actions are (“*In the last 4 weeks, did you...*”): 1)... have contacts with the Public Employment Office to find work? 2) ...take a test, an interview or an examination with a private employer? 3) ...take written/oral examination for a public competition? 4) ...send applications to take a public competition? 5) ...did you study advertisements in newspapers or journals? 6) ...insert or answer advertisements in newspapers or journals? 7) ...send applications and/or CVs directly to private employers? 8) ...ask relatives, friends, acquaintances, trade unions to find a job? 9) ...look for a job on Internet? 10) ...have contacts with a temporary employment agency? 11) ...look for land, premises, equipment to start a business? 12) ...look for permits, licences, financial resources to start a business? 13) ...do anything else to find work?



As far as formal channels of job search are concerned, more educated workers seem to use more frequently both private temporary worker agencies and PEOs. While all workers look at newspaper advertisements, better educated ones clearly use the Internet a great deal more intensively: the share of NMS EU27 workers who use the Internet increases from zero (no education) to 80 per cent (tertiary education), and the increase for non-EU27 workers is from 6 to 66 per cent.

### ***Evidence from ISMU data***

Data from the ISMU survey (see Annex 2.I) allow us to have a closer look at how immigrants find employment in the Italian labour market. In particular, we are able to distinguish between documented and undocumented immigrants. Given the role played by irregularity in the process of matching between demand and supply of immigrant workers in the Italian labour market, this seems a particularly interesting aspect to investigate.

We use ISMU micro data and we pool the years 2001 and 2002, where a question relative to how the respondent found his/her current job was included in the questionnaire.<sup>48</sup> Table 7.10 reports the answers to this question by legal status and by gender of the respondent. Consistent with the evidence from the LFS data, informal methods appear to play a major role in allowing immigrants to find a job in Italy. Indeed, about 41 per cent of them found a job through immigrant relatives and friends, while an additional 18 per cent through Italian friends. Roughly 30 per cent, meanwhile, reported that they used direct contact with the employer (that is to say no intermediaries) to get their job. Finally, Public Employment Office and NGOs (or similar private associations) both account for about 4 per cent of the jobs found by immigrants. These figures are fairly similar for women and for men.

In the right-hand part of Table 7.10, we distinguish between documented and undocumented immigrants. As expected, one can immediately see that the latter group relies heavily on informal methods to find a job. Almost 80 per cent of immigrants without legal residence status have a job which was found thanks to friends and relatives (both Italians and foreigners). This figure compares with about 55 per cent of documented immigrants. For this latter group, moreover, the probability of having found a job through an Italian friend increases from 12 to 20 per cent, reflecting their better integration in the Italian society (which is strongly dependent on their longer permanence in Italy). Another interesting difference concerns the relative role of Public Employment Offices and NGOs in easing the job search process of immigrants. Indeed, if about 5 per cent of documented immigrants found a job through a Public Employment Office, this share drops almost to zero for immigrants without legal status (who cannot access the services of those offices). NGOs, instead, seem to provide an

<sup>48</sup> Unfortunately, this question was not included in any of the following waves (2003–2011). Even if one can reasonably expect some important changes to have occurred in the Italian labour market in the last ten years, we still think that the trend we find in these data is very informative about current patterns. Moreover, there is no other source of data one can use to look at these issues and be able to distinguish immigrants by legal status.

effective placement service to both groups of immigrants, but, clearly, women benefit more than men from these opportunities. For undocumented immigrants, for instance, almost 9 per cent of the female workers obtained their job through an NGO, while only 1 per cent of males did. These figures seem to reflect two specific features of the labour market integration of immigrant workers in Italy. First, the specialization of women in home care jobs. Second, the important role played by the Catholic Church, by its connected associations and by other non-Catholic NGOs in favouring the match between demand and supply for this particular type of occupation.

**Table 7.10 : Main channels used to find current job, by gender and legal status, 2001–2002**

How did you find your current job?	All immigrants			Documented immigrants			Undocumented immigrants		
	Female	Male	All	Female	Male	All	Female	Male	All
... I found it by myself	19.18	35.35	30.98	22.09	38.51	34.21	8.35	20.62	16.83
...through relatives or friends (immigrants)	38.95	41.61	40.88	33.33	35.86	35.18	59.88	68.45	65.80
...through Italian friends	28.79	14.28	18.22	30.90	15.48	19.54	20.94	8.65	12.47
...through a Public Employment Office	4.52	4.04	4.17	5.62	4.87	5.06	0.44	0.20	0.27
...through NGOs or similar	6.29	3.16	4.00	5.66	3.56	4.10	8.64	1.30	3.56
other	2.26	1.56	1.75	2.40	1.73	1.90	1.76	0.78	1.08
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
# observations	3,227	8,707	11,943	2,544	7,170	9,721	683	1,537	2,222

Note: Author's calculations from ISMU data. Years 2001 and 2002. The table reports the percentage of interviewees answering positively to each question.

As before, we then look at the role of permanence in Italy (Table 7.11). We classify immigrants in three groups according to their years of permanence: 0–2 years, 3–5 years and more than 5 years.<sup>49</sup> As expected, the role played by informal networks decreases with the duration of residence in Italy: for documented immigrants, the share of those not relying on personal contacts (that is to say, “I found it by myself”) increases from 18 per cent for those just arrived in Italy (0–2 years) to more than 40 per cent for those with more than five years of residence in the country. Similarly, for undocumented migrants, the share increases from 14 to 32 per cent.

Finally, in Table 7.12 we disaggregate immigrants' answers by four levels of education (no education, primary, secondary and tertiary) and by legal status. For any given

<sup>49</sup> This classification of immigrants in groups by year of permanence in Italy is not consistent with the one adopted for the LFS data because the duration of the permanence of undocumented immigrants is very concentrated in the first 5 years (in our sample, only 120 undocumented immigrants have been in Italy for more than 5 years). This can be explained with the frequency of general amnesties in Italy: after a few years in the country, an immigrant lacking legal status has a very high chance of obtaining it through an amnesty.

level of education, undocumented migrants rely significantly more on informal methods to find their jobs. Interestingly, for both documented and undocumented immigrants, being more educated almost doubles the chance of finding a job through an Italian friend. This clearly reflects the easier social integration of more educated immigrants, irrespective of their legal status.

**Table 7.11: Main channels used to find current job, by years of permanence in Italy and legal status, 2001–2002**

How did you find your current job?	Documented immigrants			Undocumented immigrants		
	0-2 yrs	3-5 yrs	more than 5 yrs	0-2 yrs	3-5 yrs	more than 5 yrs
... I found it by myself	18.28	25.87	40.36	14.62	19.71	32.50
...through relatives or friends (immigrants)	50.54	42.59	29.56	69.67	61.13	36.67
...through Italian friends	19.68	19.36	19.59	11.33	13.50	22.50
...through a Public Employment Office	5.05	5.14	5.05	0.26	0.36	0.00
...through NGOs or similar	3.76	4.58	3.95	3.03	4.38	6.67
other	2.69	2.46	1.50	1.09	0.91	1.67
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
# observations	930	2,686	6,080	1,553	548	120

Note: Author's calculations from ISMU data. Years 2001 and 2002. The table reports the share of interviewees answering positively to each question.

**Table 7.12: Main channels used to find current job, by level of education and legal status, 2001–2002**

How did you find your current job?	Documented immigrants				Undocumented immigrants			
	Educational level:				Educational level:			
	None	Primary	Secondary	Tertiary	None	Primary	Secondary	Tertiary
... I found it by myself	40.16	32.32	32.60	40.48	25.25	19.75	12.80	13.52
...through relatives or friends (immigrants)	38.83	39.06	32.94	26.73	58.59	66.14	67.77	63.11
...through Italian friends	12.98	18.36	22.23	20.58	8.08	10.38	14.63	16.8
...through a Public Employment Office	3.40	5.14	5.35	4.70	0.00	0.11	0.46	0.41
...through NGOs or similar	3.71	3.46	4.98	3.93	6.57	2.48	3.66	4.1
other	0.93	1.65	1.90	3.59	1.52	1.13	0.69	2.05
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
# observations	971	3,932	3,531	1,171	198	886	875	244

Note: Author's calculations from ISMU data. Years 2001 and 2002. The table reports the share of interviewees answering positively to each question.

## **Evidence from PER.LA data**

### *Interaction with public employment offices*

We can look at further evidence from the PER.LA survey, which interviewed a sample of about 16,000 immigrants residing in 18 Italian provinces.<sup>50</sup> The PER.LA survey has clearly shown that Public Employment Offices represent, in all geographical areas considered, an important source of information about the local labour market, an essential place to deal with some labour-market related paperwork (in particular, in order to join the Unemployed Register), and they often offer good opportunities to enrol in training courses. Still, they seem to be “particularly underperforming in their function of easing the match between labour demand and supply” (Censis, 2010).

About 30 per cent of the interviewees in the PER.LA survey report that they have entered a PEO at least once while only about 10 per cent answer that they do not even know what a PEO is. As expected, the first share increases – while the second falls – with the number of years spent in Italy by the respondents.

When asked about the main reasons for going to a PEO, 60 per cent of the respondents answer that they wanted information about job opportunities in the area, almost 37 per cent wanted some advice on how to find a job, approximately 34 per cent needed help with some paperwork, and 35 per cent wanted to enrol in the Unemployed Register (Censis, 2010).<sup>51</sup> As far as the perceived quality of the services received by the PEOs is concerned, about 62 per cent of the interviewees report having found services explicitly directed to foreign workers (leaflets and materials in different languages, presence of facilitators, and so on) in their office of residence.<sup>52</sup> The average assessment of the PEOs by the immigrants – on a 1 (minimum satisfaction) to 5 (maximum satisfaction) scale – is 2.7 (Censis, 2010).

Using both LFS data (years 2005–2007 and 2009) and PER.LA data, Dell’Arima and Pagani (2010) discuss and analyse the access of foreign workers to Public Employment Offices. Their findings are perfectly consistent with the evidence reported in this section from PER.LA data and with our analysis of LSF 2010 data.

<sup>50</sup> The PER.LA survey (Survey on working paths of immigrant citizens; in Italian: “Indagine sui PERcorsi LAVorativi dei cittadini immigrati”) was conducted in 18 Italian provinces (Roma, Milano, Napoli, Torino, Palermo, Brescia, Trento, Vicenza, Padova, Parma, Bologna, Ancona, Firenze, Prato, Perugia, Caserta, Rimini, Ragusa) in the period 2009–2010. It comprised a quantitative and a qualitative part. For the quantitative part, a representative sample of about 16,000 immigrants was interviewed with a structured questionnaire in all the provinces under analysis. The sampling methodology is the same as in the ISMU survey. In the qualitative analysis, instead, the managers of the Public Employment Offices in the 18 provinces were interviewed, together with four experts (privileged witnesses) for each province (Cesareo, 2010).

<sup>51</sup> The shares do not sum up to one because respondents could choose more than one answer.

<sup>52</sup> See Bracalenti, Balestrieri, and Testore, *I servizi per l’impiego e l’immigrazione: un confronto tra diciotto realtà territoriali* (ch 8) (2010) for a qualitative analysis of the services offered to foreign workers by the Public Employment Offices.

### *How did you find your current or last job?*

All immigrants interviewed in the PER.LA survey were asked to report the main channel through which they obtained their current or last job. As Table 7.13 shows, this survey confirms that informal methods clearly dominate the access of foreign workers to the Italian labour market (Censis, 2010). Indeed, 73 per cent of the interviewees found a job through friends and relatives. In second place, but with a share of just 9 per cent, we find private intermediaries, which are mainly temporary workers agencies. A minor, but still important role is played by NGOs, the Catholic Church and other confessional organizations (6%) and by the trade unions (3%). Finally, the Public Employment Offices managed to place less than 2 per cent of the sample.

**Table 7.13: Main channels used to find current or last job, by geographical area of residence in Italy, 2009**

Main channel used to find current or last job?	North-West	North-East	Center	South and Island	Italy
Relatives/Friends	75.0	72.0	71.6	74.3	73.3
NGOs, Catholic Church, other confessional organizations	5.9	3.4	7.0	11.2	6.1
Trade unions	1.8	6.8	2.2	1.1	2.9
Private agencies / intermediaries	11.2	8.1	7.5	6.3	9.0
Newspapers / Internet	2.9	2.5	4.7	4.3	3.5
Public Employment Office	1.9	2.6	1.6	1.6	1.9
other	1.0	2.9	2.1	0.5	1.7
without intermediaries	0.3	1.7	3.3	0.7	1.6
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Note: This is table 1 in (Censis, 2010), p. 124. PER.LA data (year 2009). The table reports the share of interviewees answering positively to each question.

We can then look at how the channels used vary with different types of occupations. Table 7.14 shows that informal methods (for example through parents and friends) are undeniably predominant for occupations in domestic and personal care (78%) and for less skilled occupations such as blue-collar jobs in manufacture (and construction) and services (with 75 and 76% respectively). For more skilled occupations, however, these shares drop substantially: only 56 per cent of technicians and clerks, and only 44 per cent of professionals have used personal networks to find a job. For these occupations, indeed, there is a clear increase in the use of formal methods of job search (private agencies, Internet and newspapers).

**Table 7.14: Main channels used to find current or last job, by occupation, 2009**

Main channel used to find current or last job?	Manufacture and construction blue-collar workers	Services blue-collar workers	Personal care workers	Technicians and clerks	Professionals	Artisans and traders	Other	Total
Relatives/ Friends	75.1	76.1	78.4	55.6	43.6	72.2	52.5	73.2
NGOs, Catholic Church, other confessional organizations	4.6	4.7	10.5	8.2	9.9	2.4	8.5	6.1
Trade unions	3.6	2.2	2.5	3.9	2.7	3.6	0.0	2.9
Private agencies / intermediaries	10.5	8.0	5.2	12.5	16.6	10.2	7.9	9.0
Newspapers / Internet	2.1	5.4	1.9	10.7	6.5	1.6	11.9	3.5
Public Employment Office	2.5	1.5	0.9	3.7	5.6	1.2	0.7	1.9
other	0.8	0.6	0.4	4.2	12.1	3.5	7.1	1.7
without intermediaries	0.8	1.5	0.1	1.1	2.9	5.2	11.4	1.6
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Note: This is table 4 in (Censis, 2010), p. 124. PER.LA data (year 2009). The table reports the share of interviewees answering positively to each question.

### ***Assessing the role of ethnic networks***

The predominant role played by informal networks in the job search strategies of immigrants is evident in all of the three data sources (LFS, ISMU and PER.LA) we have considered in this section. In the case of immigrants, it is reasonable to expect that informal networks are mainly ethnic networks. This is obviously the case for relatives, but it is generally true also for friends and acquaintances who are very often co-nationals of the immigrant.

Although hard to quantitatively document, ethnic networks clearly play a crucial role in the matching process in Italy: ‘ethnic networks have been the main means of communication and interaction between labour supply and demand: because of weak public regulation, the function of networks as placement devices for immigrant workers is important; the action of networks has produced Italy’s numerous ethnic specializations, and can explain the different success rates among national migrant groups’ (Ambrosini, 2011b).

Indeed, ethnic networks can clearly benefit immigrants by speeding up the process of job search (Munshi, 2003) (Goel and Lang, 2009), but they can also constrain their labour market access to the limited set of occupations where significant numbers of

other network members are already employed.<sup>53</sup> This mechanism tends to reinforce the ethnic segregation in the labour market and may reduce the incentives to learn the host country language and to acquire host-country-specific human capital, thus severely hindering the social integration of foreign workers. The consequences of ethnic segregation for its members clearly depend on the specific set of occupations and sectors each network has access to and on the ‘quality’ of each network. Indeed, using matched employer-employee data for the Veneto region in Italy, Colussi (2012) finds that the likelihood of finding employment for an immigrant substantially increases with the average employment rate in his/her ethnic network while Boeri, De Philippis, Patacchini, and Pellizzari (2011), using a novel survey of immigrants in eight Italian cities, show that migrants who reside in areas with a high concentration of non-Italians are less likely to be employed compared to similar migrants who reside in less segregated areas.

Clear evidence of segregation in occupations of immigrant workers in Italy is provided in Dustmann and Frattini (forthcoming). Coming immediately after Greece, Italy is the EU15 country with the second largest dissimilarities between the occupational distribution of immigrants and natives.<sup>54</sup>

Augmenting the role played for immigrants by formal channels of job search – such as the Public Employment Offices – would clearly lead to a reduction of ethnic segregation in occupations and sectors, which seems to be a desirable outcome in any society. But in order to do that, one would need to increase the efficiency of these alternative channels.

### **3. Patterns of access, use and perception of labour market information by employers and migrants in the context of recruitment from abroad**

#### ***Recruiting (and job searching) directly from abroad?***

Is there any foreign worker (third-country national) in Italy who has truly been hired from abroad in recent years? This may sound like a provocative question, but the most reasonable answer is that probably few have. We have seen how both firms and families tend to rely mainly on informal channels to recruit their employees and that a peculiar combination of factors – type of employers, type of occupations, widespread presence of undocumented immigrants, size of the underground sector,

<sup>53</sup> For instance, Frijters, Shields, and Wheatley-Price (2005) and Battu, Seaman, and Yves (2011) analyse immigrant job search methods with United Kingdom data. They find that, although personal networks are a popular method of finding jobs among ethnic minorities, they are not necessarily the most effective ones.

<sup>54</sup> In their study, Dustmann and Frattini (forthcoming) use a Duncan dissimilarity index to measure dissimilarities in occupational distributions. This index can be interpreted as the percentage of immigrants who would be required to change occupation for immigrants and natives to have the same occupational distribution. Therefore, the higher the index, the more dissimilar is the occupational distribution of immigrants and natives. The value of this index in Italy (for the period 2007–2009) is 27.5 per cent for EU migrants and 36.2 per cent for non-EU migrants. France, Germany and the United Kingdom have values ranging between one fourth and one half of the Italian ones.

uncertainty implied by the quota system, and so on (see Section 1) – severely hampers the incentives of potential employers to recruit workers directly from abroad. To the best of our knowledge, no one has ever tried to quantify how many of the ‘new entries’ permitted with the ‘Flows Decree’ are truly ‘new entries’ in the Italian labour market. What is clear is that the vast majority are not. Still, there may be a few exceptions: first, some very highly skilled workers, who were recruited through a formal screening; second, workers who were hired by an entrepreneur or family thanks to a referral of one of his/her current employees; third, co-nationals hired by immigrant entrepreneurs, who possibly knew them from before moving to Italy or met (and screened) them during a holiday in the origin country.

The reality may be different for citizens of NMS of EU27 who, after the abolishment of the transitional provisions, can now freely access the Italian labour market. In their case, one could expect firms to be interested in recruiting them directly from abroad (mainly because they can be hired outside the quota system). Still, given that these workers enjoy free mobility, it may be more efficient for them to move to Italy in order to look for a job (as they probably know that informal channels of recruiting are paramount there). But then, we would be back to the recruiting of resident immigrants, which has been discussed in the previous sections.

In July 2009, the Italian government launched FLEXI, an online platform which is conceived to ease the match between Italian employers and workers residing abroad.<sup>55</sup> According to the information currently provided on the website, the platform is still in an experimental phase and it hosts about 540 candidate profiles. Moreover, after some screening and training activities carried out in Tunisia, 84 (sic) candidates have been classified as suitable for being hired in Italy.<sup>56</sup> Although this initiative is potentially promising, these numbers seem far from adequate for a large labour market such as the Italian one.

## 4. Conclusions and recommendations

Among experts and commentators of the Italian migration policy there is a fairly widespread consensus that Italian governments have so far missed the opportunity to play a major role in shaping and leading the labour market integration of foreign workers. On the contrary, throughout the last three decades, one can continually observe an important “*gap between market realities and immigration policies*” (Ambrosini, 2011b) and recognize how government intervention and legislation have adjusted to, rather than determined, the informal evolution of the migrant presence in the Italian economy and society.<sup>57</sup> The lack of adequate possibilities

<sup>55</sup> See: [http://www.lavoro.gov.it/Lavoro/Notizie/20090714\\_FLEXI\\_Online.htm](http://www.lavoro.gov.it/Lavoro/Notizie/20090714_FLEXI_Online.htm). The database can be accessed at the following link: <https://www.flexi.lavoro.gov.it/flexi>.

<sup>56</sup> See: <http://www.cliclavoro.gov.it>.

<sup>57</sup> “*The transition [from being an emigration to being an immigration country] came about in a way that was largely spontaneous, unexpected, and loosely regulated: it arose “from below” in the labour market and in local societies, and was acknowledged only later – reluctantly – by public institutions and legal regulations*” (Ambrosini, 2011b).



of legally accessing the Italian labour market – “...the policy of closing the front door of legal entry, while keeping the back door for illegal entry half open”, (Zincone, 1998) – is just one example of the absence of governance of the Italian migration policy. Indeed, together with the frequent amnesties that have been granted in Italy over the last 30 years (Fasani, 2010), the “Flows Decrees” has mainly served the purpose of recognizing that the labour market integration of immigrants had occurred outside the legal framework.

Clearly, the role of the Italian government in dealing with the migration policy of the country could well be expected to become more pro-active. As far as the labour market is concerned, for instance, it is possible to identify different areas where public intervention and better management could lead to easier and better matches between employers and immigrant workers. First of all, the government could try to intervene directly in different aspects of the matching process between employers and immigrant workers in Italy. Second, a serious reform of the possibility of legal access to the Italian labour market for workers residing abroad would contribute to a substantial improvement of the situation.

### ***A new role for the public employment offices?***

The evidence we have seen shows that immigrants do interact significantly with the Public Employment Offices. At the same time, these offices only manage to place a negligible fraction of the foreign workers in employment. This discrepancy is also existent for native workers. In general, when compared to other European countries, the performance of the Italian PEOs appears rather poor (Giubileo, 2011). Utilizing the fact that workers – both native and foreign – do attend the Public Employment Offices, what could be done to improve their performance in facilitating concrete placements in the labour market?

It is not necessarily a foregone conclusion that one should expect the PEOs to improve their effectiveness in placing workers. Given the characteristics of the Italian labour market and the type of occupations foreign workers are demanded for, informal methods and private agencies – such as temporary workers agencies – may be able to perform this task more efficiently than any alternative public body (Bracalenti, Balestrieri, and Testore, 2010). Investing public resources in strengthening the placement capability of PEOs should be done only if one believes that public placement can be more efficient than private, or that it might be preferable because, for instance, it could produce “better matches” in the labour market and reduce ethnic segmentation. The poor performance of Italian PEOs can be explained by the fact that most of their resources are exhausted in dealing with paperwork, rather than being utilized to foster their interventions as labour market intermediaries: reducing – through outsourcing and IT – the burden imposed by the former activities would free up resources that can be devoted to the latter (Giubileo and Pastore, 2012). The creation of an online and continuously updated database of vacancies and candidates seems to be a logical first step towards a more efficient role of PEOs in the job matching process in Italy (Giubileo and Pastore, 2012).

Clearly, one should consider strategies of capitalizing on the fact that a large proportion of the immigrant population visits its local PEO, often for reasons which are not strictly related to the worker's job search. Other than focusing directly on the placement, the PEOs could conceivably invest in activities, such as the certification of foreign qualifications, training, guidance on legal aspects, consultancy for job search, legal assistance, and so forth, that are crucial complements of any foreign worker's job search activity.

In Section 2.2, we have seen that immigrants, even after 10 years of permanence in Italy, are still less likely to have visited a PEO than natives. Given the low efficiency of Italian PEOs in job placement, it is not clear that investing in interventions which aim at directly increasing the access of immigrants to PEOs is a particularly desirable policy at the moment. Indeed, one could aim towards guaranteeing that all Italian PEOs provide services explicitly directed to foreign workers (leaflets and materials in different languages, presence of facilitators, and so on), and that the information about the existence of PEOs is better disseminated among immigrants. Still, in the absence of a substantial improvement in the PEOs' ability to place workers, it is unclear how significant a gain better access to these public offices would be for immigrants.

### ***Recognition of qualifications and skills gained abroad***

Employers can experience serious difficulties in understanding and evaluating the qualifications and skills of foreign workers and this may severely hinder their willingness to recruit immigrant workers (both from abroad and those already residing in Italy). This is clearly an area where public intervention would be welfare-enhancing. Not only could PEOs have a stronger role in this, but the Italian government could collaborate with foreign governments in developing efficient methods to recognize foreign qualifications and to certify skills gained abroad. As discussed, this could be done within the framework of bilateral agreements with major source countries.

### ***Legal access to the Italian labour market from abroad***

The degree of qualifications required for a position also determines the feasibility of a screening and recruiting process of foreign workers residing abroad. If for highly qualified occupations, CVs, telephone/Skype interviews, and short trips can be sufficiently informative as to allow (at least) a first screening of potential candidates, for most of the low- and medium-skilled occupations this is hardly the case. In fact, the skills required in this type of occupation may be scarcely certifiable or verifiable by potential employers when reading a CV, while linguistic barriers may make it hard to obtain references from previous employers or even to communicate with the potential candidate abroad. This is especially relevant if the potential employers are small firms or families. One just needs to consider the owner of a small construction firm who is looking for a good carpenter, or a typical Italian family that needs someone to assist one of its elderly members. Such obstacles are less likely to arise,

for instance, for positions where candidates hold a master degree from a renowned foreign university and when both candidates and employers (along with previous employers) are fluent in English.

Depending on the qualifications required from the foreign workers and the type of employers (medium to large firms, small firms or families), one can consider different means of intervention to facilitate both the recruiting from abroad and the access of migrants to the Italian labour market (hence, the recruiting of foreign workers already present in the country).

### ***Bilateral agreements***

In the last decade Italy has developed a specific diplomatic agenda in order to conclude bilateral agreements with migration source countries for the regulation and management of migratory flows. The central idea of these agreements is that countries that accept collaboration with Italy in the enforcement of its migration policy (for example, countries that accept the repatriation of their citizens who were expelled from Italy for being undocumented) should receive a preferable treatment when it comes to legal access to the Italian labour market. So far, Italy has signed bilateral agreements on migration flows with the following countries: Morocco and Egypt (2005), Albania (2008), Moldova (2011), Sri Lanka and Tunisia (2011).<sup>58</sup> Ideally, such agreements should induce a profitable exchange of information on both the available foreign manpower and the actual needs of the Italian labour market. Other than the mere number of required/available workers, this information should also specify the professional skills and the work experience of the candidates. Additionally, Italian employers should have access to specially provided lists which contain information on the workers who are willing to move to Italy. Moreover, these agreements should incentivize the setting up of special professional training programmes and Italian language courses in the source countries.

This is a potentially promising strategy to foster recruiting from abroad. Nevertheless, we are not aware of any study which has attempted to evaluate the effectiveness of similar agreements. If it is true that the countries who signed these bilateral agreements obtained specific quotas – within the quota set by the “Flows Decrees” – reserved for them, given the way the quota system works in practice, it is hard to quantify how many “authentic” new entries of workers were implied by these bilateral agreements.<sup>59</sup>

### ***Attracting highly qualified workers***

Even if the recruiting of highly qualified workers could efficiently be done from a distance, several commentators have pointed out that Italy should dramatically

<sup>58</sup> For more details regarding these bilateral agreements, see: [http://www.lavoro.gov.it/Lavoro/md/AreaSociale/Immigrazione/flussi\\_migratori/](http://www.lavoro.gov.it/Lavoro/md/AreaSociale/Immigrazione/flussi_migratori/).

<sup>59</sup> The very limited numbers of the online database FLEXI (see Section 3), for instance, seem to suggest that this may still be a fairly marginal option.

reform its legislation in this area (Boeri, Brücker, Doquier, and Rapoport, 2012). At the moment, Italy has no policy related to attracting highly skilled workers from abroad.<sup>60</sup> An interesting proposal in this direction would be the adoption of a points system which allows immigrants with sufficiently high qualifications (for example Masters degrees and PhDs) the possibility of legally entering the country to look for a job (Peri, 2011) (Boeri and Garibaldi, 2011). Still, the recognition of foreign qualifications remains a crucial issue here.

## Entering for job search

As already discussed, there are occupations and employers (small business and families) that tend to necessitate a direct contact between employers and workers. This is exactly what currently happens in Italy through irregular entry and irregular employment, and what the amnesties and the quota system allow to legalize ex post. In this respect, there is a broad consensus that the idea of permitting the entry of immigrants ‘sponsored’ by other immigrants already resident in Italy, by firms, by NGOs and so on, would be a welfare-enhancing policy. There persists a debate on the details – sponsorship (Ambrosini, 2012) (Ambrosini, 2011c), self-sponsorship (Briguglio, 2006), temporary residence permits for job search (Boeri and Garibaldi, 2011) (Peri, 2011) and so forth, – but barely any expert on migration issues would deny the importance of such a r

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<sup>60</sup> The absence of such a policy – a fairly unique feature for an advanced economy such as the Italian one – is often politically justified with the unfounded prejudice that Italy is structurally a ‘brain exporter’ and a ‘brawn importer’. On the contrary, one could argue that making the country more attractive for foreign talents would also increase its ability to retain its own native talents, through the complementarities and the higher economic growth such a policy could induce (Boeri, Brücker, Doquier, and Rapoport, 2012).

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## Annex

### *Annex 2.1: the ISMU survey*

The ISMU survey is an annual survey, initiated in 2001, in which a representative sample of about 8,000 documented and undocumented migrants residing in the Lombardy region, one of Italy's largest (8% of the Italian territory), most populated (9.6 million inhabitants in 2008, about 16% of the Italian population), and wealthiest regions, is interviewed. It also has the largest migrant population of both documented (23% of the entire migrant population legally residing in Italy in 2005) and undocumented migrants (22% of the amnesty applications in the last regularization process in 2002). The ISMU survey is conducted by the Fondazione ISMU (Iniziativa e Studi sulla Multiethnicità), an autonomous and independent organization promoting studies, research and projects on multi-ethnic and multicultural society, and focusing in particular on the phenomenon of international migrations ([www.ismu.org](http://www.ismu.org)).

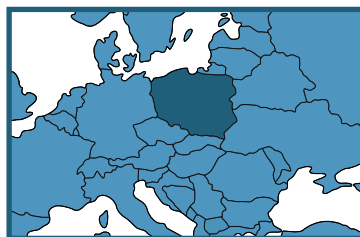
The interview questionnaire contains a variety of questions on individual characteristics (such as demographics, educational level, labour market outcomes, legal status) and household characteristics (for example, the number of household members in Italy, family members abroad, housing). To elicit truthful reporting of legal status, the interviews are anonymous, ask for no sensitive information (such as addresses), and are carried out in public spaces by foreign-born interviewers (wherever possible, from the same country as the interviewees) who emphasize the independence of the ISMU Foundation from any Italian government body. The information on legal status is obtained by asking the immigrants about the type of legal documents they have, starting with the most permanent (being an Italian citizen) and moving down to the option of "no documents".

The ISMU data are sampled using an intercept point survey methodology based on the tendency of immigrants to cluster at certain locations (Blangiardo G., 2008) (McKenzie and Mistiaen, 2009). The first step is to create a list of popular intercept points (for example, ethnic shops and gatherings, churches, health-care facilities) and then to randomly select the meeting points and the migrants who visit them for interview. At each location, interviewees are asked how often they visit any of the other meeting points, which allows ex post selection probabilities to be computed into the sample. The Italian government officially recognized the reliability of this technique in 2005, when it commissioned and financed survey implementation at the national level, with over 30,000 immigrants interviewed. See Strozza, 2004, for a survey of the different methodologies used to estimate undocumented migrants in the Italian context.



# POLAND

Maciej Duszczyk<sup>61</sup>



## Abstract

*The migratory status of Poland is evolving from an emigration state into an emigration-immigration one. This means that the continuing labour migration of Poles to other EU Member States is accompanied by inflow of immigrants undertaking various forms of economic activity in Poland. This concerns in particular the Ukrainians, who account for almost 50 per cent of all labour migrants. Simultaneously it needs to be stressed that the share of foreigners in the Polish labour market remains insignificant, but this situation is bound to change in the forthcoming years, as the Polish labour market demonstrates an increasing demand for foreign workers, which results from emigration of Poles and demographic changes manifested in a reduction of the number of occupationally active people.*

*The changes in Poland's status are not, however, accompanied by adequate actions aimed at providing more comprehensive information to foreigners about the possibilities of obtaining employment in Poland and at developing means of facilitating the matching between immigrants and Polish employers. The Internet portal managed by public employment services may be indicated as a positive example of a mechanism addressed to foreigners. It contains information that might prove useful for foreigners interested in undertaking employment in Poland. Unfortunately this information is not available in the Ukrainian language, which greatly restricts its accessibility and usefulness.*

*It may come as a surprise that employers' organizations have not been interested so far in establishing instruments that could provide information to employers about how they can hire foreigners. Such organizations limit their activities to lobbying for a greater opening of the Polish labour market to third-country nationals. Trade*

<sup>61</sup> Maciej Duszczyk is Deputy Director of the Institute of Social Policy at Centre of Migration Research, University of Warsaw.

*unions also barely display any interest in foreigners employed in Poland and do not carry out any programmes targeted at this employee group.*

*Lack of interest on the part of government administration and social partners is taken advantage of by private employment agencies, which both carry out recruitment activities commissioned by employers and provide employers with necessary information. Unfortunately, an absence of effective control over employment agencies may be abused by some of them in order to exploit foreign employees and collect fees from them, which is against Polish law.*

*In a decisive majority of cases the recruitment of foreign workers is carried out by means of informal channels, based on migration networks. Research results demonstrate that informal channels are used mostly by households and SMEs. Large businesses much more frequently use formal channels, which in Polish circumstances signifies the use of specialized employment agencies.*

*The present situation might be improved by the conclusion of a bilateral agreement on labour migration, which would contain, among others, rules for labour intermediation activities. It would, moreover, be advisable to make information about the employment opportunities in Poland also available in the Ukrainian language. In addition, we recommend that the government initiates actions aimed at establishing, in partnership with NGOs and trade unions, specialized services for both the provision of information to employers and the protection of employee rights of foreigners employed in Poland.*

## 1. Introduction

Poland is universally perceived as an emigration country. This image was reinforced after the accession to the European Union, when from 2004 to 2007 a mass-scale outflow was recorded for Poles seeking employment in other Member States and taking advantage of the free movement of workers. However, in the early 1990s, foreigners began arriving in Poland to take employment or for other economic activities.

An analysis of the recent statistical data concerning the scale of employment immigration certainly proves that Poland is in the first stage of transforming from a typical emigration country into an emigration-immigration one. The most noticeable developments include a rise in seasonal immigration from Ukraine and a constantly growing number of foreigners obtaining work permits for periods exceeding six months. At the same time, comparative research performed by World Bank or OECD puts Poland in one of the last places among EU Member States in terms of foreigners' participation in society and the labour market.

The growth in the number of migrants in the Polish labour market results both from the rise in income levels and the sustaining positive economic growth rate on the one hand, and from the liberalization of legislation relating to third-country nationals carried out from 2006 to 2009 on the other. Although the inflow of immigrants

may not be deemed sufficient for coping with demographic challenges, immigration policy targeted at addressing labour market shortages may bring about positive results in relieving problems related to demographic decline. Demographic forecasts demonstrate that the situation in the Polish labour market is going to change in the coming years (the share of active age population in the entire population will decline), which may cause domestic labour force shortages.

In this context, it is crucial to identify barriers to access to information on the rules of migrants' employment in Poland, and on the intermediary channels between employers and third-country employees. The establishment of a transparent recruitment system would result in the creation of smooth, legal migration channels, which would enable employers to address labour force shortages, while using the immigrants' potential to the best advantage by minimizing the threat of "brain waste".

## ***1.1. The situation in the Polish labour market, including with respect to the employment of third-country nationals***

### ***General situation in the labour market***

Poland is a country which, in contrast to the economic recession in many European Union Member States, recorded from 2008 to 2011 a growth in employment levels and only a moderate rise in unemployment levels. The results of the Labour Force Survey (LFS) demonstrated that in late 2011 the number of occupationally active people amounted to almost 18 million (including 16,201,000 employed and 750,000 unemployed). This means that the occupationally active population corresponded to 56.3 per cent of the total population aged 15 and over. Compared to Q4 2010, the number of occupationally active people rose by 227,000, that is by 1.3 per cent.<sup>62</sup> This was the highest level recorded since 1990. Still, there is a wide differentiation of occupational activity between women and men. In the case of men, the occupational activity rate in late 2011 amounted to 64.7 per cent, while for women the respective rate was 48.7 per cent.

Unemployment levels have been on the rise consistently since 2010. In late Q1 2011 unemployment rate (a Eurostat methodology-complaint survey) amounted to 10 per cent. A year later it was 0.5 per cent higher. Unemployment much more frequently concerns women. In their case, in Q1 2012 the unemployment rate amounted to 11 per cent, while for men it was 10.1 per cent.<sup>63</sup>

### ***Demand for labour and job vacancies***

Information about the demand for labour and job vacancies is provided by research carried out by the Central Statistical Office (GUS). In mid-2012 the greatest number of job vacancies was recorded in large, private enterprises of industrial

<sup>62</sup> LFS, Quarterly information about economic activity of the population, GUS, March 2012.

<sup>63</sup> LFS, Quarterly information about economic activity of the population, GUS, June 2012.

processing (25.9%). Substantial numbers of job vacancies were also found in enterprises operating in the sectors of trade, automotive repair, construction, transport and warehouse management. The enterprises offering job vacancies most frequently looked for:

- industrial workers and craftsmen, including construction and related workers
- specialists, operators and assemblers of machines and devices, including vehicle drivers and operators
- salespersons
- office workers.

Over 90 per cent of all job vacancies are generated by the private sector. Simultaneously, compared with the corresponding period of 2011, the number of new jobs declined. This development concerned in particular enterprises in the small services sector, the education sector and in water supply, sewage and waste management, and recycling.

### ***Employment of foreigners***

Any analysis of the scale of migrants' employment in Poland is extremely risky, mainly owing to an ineffective monitoring system and the unknown scale and structure of grey economy employment. The main source of data to draw conclusions from is comprised by statistics kept by the Ministry of Labour and Social Policy concerning work permits and declarations of employers on the intention to entrust employment to a foreigner.<sup>64</sup>

An analysis of work permits issued after Poland's accession to the European Union demonstrates a virtually permanent growing trend, particularly from 2007 to 2011 (Table 8.1). If in 2007 only slightly over 12,000 permits were issued to third-country nationals, in 2011 this number rose to almost 41,000. A decisive majority of them (approximately 85% in 2004, over 90% in 2011) is attributable to non-EU European states (former USSR and Balkan states) and Asia (mainly China and South-East Asia), with Asia's share growing consistently, mostly to the detriment of North America.

The system of monitoring of migrants' employment on the basis of work permits enables the identification of employees posted for the provision of services in Poland. The data in this respect show that from 2004 to 2008 Poland was dealing with a constant increase in the number of permits issued to posted workers, which was followed by a stabilization of the situation. Presently the number of permits issued for this worker group fluctuates in the range from 3,000 to 3,500 annually.

<sup>64</sup> The instrument allowing for employment of nationals originating from five states (Ukraine, Belarus, Russia, Moldova and Georgia) for the maximum of six months within a twelve months period, without a permit and only on the basis of a declaration of a potential employer.

Any evaluation of the scale of employment in Poland by seasonal workers employed on the basis of declarations may be only a rough estimate, because only the declarations - and not actual employment - are registered. As an example, in 2011 almost 260,000 of such declarations were registered (Table 8.3). At the same time, verification on the basis of issued visas and registered border crossings allow for an assessment that approximately 150,000 migrants undertook employment in Poland. Ukrainians are responsible for a vast majority (approximately 92%) of migrants taking this kind of employment. In the last two years there has been also an increase in the number of registered declarations issued for citizens of Moldova. The scale of employment of Russians, Belarusians and Georgians remains at a very moderate level of several thousand.

**Table 8.1: Work Permits requested and issued in Poland from 2004 to 2011**

Year	Number of applications	Number of issued permits		
		New	Extended	Total
2004	18,325	6,971	5,410	12,381
2005	16,921	5,905	4,399	10,304
2006	14,181	6,629	4,125	10,754
2007	16,024	7,667	4,486	12,153
2008	25,500	12,390	5,632	18,022
2009*	29,392	20,806	8,534	29,340
2010	37,121	N.A.**	N.A.**	32,126
2011	42,268	32,519	8,289	40,808

Source: Author's compilation based on the data from the Ministry of Labour and Social Policy.

Notes: \* The act on employment promotion and labour market institutions, which liberalized the rules governing the issuing of work permits, came into force on 1st February 2009.

\*\* There are no data for 2010 due to change of reporting forms.

**Table 8.2: Work permits issued to citizens of the member states of the eastern partnership (type A permits)**

Year	Country					
	Ukraine	Belarus	Moldova	Georgia	Azerbaijan	Armenia
2007	3,851	855	971	62	21	304
2008	5,400	1,325	1,218	109	19	441
2009	9,504	1,669	601	143	37	619
2010	13,150	1,958	682	95	45	452
2011	18,523	1,385	1,042	173	53	465

Source: Author's compilation based on the data from the Ministry of Labour and Social Policy.

**Table 8.3 Number of declarations on the intention to entrust employment to foreigners with breakdown of nationalities from 2007 to 2011**

Year	Nationality					Total
	Ukraine	Belarus	Russia	Moldova	Georgia	
2007	20,260	1,347	190	0	0	21,797
2008	142,960	12,606	1,147	0	0	156,713
2009	180,133	4,860	674	2,747	0	188,414
2010	169,490	3,623	595	5,912	453	180,073
2011	239,646	4,370	963	13,024	1,774	259,777

*Source: Author's compilation based on the data from the Ministry of Labour and Social Policy.*

### ***Sectorial structure of foreigners' employment***

The data concerning employment-based migration on work permits and qualitative research performed amongst employers demonstrate that third-country nationals are mostly employed in small businesses and households. On the other hand, European Union citizens are mostly employed in large and medium-sized enterprises. This is relevant data when considering designing information systems and employment agencies for foreigners in Poland. In 2011 the greatest number of foreigners worked in construction, wholesale and retail trade sectors and in households, probably in domestic assistance. Almost 50 per cent of all work permits were cumulated in those three sectors.

The largest number, namely almost 50 per cent, of declarations on the intention to entrust employment to foreigners was recorded in the agricultural sector. Construction ranked second (22%). Those figures clearly show that in the case of this form of employment entrusted to migrants we mainly deal with them being employed in the secondary labour market segment. The situation has not changed since the time when declarations were introduced, that is since 2007 (see: Annex 3.I).

#### ***1.2. Immigration policy***

After accession to the European Union, Poland opted for a far-reaching liberalization of the legislation regulating inflow of foreigners into the labour market. In 2007, largely as a result of requests by employers, the rules of the so-called labour market test were changed (a two-stage procedure was abandoned) and simplified procedures were introduced for hiring seasonal workers from Russia, Belarus and Ukraine. In the years that followed there has been a further liberalization of the relevant legislation. As an example, the number of countries whose citizens are allowed to take seasonal employment in Poland on the basis of employers' declarations was expanded (to include Moldova and Georgia), and foreign graduates from Polish higher education institutions were allowed to seek employment without being obliged to obtain a permit. Presently the rules of foreigners' employment in the Polish labour market may

be deemed as easy to follow for both employers and foreigners. It is more difficult to obtain a residence permit. This entails the need to supply many documents and pass through several bureaucratic procedures. This is likely to change when a uniform work and residence permit is implemented in Poland.

Despite significant liberalization of the legislation concerning the employment of foreigners, most employers continue to hire immigrants in default of the law. This is particularly true in the case of small enterprises and households. If in the former case the decisive factor in the failure to register employees is the burden of incurring the costs of social security and taxes, in the latter one such a discouraging factor is comprised of complex procedures for settlements with tax authorities and insurance institutions. Surveys performed among migrants employed in Poland demonstrated that the greatest scale of law evasion is to be found in the agricultural sector and in home care (employment mainly in households). A slightly better situation is observed in the construction sector, particularly where large infrastructural projects are deployed. In those sectors employers are interested in hiring foreigners, but this is mainly in a grey economy. They are not interested in the full legalization of their stay.<sup>65</sup>

A much better situation is observed in the services sector, particularly in financial and IT sectors, in medicine and education. Documented employment of migrants also increases in the retail sector, mostly in large supermarket chains. Legal employment in those sectors follows mainly from the nature of employment (undocumented employment is impossible here) and expectations of the employees themselves, whose position in relation to employers, in view of the absence of labour force supply from both Poles and foreigners, is definitely better than it is in the case of seasonal workers employed in the second segment of the labour market.

## **2. Patterns of access, use and perception of labour market information by employers and migrants in the context of recruitment from abroad**

### ***2.1. Demand side: employers' perspective***

The public and political debate on migration processes taking place in Poland focuses mainly on the emigration of Poles leaving for other Member States of the European Union to take up employment. This results in numerous initiatives aimed at providing labour emigrants with both information about the rules governing the taking of lawful employment in their destination countries, and procedures enabling

<sup>65</sup> We deal with a situation where a foreigner comes to Poland legally and holds a work and residence permit but the employer fails to register them and pay the contributions. This means that from a formal viewpoint they are employed illegally and they risk deportation once this fact is uncovered. The situation is to be improved by new regulations due to come into force in early 2013, whereby in the aforementioned situation foreigners staying legally in Poland will not be penalized when employers fail to meet the formal requirements.

their problem-free return to Poland after a shorter or longer stay abroad.<sup>66</sup> We deal with a completely different situation in the case of labour immigration to Poland. In practice, there is no comprehensive system of information on the conditions and rules for taking employment by third-country nationals in Poland.

### ***Government initiatives aimed at providing information on the conditions governing the employment of third-country nationals in Poland***

The most detailed information about the binding regulations governing the employment of foreigners in Poland can be found on the web portal kept by the public employment services (public labour offices): [www.zielonalinia.pl](http://www.zielonalinia.pl). It was established on the initiative of the Ministry of Labour and Social Policy, and its operation is co-financed by the European Social Fund. The main goal of the portal is to provide all available information about how the Polish labour market functions. It targets employees, the unemployed, job-seekers and employers. In the part concerning the employment of migrants, it contains all the necessary information an employer might need to know in order to employ a foreigner legally, both on the basis of a work permit and a declaration. Moreover, one can find in the system information about obligations for employers who hire foreigners. The portal is run in three languages: Polish, English and Russian.

A significant shortcoming of the portal is represented by the absence of links to electronic versions of the documents whose completion is mandatory in order to employ a foreigner. These can be found on web portals of certain labour offices in the tabs concerning the employment of foreigners. Moreover, it may be difficult to understand certain pieces of information. This results from the inclusion on the portal of specific articles of legal acts regulating foreigners' access to the Polish labour market without being translated into colloquial language. According to the portal's statements, it does not serve the purpose of an intermediary agency between employers and employees and therefore it does not contain job offers.

### ***Employers' awareness of the channels for the legal employment of migrants in Poland and evaluation of the regulations in force***

Unfortunately, in recent years there have been no representative studies carried out in Poland as regards the legal employment of foreigners. In-depth research on the issue was carried out in 2007 (Grabowska-Lusińska, Żylicz, 2008), that is before the legislation liberalizing the access of third-country nationals to the Polish labour market came into force. The aforementioned research suggested that Polish employers were hardly aware of the legislation in force, and those who were aware, were obliged to follow related procedures which they considered costly and difficult.

<sup>66</sup> There is even a special Internet portal: [www.powroty.gov.pl](http://www.powroty.gov.pl), where return migrants may access the necessary information facilitating their return to the home country.



Assessment of the present awareness of employers with regards to regulations governing the employment of migrants can be made only on the basis of individual interviews with employers, and opinions of the staff of employers' organizations and the State Labour Inspectorate.<sup>67</sup> They suggest that the changes concerning declarations, and facilitations in work permit issuing procedures, as well as the accompanying media debate (broad press coverage), translated into an improved awareness of employers around the possibilities of legally employing third-country nationals.

At the same time, the present situation cannot be deemed wholly satisfactory. This is demonstrated by data sourced from the National Labour Inspectorate, which records numerous cases of undocumented employment of foreigners. From the viewpoint of the sizes of checked plants, the largest numbers of illegally working foreigners were revealed in microbusinesses (whose staff does not exceed nine employees) – which accounted for 53 per cent of all discovered cases (and 47% in 2010) – and in medium-sized enterprises (from 50 to 249 employees), which accounted for 22 per cent of all discovered cases (compared with 19% in 2010). In 2010, besides microbusinesses, this group was dominated by small enterprises (from 10 to 49 employees).

An important proportion (approximately 40%) of employers with whom cases of undocumented employment of foreigners were revealed, went on to attribute this fact to an unawareness of procedures, and considered the said procedures to be extremely complex, which is untrue in view of recent changes. It is difficult to ascertain unambiguously, however, whether those explanations were genuine and to what extent employers are simply not interested in the legalization of migrants' employment. It needs to be stressed, though, that the data published by the National Labour Inspectorate suggest that the number of disclosed irregularities as regards the employment of nationals of Ukraine, Belarus, Russia, Moldova and Georgia on the basis of declarations registered in public employment offices, has in fact been declining year on year.

In the opinions of both employers and the staff of employers' organizations, the changes introduced between 2006 and 2009 had a positive impact on the prospects for legally employing migrants, particularly as far as small and medium-sized enterprises are concerned. The application for issuing a work permit for a foreigner is not complicated, and its completion should not be a problem. Some reservations can be raised as regards the list of documents that has to be attached to the application each time. A majority of the certificates required to be attached could easily be

<sup>67</sup> To obtain information, an analysis was carried out of available interviews with employers who have had experience of hiring foreigners and of talks with the staff of employers' organizations (3 interviews) and the employees of the State Labour Inspectorate (2 interviews). The interviews were performed with employees of the Polish Confederation of Private Employers Lewiatan, which affiliates 3,750 companies employing approximately 700,000 workers, and of the Business Centre Club comprising of 2,500 companies. Both aforementioned organizations are members of the Tripartite Commission, Poland's major social dialogue entity. It is estimated that all Polish employers' organizations represented merely approximately 5 per cent of all employers, mainly of large and medium-sized enterprises.

replaced with declarations of employers, which would need to be verified by officers only when their authenticity is doubted. When submitting an application for issuing a work permit for a foreigner, the employer is obliged to sign a declaration that s/he will not underrate the remuneration indicated in the application, to confirm that s/he has not been penalized in connection with any procedure for issuing a work permit and that s/he has not been convicted by a legal judgement for, among other things, human trafficking.

The issuing of a permit is preceded by a labour market test.<sup>68</sup> First, the salary offered to a migrant is examined; it must not be lower than the remuneration given to employees performing work of comparable type or in a comparable capacity. This aims to prevent salary dumping from migrants. Second, on the basis of the registers of unemployed and job-seekers it is verified that there really are no candidates on the local market for the job vacancy offered by the employer.

A decisive majority of employers positively assess the changes that took place with regards to the implementation of the labour market test. It aims to prevent obvious cases of substitution employment of migrants to the detriment of Polish nationals or nationals of other states who may take up employment in Poland without a permit. At the same time, the waiting period for the test results was shortened from three months to a maximum of 14 days (in a situation where the employment office agency conducts recruitment for a vacancy notified by an employer; if the office foregoes the recruitment process the waiting period is seven days). A problem likely to be encountered here is the reliability of the registers held by poviats labour offices, and consequently the ability to credibly state that employees with proper qualifications cannot be found in a given local market. However, this issue will not be transferred onto employers. Nevertheless, highly diversified opinions about the validity of the labour market test were revealed in the surveys of employers (Grabowska-Lusińska, Żylicz, 2008). The most sceptical as regards the validity of this rule are employers of microbusiness and small enterprises presently hiring foreigners, and owners of small businesses planning to hire foreigners. We do not think, however, that the current rules on the labour market test discourage employers in any way from hiring foreigners legally. At the same time, the surveys performed by the Migration Research Centre demonstrate that only 30 per cent of employers deemed the labour market test governing the precedence for Polish nationals in the access to employment a success.

The waiting period for the labour market test results, followed by the wait for obtaining work, is unlikely to adversely affect recruitment or excessively delay the hiring of a migrant. The period for which work permits are issued seems to be no major obstacle either. The maximum period of three years on the one hand provides employment stability to both employee and employer, while on the other a given

<sup>68</sup> The labour market test does not have to be performed if in the permit-issuing criteria the permit-issuing body (a *voivode*, that is a regional administrator) decided to establish a list (which must be published in the regional official journal) of deficit jobs and types of work, and a given employer notifies demand for an employee holding exactly such skills.

foreign national does not acquire the right of permanent residence immediately with the first work permit. The fee for permit issuing is purely symbolic, particularly under the assumption that the period for which it can be issued is up to three years. It needs to be stressed that the fee has been greatly reduced in recent years. Depending on the period for which it is issued and its type, the fee varies from PLN 50 (EUR 12) to PLN 200 (EUR 45).<sup>69</sup> Until 2004 it equalled 100 per cent of the minimum wage (which would now amount to EUR 400).

The opinion that present regulations governing employment of foreigners are generally not complicated is also corroborated by officers responsible for the implementation of Polish immigration policies. As an example, according to Magdalena Sweklej (a deputy director of the Labour Market Department in the Ministry of Labour and Social Policy), the regulations, introduced in 2009 via the amendment to the act on employment promotion and labour market institutions changing the work permit issuing procedure (labour market test), undeniably facilitated the possibilities of taking up employment in Poland and contributed to a growth in the number of issued work permits. In her opinion, “the procedures are simple, and the fees for permit issuing are symbolic.” Monika Prus (the Director of the Migration Department in the Ministry of Interior) was of similar opinion. She stressed that the simplification of work permit-issuing regulations was beneficial because it shortened the procedures and enabled employers to supplement the emerging labour market shortages.

The procedure related to the employment of a foreigner on the basis of an employer’s declaration is even simpler. The declarations are registered on an on-going basis, and the issuing of a visa with work permit should not take longer than 14 days. This follows from the fact that the time from recruitment to employees’ arrival at the employer’s premises should not exceed three weeks. During individual interviews<sup>70</sup> the employers stressed that the option of entrusting employment on the basis of declarations greatly reduces bureaucratic procedures. Presently, recruitment of employees from abroad, particularly for seasonal work, should be devoid of problems.

At the same time, surveys analysing the declarations system demonstrated that there is a serious problem of abuse of the declarations system in breach of the adopted rules, and that the already deeply rooted mechanism of a black market is developing even further. Moreover, according to the opinions of the respondents, the declarations are used for purposes other than hiring seasonal workers. Here one can point out in particular the willingness to take undocumented employment with a different employer than the one named in the declaration, or in another EU Member State, not covered by the visa held by the foreigner concerned. This is confirmed by the staff of labour offices (see: A1/Annex 3.I).

<sup>69</sup> The Regulation of the Minister of Labour and Social Policy of 17th October 2007 *concerning the amount of fee payable in connection with an application for issuing a permit for foreigner’s employment.*

<sup>70</sup> Recordings of three interviews carried out in 2010 and 2011 among employers with some experience in employing foreigners on the basis of declarations were used. These interviews were part of a research project deployed by the Institute of Social Policy of the Warsaw University.

Results of surveys among Polish employers published in 2011 (Walffard, 2011) suggest that they do not currently think that legal complications and bureaucratic formalities hinder the process of recruitment of migrant workers. This issue was ranked third. Of much greater importance were the following: language barriers and inadequate qualifications of foreigners.

Unfortunately, as we have already demonstrated, a majority of employers hiring foreigners in the agricultural, construction sectors and in households still fail to fulfil the legalization formalities. This is corroborated by statements made by employers during the interviews (see: A2 and A3/Annex 3.I).

### ***Impact of procedures on the reduction of the phenomenon of undocumented employment of migrant workers***

Comprehensive research concerning the scale of undocumented employment of migrants is lacking in Poland. The figures offered by various researchers vary from 30 to 300,000 migrants undertaking undocumented employment. On the basis of the results of the regulatory campaign (abolition) carried out in 2011 and surveys of employers (The State Labour Inspectorate 2011; Kaczmarczyk and Okólski, 2008; Duszczuk, and Korczyńska, 2005), one can state that the scale of undocumented employment accompanied by illegal stay is unlikely to exceed 50,000 people. However, there are many more migrants who have entered Poland legally and hold a work and residence permit or declarations issued by employers, but for whom the employers failed to complete the employment related formalities. Employers most frequently do not notify migrants to tax offices and insurance institutions in order to reduce the costs of their employment. The surveys among migrants (Duszczuk and Szyłko-Skoczny, 2011; Kaczmarczyk and Okólski, 2008) demonstrate that they are also not interested in the legalization of their employment because, as a result of an absence of contracts concerning transfers from social insurance and coordination of pension systems, they receive no benefits from the fact of contribution payment.

However, it is worth pointing out that the facilitation of the procedure for obtaining work permits and the introduction of the system of employers' declarations helped improve the situation of migrants, who used to undertake employment in Poland on the basis of tourist visas or without required permits. Surveys carried out among seasonal workers from Ukraine (Duszczuk and Szyłko-Skoczny, 2008) demonstrated that approximately 50 per cent of them, before coming to Poland on a visa with work permit issued on the basis of an employer's declaration, had undertaken employment when staying in Poland on the basis of a tourist visa. This means that the liberalization of access to labour market brought about some positive outcomes, although it failed to lead to a situation where migrants undertaking employment in Poland do so entirely legally. Another step in the right direction is comprised by the proposal of the Ministry of Interior according to which migrants will not be penalized for being in undocumented employment if this fact is fully attributable to the employer. In such a situation their work and residence permit will not be terminated and they will retain the right to move to another employer.

## ***Activities of employers' organizations and job agencies***

It is surprising to find out that employers' organizations are only marginally interested in the issue of the employment of third-country nationals. Not one of four large organizations (Polish Confederation of Private Employers Lewiatan, Business Centre Club, the Union of Polish Crafts, and the Employers of the Republic of Poland) had a comprehensive programme in place which was targeted at supporting its members in this regard. Talks with employees of those organizations suggest that their activity is limited mainly to active lobbying for the eradication of restrictions concerning the option to hire migrant workers. At the same time, they do not think they should be responsible for informing employers about new procedures (they confine themselves to brief information on the website) or for the creation of formal recruitment channels. In their opinion, those are the government's responsibilities.

This gap is bridged in Poland by job agencies and consultancies providing services both with regard to the completion of formalities for hiring migrant workers and services of intermediaries in the recruitment of workers from third countries. PWC Polska is an example of a company offering comprehensive intermediary services in the completion of formalities concerning migrant employment. The human resources department is concerned with those matters. What the company offers concerns both migrant workers employed on the basis of a work contract concluded in Poland and posted workers. In particular, the following procedures are observed:

- obtaining a permit/extension of permit for the execution of work;
- obtaining a permit for residence for a specified time for a migrant and accompanying family members;
- obtaining a permit to settle in the territory of the Republic of Poland;
- registration of stay in the territory of the Republic of Poland for EU nationals;
- assignment of foreign documents with Polish authorities;
- obtaining official recognition of foreign diplomas.

Owing to specifics of this company, its services are used rather by medium-sized or large enterprises, which hire people for the positions of members of management boards, supervisory boards and managerial staff.

EastWestLink job agency is concerned with intermediary services between entities pursuing business activities in Poland and third-country nationals. This is the biggest agency in Poland dealing with the employment of migrants. It offers both employee recruitment and leasing, as well as employment support and services for obtaining work permits. Its offer is extremely comprehensive. An employer interested in hiring a migrant worker may commission to the agency the entirety of responsibilities required for this purpose – from finding an employee, through arrangement of all required documents, organization of his arrival into Poland, transit to work, taking care of the migrant, to arranging for their leave after employment ends. The agency

also offers translation, both of documents confirming the worker's qualifications and during employment.

The main countries of origin of migrants recruited for employment in Poland are Ukraine and Far East countries including, in particular, China. This follows directly from demand for that type of worker in the Polish labour market and the existing migration networks. In the case of Ukrainians, another fact of importance is that they may undertake employment in Poland for six months without the need to obtain a work permit. The agency specializes in the recruitment of migrant workers for employment in the following sectors: agriculture, construction, manufacturing and heavy industry, food processing, home care, transport, catering and hotels. The agency's website is run in four languages: Polish, English, Ukrainian and Russian. The fee for a service is collected two weeks after an employee has been hired by a given employer. The amount of the said fee is dependent on the sector and the employee's qualifications and is individually negotiated with the client on a case-by-case basis. The agencies do not disclose the pricing of their services. The gathered information suggests that a decisive majority of the agency's clients are large enterprises interested in employing at least a dozen or several dozen workers. Those include Budimex (a large construction company), the Hard Coal Mine in Katowice, and Gdańsk Shipyard. The agency also provides services to employees wishing to undertake employment in Poland.

### ***Recruitment of migrant workers by Polish employers – recruitment channels***

In Poland there are no official channels, certified by state institutions, for the recruitment of third-country workers. Talks with employees of the Ministry of Labour and Social Policy suggest that such actions are planned in the future in the context of a new approach to immigration policy.<sup>71</sup> This issue was also featured in a document passed by the Council of Ministers, which contains Poland's migration strategy for the coming years (Ministry of Interior, 2012). At the same time, it needs to be pointed out that already today there are legal bases for more active measures to be taken by state institutions in this respect. In the early 1990s Poland signed agreements on the mutual employment of workers, with such countries as Ukraine and the Russian Federation, for example. Unfortunately, in practice they have never come into force. A lack of interest in their implementation on the part of Ukraine and Russia is quoted as the reason behind such state of play.

The results of surveys carried out in Poland as regards the demand from employers for foreign workers demonstrate that such a demand is not ruled out by less than 20 per cent of all employers (Grabowska-Lusińska and Żylicz, 2008). At the same time, less than one per cent of employers declared employing a migrant at the time of the survey. The surveys showed that the demand for foreign workers grows with the size of enterprises

<sup>71</sup> An interview with employees of the Labour Market Department of the Ministry of Labour and Social Policy.

(it is at its lowest in micro-businesses and highest in large companies). Other studies (Duszczuk and Szytko-Skoczny, 2011) demonstrated that due to poorly developed formal public channels, employers predominantly use informal ones to recruit third-country nationals for work. These mainly consist in the migration networks built by migrants who have been coming to Poland for employment for several years now (see: A4/Annex 3.I). As we have already indicated, microbusinesses and small enterprises use informal channels more frequently. Medium-sized and large companies usually use formal channels, using as a basis the intermediary services of job agencies, although also in their case an important role is played by migration networks.

The issue of direct links between employers and foreign employees as a central one in the recruitment process was also ascertained in questionnaire surveys performed by the Migration Research Centre of the Warsaw University (Kaczmarczyk and Okólski, 2008). They suggest that in the case of micro-businesses, the effect of the network of connections was responsible for approximately 60 per cent of the foreigners' inflow. The migration network was not that important in the case of large companies, where only 31 per cent of migrant workers came through the network of connections. This means that other channels mattered, too, such as: posting from the headquarters, press advertisements, and recruitment through specialized companies.

It needs to be stressed that employers surveyed by various teams pointed to a consistently growing demand for migrant workers, which affects their recruitment strategies and consequently opens up new immigration channels. This is caused by difficulties in finding reliable Polish workers.

### ***Recruitment channels for various categories of employees, including highly qualified ones***

Studies on migration streams carried out in Poland demonstrated the shaping up of the foreigners' inflow paths in sectors requiring high qualifications. As an example, migrants are frequently employed in schools as foreign language teachers. This concerns in particular nationals of Russian Federation, Belarus and Ukraine who are hired as English language teachers.<sup>72</sup> In general, two recruitment channels are used here. The first consists in using intermediary companies, acting as highly specialized temporary employment agencies (see: A5/Annex 3.I). The second channel, which appears to be less popular than the first, comprises active recruitment on site, that is, in the country of origin. The following statement proves the existence of this channel. It also proves the establishment of the migration network (see: A6/Annex 3.I).

Besides nationals of East European countries, Polish schools also employ foreigners from such English-speaking countries as the United States, United Kingdom, Canada and New Zealand as teachers. In contrast to employees from the East they

<sup>72</sup> This issue may be surprising, particularly given the situation whereby we are dealing with enhanced emigration to English-speaking countries. At the same time, owing to low salaries, numerous alternative employment options outside education and growing demand from schools, the supply of English language teachers is inadequate and there are still too few people in Poland willing to take the jobs of foreign language teachers, particularly in small towns and villages.

rarely have any specific educational background. They come to Poland in search of new experiences, moving from country to country. It is worth pointing out that the increased interest in the Polish labour market from highly qualified workers was also confirmed in surveys among employers (Duszczczyk, 2012). They particularly stressed the changing profile of employees hired in Poland (see: A7/Annex 3.I).

Other research (Korczyńska and Dąbrowski, 2008) demonstrated an interesting channel for inflow of foreign doctors into Poland. The main channel of their recruitment is comprised by the higher education institutions where they study. In Poland there is a well-developed system for the recruitment of foreign students to medical academies. After completion of their studies, a majority have the opportunity to stay in Poland. Most of them, however, decide to return to the country of origin or seek employment in other countries. Those who decide to stay, after some period of employment in state institutions, opt for self-employment, which is much more financially beneficial (see: A8/Annex 3.I).

Studies carried out among immigrants running ethnic restaurants in Poland (Bojar, 2005) showed that while the owners of those restaurants reside in Poland legally, usually with the permanent residence right, the employees working in the restaurants usually do so illegally. In the opinions of respondents, they are not afraid of checks (see: A9/Annex 3.I).

A few studies (for example Kaczmarczyk and Okólski 2008; Kindler, 2011; Duszczczyk 2012) carried out among households demonstrated that a decisive majority of them use informal channels, mainly migration networks or recommendation networks (specific persons are recommended by one household happy with their services to another one). At the same time there is a widespread conviction among experts that households, particularly in big cities, will increase their demand for migrants providing services of long-term care, which is related to the ageing of society.

Recruitment of posted workers, mainly due to its specifics, takes place through formal channels, mainly the internal human resources management structures of a given enterprise. All procedures related to the legalization of residence or of employment are settled by dedicated employees hired for that purpose or by external agencies. This concerns both third-country nationals and citizens of the member states of the European Union (see: A10/Annex 3.I).

In summary it must be stated that both as regards access for employers to information about regulations providing for legal employment of migrants, and as regards the channels for recruitment of migrant workers, a greater involvement of state institutions is advisable. This should include in particular building a channel (an Internet portal) through which it would be possible for employers to ask questions about the means of legal employment of migrant workers, and likewise in specific cases. Moreover, owing to the fact that a decisive majority of employment immigrants come from Ukraine, it would be advisable to build a legal channel for the recruitment of Ukrainian nationals willing to undertake employment in Poland, for example in the form of a database. However, this should be done in collaboration with the Ukrainian government and via Ukrainian employment services.



## **2.2. Supply side: prospective migrants**

### ***The channels for the acquisition of information about the possibilities of legal employment in Poland***

Similarly as with the case of information targeted at employers, in the case of migrants wishing to undertake employment in Poland there is no uniform device which fully meets the demand from prospective workers. Here again as a source of information one may indicate the portal: [zielonalinia.pl](http://zielonalinia.pl), which contains information about conditions governing the undertaking of employment by foreigners in Poland. It has a serious flaw, however, as it is not available in Ukrainian language. There are currently no plans to launch the portal in this language. Unfortunately the situation is similar with portals of non-governmental organizations specializing in support for employment migrants. Information targeted at employment migrants is either in English or Russian.<sup>73</sup> Basic information in Vietnamese is posted on the website of the Mazovian Voivodship Office in Warsaw.<sup>74</sup>

Absence of an expanded system of information for migrants may be explained by the approach applied in Poland, whereby in each case the initiative of hiring a migrant worker is launched by the employer. Therefore it is assumed that the employer is the one to inform and support an employee in the procedures that have to be pursued. Unfortunately, this appears to be a mistaken assumption.

Informal channels for access to information about the possibilities of finding employment in Poland are indicated by results of surveys carried out among employment immigrants. The most important information for employees, which is central in their decision to move to Poland, concerns the practical prospects of finding a job, that is, job offers from specific employers. As a result of the absence of formal recruitment channels run for example by employment offices, the acquisition of information on potential employers takes place largely through informal channels and via intermediaries, who very rarely have registered job agency business activity (in the case of temporary workers these are so-called “drivers”, who find potential employers and bring proper employees). Respondents hired in the agricultural sector indicated the use of almost exclusively informal recruitment channels (see: A11/Annex 3.I).

Results of studies carried out among seasonal workers from Ukraine (Duszczyk and Szyłko-Skoczny, 2011) demonstrated that most of them found their current employment from friends' recommendations (62%). Among other ways of securing a job, respondents pointed to services of intermediaries (21%), recommendations from a previous employer (3.5%) and search for jobs via the Internet (2.5%). As has been observed, not a single respondent indicated public formal recruitment channels. These results correspond to information generated by questions about the sources of information around employment conditions in Poland. Respondents from third countries most frequently learnt about residence and employment conditions from accounts made by friends who had been to Poland before (over half of all responses).

<sup>73</sup> See: [www.frog.org.pl](http://www.frog.org.pl).

<sup>74</sup> See: [www.mazowieckie.pl/portal/vn](http://www.mazowieckie.pl/portal/vn).

Other sources of information included press and television (13.3%) and relatives in Poland (12.7%).

Surveys carried out among representatives of other nationalities also revealed specific types of job agency connected with minorities living in Poland. One of them (Samoraj-Charitonow, 2011) identified, for example, the existence of job agencies hiring Vietnamese females for Vietnamese families residing legally in Poland; but it was very frequently of undocumented nature. This translates into the hiring of foreigners by foreigners, which appears to be a new development on Poland. In such a situation a foreign worker typically stays permanently with the family (see: A12/Annex 3.I). A similar trend was identified in another study (Gmaj, 2005) which concerned Turks (see: A13/Annex 3.I).

Surveys carried out among migrants also demonstrate that they can rarely count on support from state institutions during their residence and employment in Poland. In answer to various sorts of problems they rely predominantly on themselves and on their employers, and sometimes also on other foreign workers (see: A14 and A15/Annex 3.I).

Foreigners may apply for jobs in Poland through job agencies. Such a service is offered, for example, by the aforementioned EastWestLink agency. Under Polish law this service is free of charge. However, cases are discovered where there exists a hidden agency fee, for example as a prerequisite to purchasing an additional service (such as a training course) or as a condition for covering the costs of travel to the employer, or as an apartment rental fee. A foreigner interested in taking up employment may both register his CV and make use of the available job offers. The database usually contains about a dozen or, at most, several dozen job offers. In many cases they are worded in Ukrainian, which indicates employers' preferences as regards the nationality of prospective workers. The jobs offered cover a range of professions. Among others, employees are sought for occupations such as drivers, babysitters and construction workers.

As a result of the small scale of migrants' employment in Poland and of employers' interest in hiring migrant workers, recruitment channels targeting specific employee qualifications have not yet developed here. However, one can point to systemic solutions from which certain trends can be derived. As an example, the system of declarations allows for the swift hiring of temporary workers from five European states. At the same time, the period of employment must not exceed 6 months in 12 consecutive months, which means that this channel is targeted at supplementing shortages in specific sectors characterized by seasonality. This concerns in particular agriculture, horticulture and - to a lesser degree - the construction sector. Meanwhile hiring, for example, on the basis of domestic help in households must assume a rotation of employees.

It must be pointed out that as a result of the activities of job agencies in the recruitment of foreign workers and their growing experience in this respect, employers looking for workers with specific (and frequently very high) qualifications now have the

option to recruit such foreigners. In many cases job agencies operating in Poland are subsidiaries of agencies whose headquarters are in other states, so the range of the search for a suitable employee can be wider in this instance.

At present, one can venture a statement that foreigners employed in the secondary segment of the labour market, that is those with a low or medium level of education, acquire information both about procedures for obtaining legal employment in Poland and about job offers through informal channels. On the other hand, highly qualified workers are usually employed via specialized job agencies.

### ***Use of the existing European portals aimed at providing information and offering intermediary services in the undertaking of employment by migrants***

The results of surveys among foreign workers available in Poland only sporadically contain information about the use of European portals for accessing information about opportunities for undertaking legal employment. If in the survey a question is asked with regards to whether or not migrants are aware that they can use web portals run by the European Commission, the answer is unfortunately unambiguous. Immigrants do not have such awareness. Moreover, it seems that even if they had such knowledge, the use of the EU immigration portal would be greatly hampered, mainly because the information contained there is in English or in French, and parallel information can be found on Polish portals where information is placed in Russian and Vietnamese amongst other languages. An advantage of European portals consists in the possibility to compare the basic regulations in place in particular member states of the European Union.

The campaigns concerning the option for foreigners seeking employment in Poland to use European portals have been limited to some information in the press and on websites of Internet offices dealing with immigrants. It should not be assumed that this information reached the foreigners and increased their awareness in this regard.

### ***Establishment of ethnic minorities owing to migration networks***

Despite the increase in the number of migrants coming to Poland to take up employment, one can still hardly speak of the conception of ethnic minorities. This follows from the temporary nature of both residence and employment of migrants in Poland. At the same time in big cities, such as Warsaw or Katowice, we can note the emergence of sites where the immigrant share is rising. Moreover there are seeds of a dual labour market evolving, where immigrants account for a significant share in a given sector. This is particularly visible in the agricultural and horticultural sectors where Ukrainians are employed, particularly in the times of fruit picking, and in home care, where we also observe the hiring of Ukrainian nationals. In the latter case, however, these are mainly women. The establishment of a certain distinct segment in the labour market is also visible in the case of the Vietnamese, who pursue retail activities in large cities, mainly selling textiles. In their case we also deal with permanent rather than temporary residence, as is the case amongst Ukrainians.

It does, however, need to be stated that the situation of Poland can hardly be compared to other Member States of the European Union, where a dual labour market has been in place for many years, whereby immigrants are overrepresented in the secondary employment segment. However, this situation may change if the number of employment immigrants who, after undertaking several seasonal jobs decide to reside permanently in Poland, increases. Recruitment based on migration networks and recommendations may be conducive to the emergence of centres of immigrants both from a geographical perspective (residing in specific city districts) and an occupational one (increased labour market segmentation).

In summary, it must be stated that formal job agency channels to be used by foreigners are yet to develop in Poland. This fact is taken advantage of both by illegally operating intermediaries and by job agencies. It seems that, given the transformation of Poland from an emigration country into an emigration-immigration one, efforts should be concentrated on the establishment of a formal channel for recruitment of third-country nationals for employment in Poland.

### **3. Third-country nationals in the Polish labour market: specific information-related barriers in the recruitment of migrants already residing in the country**

#### ***Patterns of access to labour market information for resident migrants***

it is extremely difficult to refer to the question of the effective functioning of the system of access to information for the recruitment of migrants residing in Poland because, as was indicated previously in the paper, the percentage of immigrants in Polish society is very small. Moreover, employment-led immigration to Poland is definitely of seasonal nature. This is confirmed both by statistical research and empirical studies carried out among migrants (for example Duszczuk, 2012; Kaczmarczyk and Okólski, 2008). Such a situation is likely to remain unchanged in the coming years. In this context, state institutions, non-governmental organizations and private institutions alike do not see any need to build a dedicated system targeted exclusively at migrants already residing in Poland. When access to labour market for migrants residing legally in a given country is considered as an element of integration policy, one has to bear in mind that, in the case of Poland, integration instruments are used only in relation to people who have been granted refugee status or other forms of international protection (Duszczuk and Góra, 2011). However, this is a very limited group of people.

At the same time, a network has evolved of informal job agency channels for foreigners already residing in Poland for some time. This, however, largely concerns the domain of seasonal employment. As an example, in many Polish towns there are places where foreign workers are recruited for employment in agriculture and construction. These places are called “exchanges” (and constitute something akin to informal work fairs). Results of research carried out among immigrants, particularly from Ukraine,

demonstrated that the process of seeking jobs at fairs is commonly considered as the least convenient one and encumbered with high risk; this is where foreign employees are most frequently abused (Klaus, 2011; Bieniecki and Pawlak, 2010).

Another job agency channel comprises aforementioned “drivers”, who provide services not only for immigrant newcomers, but also for those who have been residing in Poland for some time, including those residing illegally. Most frequently they act as intermediaries between employers and prospective employees in the agricultural sector. In many cases, using the “driver” offers seasonal workers the promise of employment because if one employer does not hire them they will find a job with another. Of course they collect a fee agreed upon in advance. It amounts to approximately PLN 150 (EUR 35) and is frequently collected from both employer and employee. This is definitely a form of informal job agency and a grey economy. Migrants interested in taking work in the construction sector may take advantage of employment assistance offered by Poles. Nevertheless, these people collect high fees for such services and do not assume any responsibility when, for example, the employer does not pay the employee’s salary.

In the case of the domestic help sector, the most frequent form of job agency consists of recommendations from friends. As an example, a single foreigner works in five or six households (each day in a different home). If one household gives up the services of the foreigner, the immigrant notifies his willingness to work with another person and usually by recommendations he finds such employment quickly. The situation is similar in the case of long-term care.

The aforementioned situation shows that job agency services are rendered mainly in the informal area, which provides security neither to employees nor employers. The scale of this phenomenon should encourage an attempt at formalization of the recruitment system. At present, employers who would like to hire a migrant worker but want to do so in compliance with the law, and use formal channels, have virtually no occasion to do so. This greatly affects the possibility of supplementing the emerging labour market shortages.

Nevertheless, attempts made by non-governmental organizations, which tried to establish formal channels, failed. For example, the “Oprócz Granic” (“Anything but borders”) Development Foundation undertook a project, “Migrant Careers and Job Agency Centre”, but it presently desisted because neither employers nor employees were interested in using its services. Currently, a similar project is carried out by the “Instytut Innowacji” (Innovation Institute) Foundation and it is financed from the European Fund for the Integration of Third-Country Nationals. On 12 October 2012 its database contained 111 offers of permanent jobs and 28 offers of temporary jobs from all over Poland. All offers were in Polish. One may have justified fears as regards the effectiveness of such measures.

A decisive majority of micro-businesses, small enterprises and households use informal channels. Large enterprises mainly use the intermediary services of job agencies or press advertisements. Therefore any activity aiming at the creation of a

system of access to information and intermediary services between employees and foreigners residing in Poland, should first of all be geared towards the needs and particulars of the operations of small and medium-sized enterprises.

In summary, one may state that patterns of access to information about job vacancies offered by employers with a view to hiring migrants are highly diversified. If in the case of informal channels some mechanisms have evolved that are efficient but contribute to undocumented employment of foreigners, then concurrently we can scarcely speak of the development of formal channels. In this context, it is worth recommending a pilot programme to be deployed in Mazovian voivodship (where approximately 60% of all migrants find employment), which would aim to check to what extent the initiative of state institutions (for example: public employment services, which currently offer no programmes for foreigners residing in Poland) would rebound positively among employers and employees. Since the matter concerns migrants already residing in Poland, it would not be necessary to validate such a programme with the relevant authorities of the countries of origin, particularly Ukraine, from which the largest number of migrants seeking employment in Poland come.

### ***Recognition of foreign qualifications***

A very serious problem for third-country nationals willing to take employment in one of the regulated professions comprises the recognition of qualifications acquired outside the European Economic Area. Poland lacks a uniform system for the recognition of qualifications of third-country nationals. Each time a migrant has to personally find and contact a professional self-government body competent for a given profession and undergo relevant procedures. In a decisive majority of cases this is a lengthy and costly process. A certain hope in this regard is afforded by the deregulation presently pursued by the government, which aims, among other things, to decrease the number of regulated professions. This should improve the situation of migrants in this respect. According to the government's plans, the number of regulated professions is to be reduced from 380 to 100. The first professions to be deregulated are as follows: taxi driver, property administrator, real estate agent, mariner or guidance counsellor.

At the same time, for a few years now the introduction of the option to recognize informally acquired qualifications has been considered, as is postulated under the European Qualifications Framework. This would enable a straightforward acquisition of the rights to perform a large number of professions, without the need for a lengthy procedure. This would concern both Poles and foreigners. However, there are currently no specific draft legal acts to include these plans in Polish legislation.

### ***Impact of cultural differences on employer's attitudes***

An analysis of the structure of migrants undertaking employment in Poland demonstrates that a decisive majority of them come from Ukraine (Section 1). In their case it is difficult to speak of fundamental cultural differences which might influence employers' attitudes. At the same time, there is a perceptible and deeply

rooted opinion within Polish society as to the role played by third-country workers from Ukraine in the Polish labour market. It is a matter of common opinion that they perform jobs that Poles do not want to, namely in the secondary segment of the labour market. Therefore, perceptions follow not from cultural differences but from a collective opinion concerning their place in the labour market.

We deal with a different situation in the case of immigrants from Vietnam. It must be pointed out that they are a segregated community, and that a majority is self-employed. Vietnamese employees are most frequently employed by their compatriots. As a result, there is virtually no interaction in the labour market between Polish employers and Vietnamese employees.

In the case of other nationalities represented in the Polish labour market, there was no direct impact ascertained of their origin, including cultural differences, on their employment opportunities. It is possible to identify indirect effects related to clichés rooted in Polish society, but these are rare situations.

The issue of cultural differences may influence recruitment channels and choices made by employers in a situation where the share of immigrants in Polish society is growing, particularly if they come from states where cultures differ greatly from the Polish one. However, this is not to be expected in the near future.

### ***Development of access to public services for immigrants***

As has been already mentioned, migrants residing legally in Poland, if they were not granted refugee status or some other form of international protection, take advantage of public services under the same principles as Poles. This also concerns the system of education and occupational training. This means that migrants without adequate command of the Polish language merely have a hypothetical option of using such services. This greatly hinders the taking advantage of job offers. Some support is proposed by non-governmental organizations offering Polish language courses. Usually a passport, valid visa or residence card is required during registration. Foreigners cover partial costs related to the administration of the courses. For example, a course lasting three months (classes are held twice a week, lasting two hours; or once a week, four hours each) costs PLN 400 (approximately EUR 90). Polish language courses are also offered by a majority of Polish higher education institutions and some language schools.

An analysis of projects financed by the European Fund for the Integration of Third-Country Nationals demonstrated that they comprise occupational training for foreigners. But such initiatives are very rare. One such programme concerns the following professions: carer of the elderly, sick and disabled, tour guide, bartender and waiter, fitness instructor, jobs in human resources and salaries departments. It is clear that these are occupations mainly in the services sector and often under the secondary segment of the labour market. The courses are in Polish and priority is given to immigrants already residing in Poland for at least 12 months. Unfortunately the limited number and scope of such programmes does not allow one to determine

whether they succeed in enabling migrants to respond to the shortages emerging in the Polish labour market, although evidence from such programmes will be able to be utilized in the future.

## 4. Conclusions and recommendations

Despite the increased scale of the migrant inflow, Poland still records a definite prevalence of emigration over immigration. As a result, state institutions focus on the provision of information to Poles seeking employment in other Member States of the European Union and on procedures facilitating their return. At the same time, the growth in the share of migrants in the Polish labour market urges one to address this issue to a greater extent. Presently we deal with the following issues related to the provision of information to third-country nationals seeking employment in Poland and the provision of intermediary services between foreign workers and employers:

- Poland lacks a coherent system informing migrants about the possibilities for seeking and undertaking employment in Poland. Nonetheless, some progress in this regard was brought about by the launch of the public employment services portal [www.zielonalinia.pl](http://www.zielonalinia.pl). It is necessary, however, to create a Ukrainian version of the portal and to disseminate information about it both in Poland and in the countries from where migrants come to Poland. Moreover the information contained therein should be written in a more colloquial language to be friendlier for the reader. Knowledge gained from its functioning may then be used by other countries in a situation similar to that of Poland.
- There is no formal channel of public intermediary services between migrant workers and employers in Poland. This concerns both migrants who are planning to come to Poland and those already residing in the country. Such a service is offered by some job agencies, sometimes fulfilling the roles of temporary job agencies, and by some non-governmental organizations. The interest in using formal recruitment channels, though, is very small and mainly limited to professions requiring high qualifications. A well-developed channel of private intermediary services has now been established in Poland. However, in practice it provides zero security both to employees and employers, and using it usually entails remaining in a grey economy. In this situation, it is necessary for public employment services to initiate a pilot project whose implementation would identify how willing employees and employers are to use formal recruitment channels. One of its elements should comprise the signing of a bilateral agreement with Ukraine, from which a significant majority of employees come. Moreover, formal channels to be established in the near future should be mainly targeted at seasonal employees.
- There is a fundamental difference in types of access to information about employees willing to undertake employment in Poland between micro-businesses and small enterprises on the one hand, and large companies on the other. While large companies recruit via formal channels, other enterprises



do so mainly through informal channels. Migrant employees in households are recruited in the same way. Therefore, when devising instruments aimed at improving the current state of affairs, we should target them at the needs of micro-businesses, small and medium-sized enterprises.

- Due to the small proportion of migrants in Polish society, no institutional foundations have been established for the creation of a system of services targeted at the needs of migrants residing in Poland so as to take full advantage of their potential. This entails a necessity to expand the system of the use of Polish language teaching, which appears to be central for the integration of migrants both in the labour market and in society. The second pillar should consist of the recognition of professional qualifications held by a given migrant, either on the basis of official documents or on the basis of actual skills. Such devices should be complemented by the establishment of a system of social services targeted at immigrants, whereby it is possible to acquire qualifications and use job agency or career counselling services. Presently, to avoid putting excessive burdens on the public employment services system, the government could consider outsourcing such services.
- Neither Polish employers nor migrants residing in Poland are aware that they can look for information about employment opportunities through the EU immigration portal. This situation could be improved by launching the portal in the languages of the states from which migrants come to the European Union. From Poland's perspective, top priority should be given to the Ukrainian language.
- An important financial instrument, owing to which occupational training programmes and the job offers database were launched in Poland, is the European Fund for the Integration of Third-Country Nationals. Such measures should be continued in its subsequent editions.

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## Annex

### Annex 3.1: Interviews on access to labour market information

**A1-** An FGI – an employee of a poviata labour office.

*There are companies operating in Poland legally, well I mean theoretically legally (...) they are registered and hold certificates (...) and they bring employees – of course also on the basis of declarations (...) in bulk numbers (...) they attracted employees to come, issued declarations and then sent them away or lent them to someone else, or some other weird operations were applied (...) for example a mini-bus arrives, at five o'clock in the morning and a Ukrainian guy knocks on the door; the driver comes to a farmer – how many people do you need?. Seven – and seven people get off the mini-bus. He goes to another one and asks; three – well, then three get off.*

**A2** – An employer (Lubelskie voivodship).

*In your opinion do seasonal workers coming for such a short stay undertake any undocumented employment? – Usually.*

**A3** – An employer (Mazowieckie voivodship).

*As I have already said, if everything was made easier nobody would want to work illegally. Neither I nor he would like that. So what I am saying is that whatever is illegal is due to complicated regulations. There's a lot of paperwork and so on, and not everyone will cope with that and if it were easier then nobody would want to do that illegally. If I am to pay, well you know, a reasonable fee and it is easy as I don't have to fill in loads of papers and send them, because as regards a contract for work, if I hired at the same time more than 5 people then I wouldn't have to submit those papers; I only need to create an e-mail address, and send e-mails, because otherwise they do not accept it.*

**A4** – An employer (the Mazovian voivodship).

*If I need someone to work I call Ukraine because I know who to phone there and I ask (...) which one wants to come and I have an immediate answer that I can count on him.*

**A5** – A teacher from Ukraine.

*So a few years ago they worked mainly through "Poliglot" company, where this company was an intermediary; they worked for this company, the company distributed them around various schools and every year schools could be changed, and the company arranged for them accommodation, residence cards, work permits and taking this all off their hands [...] But compared with a salary of a teacher employed directly was it much less beneficial? It was not much less advantageous because it was compensated by accommodation, card charges and additionally the company brought them from and took them back to Ukraine by mini-buses. [...] The only disadvantage was that they had contracts for the school year only so didn't get paid for summer holidays, no money for two months. This was a disadvantage, but not a big one if you take into account long queues in the offices they would have to stand in, while they could go home and the boss arranged everything for them and delivered to their homes the card and the permit.*

**A6 - A teacher from Ukraine**

*A delegation from B. went to Ukraine and they looked for teachers of English for that school because there were not that many graduates of English philology at that time and they brought three names from Ukraine and phoned me to tell them if I heard those names and who those people were because they were from my city.*

**A7 – An employer (Krakow).**

*The profile of the employees coming here is also changing (...) from unqualified, including young ones, into experts (...) for example in shipyard or construction sectors, so now typically steel fixers come, not just assistants as it used to be. Butchers come now and not just butcher's assistants who used to come here as late as last year. Qualified seamstresses, not just people to be taught the profession.*

**A8 - A respondent from Moldova.**

*Most foreigners in the sector pursue their own economic activity. The foreign doctors who stayed in Poland are the most enterprising people, not afraid to take risks related to the running of own business.*

**A9 - A respondent from Vietnam.**

*... for now, thank God, the police or Polish authorities face much more important problems than checking the Vietnamese; unless some officer wants to make money and scares them to get a bribe.*

**A10 - A Labour Inspectorate employee.**

*"they have no problems with posted workers. As a rule all procedures, documents, consents are in perfect order".*

**A11 - A respondent from Ukraine.**

*(...) via friends who used to be employed in the past, one tells another one (...) this guy hires, he has a farm, he has vegetables, an orchard and if you want to be employed you can do that with him.*

**A12 - A respondent from Vietnam.**

*(...) I live with the family, with children; my time is adjusted to them. I am a kind of a family member, who cannot afford to stop being vigilant. The younger child is often ill and grumpy, I always must devote most of my time to it. I work every day, and at night I have time for myself.*

**A13 – A respondent from Turkey.**

*But no Turk will go to work for a Pole, you see. There is no need. (...) I haven't seen it, at least I haven't. He either works for me or works for another (Turk), when someone comes as an employee. I need someone from Turkey to work for me.*

**A14 - An employee from Ukraine.**

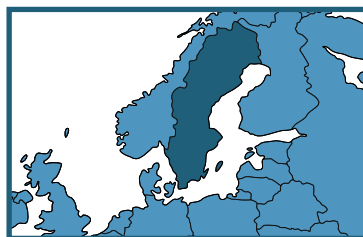
*We could only count on ourselves.*

**A15 - An employee from Ukraine.**

*More on friends than on Polish law. I didn't know who to turn to, only officers, police, if I have any problems.*

# SWEDEN

Henrik Emilsson and Karin Magnusson<sup>75</sup>



## Abstract

*This report describes and analyses the issues of labour market information for migrants and employers in the Swedish context. Access to labour market information is crucial for both employers and third-country nationals looking for work in Sweden. While a lot has been done by the government to improve the matching of employers and third-country nationals already residing in the country, such as assessment and validation of foreign education and skills and subsidized employment, fewer efforts have been made to connect employers with labour demand with prospective migrant workers in third countries. Part of the problem with labour market information for migrant workers from third countries can be explained by the particularities of the Swedish labour migration system that came into force in December 2008. The aim of the new policy is to have a demand-driven labour migration system where the employers, not state agencies, determine the need for labour. There are no restrictions as regards occupational categories or sectors and there are no quantitative restrictions in form of quotas. The main condition is that the level of pay is in line with applicable collective agreements and general insurance conditions.*

*The labour migrants can roughly be divided into three major categories: skilled, low-skilled and seasonal. Many of the migrants work in occupations with a need for labour. This particularly applies to computing professionals, engineers and technicians but also seasonal migrants in the berry-picking industry. At the same time, many migrants come to work in the service sector where there is a big surplus of available workers. There exist many advantages in a demand-driven labour migration system such as the Swedish one, but also some shortcomings. The most obvious advantage is its simplicity. The system is the same for all forms of labour*

<sup>75</sup> Henrik Emilsson is a Researcher at the Institute for Studies of Migration, Diversity and Welfare (MIM) of Malmö University; Karin Magnusson is Professor at the Institute for Studies of Migration, Diversity and Welfare (MIM) of Malmö University.

*migration and for all sectors and occupations. The problem is that it is almost only employers with access to international networks, like multinational companies and employers with a foreign background, that can utilize the system's advantages. Other kinds of employers have a hard time finding potential employees. Another issue is that the system, which is supposed to be demand-driven, actually allows for a substantial labour migration to sectors and occupations that have a large surplus of native workers. Labour migration in those sectors and occupations too often entails problems with sham contracts and the exploitation of migrant workers.*

## 1. Introduction

This report describes and analyses the issues of labour market information in the Swedish context. First we give a general overview of the situation in the labour market and in which sectors and occupations a surplus or shortage of workers is expected. Next, the labour migration system and the inflow of labour migrants are described. On the basis of this knowledge, we analyse issues related to labour market information for employers and potential employees from third countries. Previous reports studying the new law on labour migration have specifically pointed out the lack of knowledge concerning how employers recruit migrant workers and how migrant workers find jobs in Sweden (European Migration Network, 2012; Andersson Joona, and Wadensjö, 2011; Quirico, 2012). Some of the questions posed in this report are based on the expectations that the country has fairly strict rules and forms for economic migration, and that state agencies are responsible for the matching of demand for labour with foreign labour supply. In Sweden, individual employers determine what they need in terms of labour migrant recruitment, and there are no quotas or exchange programmes with countries outside the EU. In other words, matching and information flow are up to individual employers and prospective migrants. This makes it difficult to obtain a cohesive picture concerning labour market information in the Swedish context. Therefore, we chose to do interviews with key stakeholders to complement the written sources. Before our conclusions and recommendations, we also analyse labour market information issues for migrants already living in Sweden.

### 1.1. Migrants in the Swedish labour market

Sweden has a population of 9.5 million inhabitants. All types of immigration to Sweden have increased throughout the 2000s and since 2006 it has been at an all-time high. At the beginning of the millennium the foreign-born represented 11 per cent of the total population, and at the end of 2011 the corresponding figure was 15 per cent, which represents more than 1.4 million persons. In comparison with the rest of Europe, Sweden accepts many refugees and was the only EU country to immediately open its doors to citizens from the EU accession countries of 2004 and 2007. In December 2008, Sweden opened its doors to labour migrants from third countries.

Approximately 4.6 million persons are employed in Sweden, of whom a third work in the public sector and two thirds in the private sector. The manufacturing industry's

share of employment has halved since 1965, and is now about 15 per cent. The number of persons employed in agriculture, forestry and fishing has also decreased. Meanwhile, employment in services has increased and now accounts for about half of all employment.

The Swedish economy grew very rapidly in 2010 and for large parts of 2011. Both domestic demand and exports have been important in driving the recovery forward after the financial crisis in 2008–2009. The labour market in Sweden has coped well, considering the very turbulent economic developments in the Euro zone. The number of employed is actually higher than in September 2008, which was the month when the financial crisis occurred. Towards the end of 2011, however, growth in the Swedish economy slowed down and the economy is expected to become distinctly weaker in 2012.

**Table 9.1: Employment rate, 16-64 years, by country of birth and sex. 2005, 2008, 2010–2011, (%)**

		2005	2008	2010	2011
<b>Swedish born</b>	men	77.8	79.5	78.0	79.3
	women	74.2	76.2	74.8	76.5
	total	76.1	77.9	76.5	77.9
<b>Foreign born</b>	men	64.8	70.4	67.6	68.9
	women	58.7	59.0	56.5	57.9
	total	61.6	64.4	61.8	63.2
<b>Total</b>	men	75.9	78.1	76.4	77.6
	women	71.8	73.2	71.5	73.0
	total	73.9	75.7	74.0	75.3

*Source: Statistics Sweden, Labour Force Survey.*

The economic decline in 2007 and 2008 led to a decrease in the total employment between 2008 and 2010. Job losses were concentrated in the manufacturing and industry sectors. Nevertheless, the number of employed foreign born continued to rise during this period. At the same time the number of foreign born who were unemployed or outside the workforce grew even more. This has been a general trend over the last couple of years. The large immigration has led to both an increase of foreign-born employment (145,000 since 2005), unemployment (40,000 since 2005) and inactivity (185,000 since 2005). During 2011, the number of employed persons between the ages of 16 and 64 increased by 96,000, which corresponds to an increase in the level of employment of 1.3 percentage points. Foreign born accounted for 36,000 of the increase. Unemployment fell considerably amongst the native born while it continued to rise amongst the foreign born.

There is a large gap in employment rates between the native born and foreign born. In 2011, 77.9 per cent of the native born between 16 and 64 were employed, compared to 63.2 per cent of the foreign born. The difference is 14.7 percentage points, the

same as in 2010. The employment rate for foreign-born women is especially low and they are also the only group that has a lower employment rate in 2011 than in 2005. The employment gap is clearly visible in the unemployment rate which is almost three times higher amongst the foreign born than the native born. It is clear that the foreign-born population suffered the most from the economic crisis in 2008 and 2009. As yet, they have not been able to benefit from the economic recovery. Unemployment amongst the foreign born rose with about 4 percentage points between 2008 and 2010, and in 2011 there was only a small improvement.

## ***1.2. Current occupations/sectors in shortage and skills outlook***

The Employment Service produces occupational forecasts twice a year. These forecasts describe future prospects for almost 200 occupations in the labour market. A 'shortage index' is used to quantify recruitment needs, using a weighted average value from one to five. This index identifies the occupations (occupational groups) where there is a shortage or surplus of applicants. The forecast predicts that the number of employed persons will increase by 5,000 persons in 2012 and by 15,000 persons in 2013. Unemployment is expected to increase somewhat, which is associated with an increase in the supply of labour. Up until 2013 employment in both the manufacturing industry and public service is expected to decrease by 9,000. Other sectors, like the private service sector and the construction sectors are, on the other hand, expected to see an increase in employment amounting to 32,000 and 6,000 respectively (Employment Service, 2012b). All in all, the competition for available jobs will intensify and we will see a further increase in unemployment.

As in most countries there is a mismatch in Sweden between demand and supply in the labour market. The major issue is that the group of low educational background is growing while, at the same time, the number of low-skilled jobs is shrinking. The Employment Service forewarns considerable future challenges in the labour market. Many groups will experience growing competition for jobs, especially:

- persons with at most a compulsory school education;
- young persons, particularly those with insufficient education;
- persons born abroad, particularly those born outside of Europe;
- persons with a functional impairment and reduced working capacity;
- unemployed persons aged 55–64.

The number of persons belonging to those groups that have the greatest difficulty in finding work quickly has continued to increase at a steady pace. This increase depends partly on the transfer of persons from the Swedish Social Insurance Agency to the Employment Service. In order to strengthen the work-first principle, a number of regulatory reforms in social insurance meant that persons on long-term sick leave lost their compensation and were referred to a labour market programme at the Employment Service. There is also substantial immigration. The number of persons



born abroad between the ages of 16 and 64 has since 2005 grown by about 240,000 persons. About two thirds of them are persons who have immigrated to Sweden from countries outside of Europe. The immigration from third countries is the main explanation for the fact that the total number of unemployed persons with at most a compulsory school education has doubled in just under four years, despite the fact that half in this education group is outside the labour force. In April 2012, there were 113,000 unemployed in this category. An increase to over 120,000 persons is likely in 2013 (Employment Service, 2012b). As a result of this development, the competition for those with little education will remain tough.

Table 9.2 shows the occupational forecast in a short-term perspective. The jobs with a shortage of applicants are mostly those that require higher education and skills, but there are also openings for those with upper secondary education in some sectors. During the coming year there will be a shortage of workers in the IT and technology sector. There is also a lack of preschool teachers and personnel with higher education within the health-care sector. The shortage is particularly acute for doctors, specialized nurses, pharmacists and dentists. Even though the number of jobs in restaurants and other services will grow, there is still a surplus of workers in these sectors. There will also be an excess of workers in most occupations in the manufacturing industry.

**Table 9.2: Occupations forecast until the first half of 2013<sup>76</sup>**

Greatest shortage of applicants	Greatest surplus of applicants
Computer systems designers, analysts and programmers	Ships' deck crews and related workers
Medical doctors	Helpers in restaurants
Mining engineers, metallurgists and related professionals	Photographers
Cooks	Securities and finance dealers and brokers
Civil engineers, building and construction	Authors, journalists and related professionals
Psychiatric nurses	Home-based personal care and related workers
Electrical engineers	Child-care workers
Emergency room nurses	Electrical- and electronic-equipment assemblers
Computing professionals not elsewhere classified	Shop salespersons, non-food stores
Geriatric nurses	Shop salespersons, food stores
Electrical engineers	Image and sound recording equipment operators
Electronics and telecommunications engineers	Assistant nurses and hospital ward assistants
Sheet-metal workers	Market research analysts and related professionals

<sup>76</sup> Occupations as listed in Swedish Standard Classification of Occupations (SSYK).

Table 9.2 cont.

Ships' engineers	Helpers and cleaners in offices, hotels and other establishments
Mechanical engineering technicians	Philologists, translators and interpreters
Radiology nurses	Stock clerks and storekeepers
Civil engineering technicians	Numerical clerks
Mechanical engineering technicians	Building caretakers
Mechanical engineers	Metal-, rubber- and plastic-products assemblers
Floor layers	Administrative secretaries and related associate professionals
Pre-primary education teaching associate professionals	Lifting-truck operators
Electronics mechanics, fitters and servicers	Recreation officers and related associate professionals
Operating theatre nurses	Office secretaries and clerks
Bakers, pastry-cooks and confectionery makers	
Motor vehicle mechanics and fitters	

Source: *Employment Service (2012c)*.

In a longer-term perspective, up until 2020, there will be a serious shortage of staff in the IT and technology sectors and for many occupations within the health-care sector. In other sectors there will be a shortage of highly qualified workers in certain professions, for example teachers and skilled workers in construction, manufacturing industry, agriculture and forestry and transport (Employment Service, 2010). If we look even further into the future, supply and demand for persons with university education is expected to increase sharply during the forecast period. However, demand will not increase to the same extent as supply, and a surplus of workers with a university education is expected in 2030. There will be an acute shortage of skilled workers within health care and social services, especially within care of the elderly. According to the forecast, a shortage is also expected for preschool teachers, special education teachers as well as for teachers in the upper levels of compulsory school and upper secondary school. The situation in the technology and manufacturing sectors is expected to remain balanced while there will be a surplus for occupations in humanities, arts and natural science, but also for those with an education in social sciences, law, trade and administration. The demand for persons with compulsory school as the maximum level of education is expected to decrease significantly in the future (Statistics Sweden, 2012).

### **1.3. Labour migration system**

New rules for labour migration were introduced by the centre-right government in December 2008 that made it easier for foreign citizens from third countries to come to Sweden to work. One of the aims of the reform was to introduce a system that was

driven by demand. The biggest change compared to earlier legislation is that the so-called labour market test was abolished. Now it is the employer, not state agencies, that determines the need for labour and from where in the world the employer wishes to recruit. Prior to December 2008, it was required that there should exist a labour shortage in the profession for an employer to be allowed to recruit from abroad. Now there are no restrictions in regards to occupational categories or sectors and there are no quantitative restrictions in the form of quotas. The reform also meant that the specific rules on seasonal work were abolished. Today, work permits for seasonal work are dealt with in basically the same way as all other applications.

The conditions to get a work permit are:

- an offer of employment with a wage one can live on;<sup>77</sup>
- that the level of pay is in line with applicable collective agreements and general insurance conditions or in line with general practice within the occupation/sector;<sup>78</sup>
- correct passport documents corresponding to the period of work.

**Figure 9.1: Labour migration process**



Work and residence permits must normally be arranged prior to leaving one's country of origin. In certain cases a residence and work permit may be granted from Sweden. This applies to extensions of work permits, students at colleges/universities, certain asylum-seekers and persons visiting an employer. A person who has travelled to Sweden to attend a job interview with an employer may be granted a permit without leaving the country. The precondition is that the application is done during the visa-free period (90 days) or before the entry visa expires, and that the employment relates

<sup>77</sup> Immigration Service has interpreted it as follows: that the person must earn enough to not be entitled to income support from the municipality. In practice this means that the work must be such that the salary is at least SEK 13,000 per month.

<sup>78</sup> To understand the issue of labour migration and matching of employers and employees it is important to understand the Swedish labour market model. Some characteristics are an active labour market policy, a high level of union organization and coverage by collective agreements, strong statutory employment protection, generous unemployment benefits and the absence of direct government involvement. The collective agreement means that wages and general employment conditions are determined by the social partners, that is employers and employees, without interference by the state. Conditions on the labour market are regulated by labour law concerning the relationship between employers and employees (individual labour law), and the relationship between employers/employer organizations and trade unions (collective labour law). Labour law acts are generally mandatory in favour of employees. This means that it is not possible for an employer and an employee to reach agreements on regulations that would result in lower wages or level of rights than that which applies under law.

to work where there is a labour demand.<sup>79</sup> Visiting students who have completed studies for one semester are entitled to apply for a work and residence permit from within Sweden. Asylum-seekers whose asylum application has been rejected may also be granted a work permit without leaving Sweden. A prerequisite is that the asylum-seeker has worked for six months with a one-year offer of continued work.

A residence and work permit is granted for no more than two years at a time. The permit may be extended one or more times. The labour migrant may be granted a permanent residence permit if he or she has worked for a cumulative period of four years during the past five years.

A work permit is linked to an occupation and employer for two years and then, in the event of a subsequent extension, to an occupation for a further two years. There is some degree of flexibility in the system. If an individual who has a work permit would like to change employer during the first term, he/she can apply for a new work permit from Sweden. If the employment is terminated during the permit period the work permit is terminated. The person in question then has three months to find a new job before the residence permit is revoked.

The principle of Community preference applies. In practice this obligation is fulfilled by the employer by advertising in EURES for 10 days, but there are no serious checks made to verify that an employer has made the job offer public within the EU/EEA. Most analysts believe that the announcement is just a formality, and that an employer in principle can choose a third-country national before a worker available within the EU (Quirico, 2012).

A labour migrant basically enjoys the same rights as Swedes when working and living in Sweden. Family members are entitled to accompany the employee from day one, and this includes cohabitee/husband/wife as well as children under the age of 21. Accompanying persons can also get a work permit regardless of whether they have an offer of work when leaving their country of origin.

The Swedish Migration Board is the authority that grants work permits for employees and reviews the conditions offered, such as pay, insurance cover and other conditions of employment. The trade unions concerned are given the opportunity to express their views if pay, insurance coverage and other terms are at least the same level as the Swedish collective agreement or what is customary in the profession or sector in order to protect employees and prevent wage dumping.

#### ***1.4. Labour migration to Sweden from third countries***

The new rules for labour migration came into force at about the same time as the financial crisis. No special measures were taken during the economic downturn since the system is supposed to be demand driven and self-regulating. Labour migration of third-country nationals to Sweden has been between 13,600 and 14,800 from 2009

<sup>79</sup> Regulated by the “shortage list” made by the Employment Service.

to 2011. Considering that the number is 13,500 up until August 2012, we can expect an increase in labour migration in 2012. The majority of the labour migrants, close to 80 per cent, are male. In terms of the labour market as a whole, labour immigration remains marginal, except in a few sectors, such as computer professionals.

**Table 9.3: Work permits granted by area of work and occupational group, 2009–2012, and current balance of workers in occupational groups**

	2009	2010	2011	2012*	Shortage/ Surplus
Total, of which	14,481	13,612	14,722	13,531	
Refused asylum-seekers	425	465	303	97	
Students	405	453	1053	823	
Total, excluding Agricultural, fishery and related labourers**	7,281	9,104	11,901	7,825	
<b>Area of work</b>					
Elementary occupations	7,859	5,712	4,784	6,723	
Professionals	3,232	3,257	4,052	3,299	
Service workers and shop sales workers	1,032	1,512	2,037	922	
Craft and related trades workers	576	959	1,322	830	
Technicians and associate professionals	1,023	1,142	1,117	1,002	
Skilled agricultural and fishery workers	300	391	536	316	
Legislators, senior officials and managers	206	264	375	149	
Plant and machine operators and assemblers	128	172	253	134	
Clerks	110	200	244	153	
Armed forces	8	2	2	3	
<b>Occupational group (most common)</b>					
Agricultural, fishery and related labourers	7,200	4,508	2,821	5,706	shortage
Computing professionals	2,202	2,208	2,795	2,336	shortage
Housekeeping and restaurant services workers	769	1,049	, 323	567	surplus
Architects, engineers and related professionals	541	525	630	436	shortage
Helpers and cleaners	295	487	798	394	surplus
Helpers in restaurants	257	548	796	389	surplus
Physical and engineering science technicians	481	332	338	330	shortage
Building frame and related trades workers	191	226	362	264	shortage
Food processing and related trades workers	130	330	386	188	surplus
Market gardeners and crop growers	169	220	286	135	no forecast

Source: Migration Board and for estimations of occupational shortage/surplus Employment Service (2012c).

Notes: \*From 1 January 2012 to 31 August 2012.

\*\* Agricultural, fishery and related labourers are almost all seasonal workers picking berries. Their number changes a lot between different years. Excluding them can give a better picture of labour migration in general.

The labour migrants can roughly be divided into three major categories: skilled, low-skilled and seasonal.<sup>80</sup> The number of low-skilled workers increased from 2,100 in 2009 to 4,900 in 2011. In 2012 they are expected to number about 3,500. The decrease in 2012 can to some extent be explained by the stricter controls introduced by the Migration Board in January 2012 in an effort to reduce sham contracts and exploitation of workers.<sup>81</sup> Now, employers in areas like cleaning, hotel and restaurant, service, construction, staffing, retail, agriculture and forestry, car repair shops and all start-up businesses must show that the salary is guaranteed for the duration of the job offer (by means of a bank guarantee, for example), and that the employee has been informed of the terms of employment offered. If the company has previously recruited from third countries they must also present documentation of salaries. Numbers of skilled workers have also increased during this period, from 5,100 to 7,000, and is expected to be over 8,000 in 2012. This group consists in a large part of computing professionals and engineers. The number of seasonal workers has fluctuated a lot, from 7,200 in 2009 to 2,800 in 2011. This decrease is explained by the turmoil concerning berry pickers, which led the Migration Board to introduce stricter controls prior to the 2011 season. By 2012, it seems that the berry companies have adapted to the new rules as the number of permits recorded to date in 2012 is 5,700.

If we compare the inflow with the forecast from the Employment Service (2012c), we find that many of the migrants work in occupations where there exists a need for labour. This particularly applies to computing professionals, but also engineers and technicians. At the same time, many migrants come to work in occupations where there is a big surplus of available workers. This is, for example, the case for cleaners and restaurant workers.

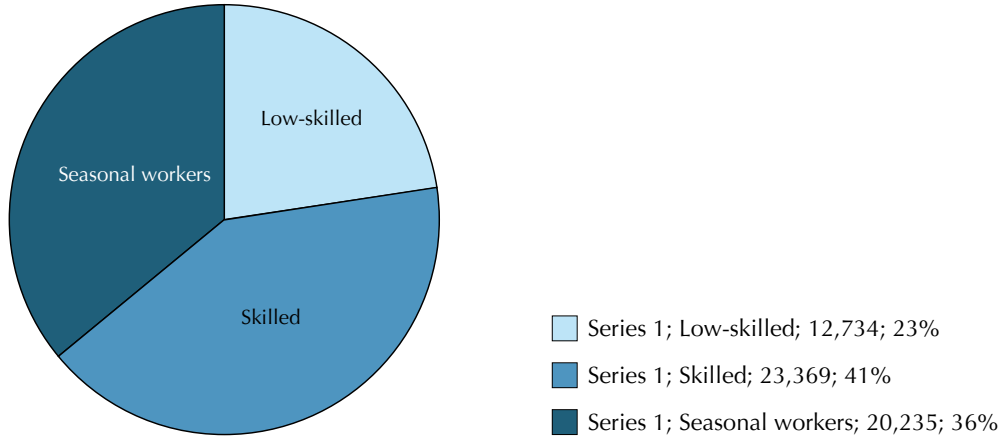
From 2009 up until the end of August about 12,700 persons were granted work permits in sectors and occupations without any obvious need for migrant workers, which represents about 23 per cent of all work permits. In these cases, the reasons for migration must be found on the supply side. The migrants want to come to Sweden and Europe, which is made possible by Swedish labour migration rules. The migration to sectors where there is a surplus of available workers in Sweden and the EU indicates that the labour migration system does not take the community preference rule very seriously. The entry of labour migrants for elementary occupations where there is a surplus of workers is a possible point of concern, since they are substituting less-educated natives or prior immigrants in these jobs, especially since the number of available low-skilled jobs is diminishing year on year.

<sup>80</sup> Skilled: Professionals, crafts and related trades workers, technicians and associated professionals, skilled agricultural and fishery workers, legislators, senior officials and managers and the armed forces. Low-skilled: Elementary occupations (excluding agricultural, fishery and related labourers which are almost all seasonal workers), service workers and shop sales workers, plant and machine operators and assemblers and clerks. Seasonal: Agricultural, fishery and related labourers.

<sup>81</sup> <http://www.migrationsverket.se/info/>.

At the same time there are several occupations in need of workers, both in the short and long run, where there is very limited labour migration from third countries. The most obvious example is that of nurses and doctors.

**Figure 9.2: Work permits from 1 January 2009 to 31 August 2012**



Source: Migration Board.

The different categories of labour migrants come from different conditions and countries. Skilled labourers are mostly from India and China, seasonal workers from Thailand and low-skilled from countries whence refugees have traditionally come from. These different categories of labour migrants also tend to have been recruited to Sweden in different ways (see Section 2).

About 2,700 foreign students have received work permits up until the end of August 2012. The number more than doubled in 2011 when over 1,000 students were granted a work permit. 37 per cent of the students granted work permits were in low-skilled occupations. For every year since 2009, the share of students who start working in low-skilled jobs has decreased. So far, in 2012, it is 29 per cent. During the same time period, close to 1,300 failed asylum-seekers was granted work permits. About 80 per cent of them started work in low-skilled jobs, primarily in elementary occupations or as service workers and shop sales workers.

It is difficult to know at this point how many of the labour migrants extend their work permits. When the Confederation of Swedish Enterprise (2012b) conducted a follow-up investigation of labour migration in November 2011, there were close to 18,000 migrant workers in the country. This implies that over half of those who have come to Sweden since December 2008 have already left the country. The follow-up also showed that 58 per cent of them lived in Stockholm and that 43 per cent had a university education. In Stockholm 49 per cent of the migrants were skilled, which means that 76 per cent of the skilled labour migrants in Sweden work in Stockholm. In many of the regions outside of Stockholm County there are very few skilled labour migrants.

## 2. Patterns of access, use and perception of labour market information by employers and migrants in the context of recruitment from abroad

### 2.1. Demand side: employers' perspective

#### *Employer awareness*

Awareness of the legal migration channels differs between different sectors and sizes of employers. Larger employers are more likely to be aware of the recruitment opportunities, as are employers who are active on an international market. Furthermore, employers are unlikely to be aware of the opportunities if they have no need to recruit from third countries (CSE, 2012). Once an employer has decided to look into recruiting migrant workers, they are likely to turn to the Swedish Migration Board.

The Migration Board's website is the primary source for employers to find information on how to recruit employees from third countries. Since there is only one legal channel for labour migration the general information on the subject is easy to find and understand. A survey performed by the Migration Board shows that 86 per cent of the users of their website are satisfied with the information provided (MB, 2012). Other websites that are used to a lesser extent are those belonging to the Swedish Public Employment Service and the Swedish Institute.

The Confederation of Swedish Enterprise provides information on the possibility to recruit from third countries through their website and informs their member organizations about changes in regulations (CSE, 2012). In sectors with difficulties finding employees, the employer associations are usually active in providing information to their members. One example is the Forestry and Agricultural Employer Association that organizes employers in forestry, agriculture, veterinary care, golf and horticulture. These industries are dependent on seasonal labour that can be difficult to recruit in Sweden. They have, for example, published a guide on how to proceed when recruiting workers from the EU and outside the EU.<sup>82</sup> Furthermore, they have organized a series of meetings to inform their members about the opportunities for recruiting from abroad. At these meetings representatives from the Tax Authorities, the Swedish Public Employment Service and the Migration Board were present to inform about the different regulations (CSE, 2012).

#### *Procedure*

The liberal labour migration regulation presented in December 2008 has made it a great deal easier to come to Sweden as a labour migrant (CSE, HRF; 2012). The procedures for recruiting and applying for a work permit in Sweden are simple and non-bureaucratic. The main difficulty for employers is not the procedure itself, but the length of the process of obtaining a work permit for the employee.

<sup>82</sup> [http://www.sla-arbetsgivarna.org/MediaBinaryLoader.axd?MediaArchive\\_FileID=7014f0d7-f7f4-43c2-b331-d04eb07a820f&FileName=SLA\\_Utl%c3%a4ndskArbetskraft\\_jan+2012.pdf](http://www.sla-arbetsgivarna.org/MediaBinaryLoader.axd?MediaArchive_FileID=7014f0d7-f7f4-43c2-b331-d04eb07a820f&FileName=SLA_Utl%c3%a4ndskArbetskraft_jan+2012.pdf).



Employment organizations and individual employers have repeatedly pointed out the waiting times as the biggest hurdle when they want to hire workers from outside the EU. According to the letter from the government, the Swedish Migration Board will process requests for work permits “as soon as possible”. The Migration Board itself has set a target to complete applications submitted electronically within four weeks. At the time of writing, 11 October 2012, the Migration Board’s website states that the general waiting time is six to seven months. According to the Migration Board, the waiting time for a work permit was lengthy but they have reduced it and thus today the waiting time should not be considered a big obstacle. The waiting time stated on their website is an average that does not adequately reflect the reality. For about half of the 60,000 decisions that the Migration Board processes per year, the companies only have to wait four to five weeks (MB, 2012).

To shorten the processing times certain unions and the Migration Board have agreed to a system of certification of reputable employers. A certified employer does not need the opinion of a union in every case which shortens processing times and reduces the work load on the affected unions. Companies that submit at least 25 work permit applications a year can apply to become certified by the Migration Board.<sup>83</sup> This certification means that they can acquire a work permit within five days. Until October 2012, the certification of companies was a pilot project but it is now continuing as a part of the work permit process. The number of certified companies is about 320, which is less than 0.5 per cent of the number of companies that have obtained work permits in Sweden (MB, 2012). The demand for 25 applications a year hinders companies with low recruitment and SMEs from getting certified. This has caused some of them to apply for a work permit with the help of recruitment and/or staffing companies that have been certified (CSE, 2012). In these cases, the employer has already found a suitable candidate but, in order to shorten the waiting time, lets the certified staffing company employ the person.

Some of the employers that are not certified work in highly competitive markets. The potential employees might have several different countries to choose from and the competition between employers is fierce. These Swedish employers find the Migration Board’s waiting times to be a huge obstacle and make it difficult for them to compete for attractive employees (BMCA, 2012). However, some companies have a more positive view of the Migration Board and have found that, once they have become familiar with the application system and if they are very careful when putting together their applications, they have had no problems with long waiting times (TS, 2012).

The waiting times for work permits are also troublesome for employers wanting to recruit third-country workers to fill temporary needs on the labour market. For this reason, most employers prefer to hire EU citizens from the Baltic States and Poland to fill temporary vacancies. One exception is berry pickers, who often originate from third countries. Picking berries is the most common seasonal work for third-

<sup>83</sup> <http://www.migrationsverket.se/info/6296.html>.

country nationals in Sweden. Today the Swedish berry-picking industry is highly dependent on seasonal migrant workers; 80 per cent of the labour force are migrant workers (Wingborg and Fredén, 2011). When more stringent requirements were introduced by the Swedish Migration Board in 2011 this created concern among berry companies. The requirement of minimum wage and bank guarantees increased the economic risk for wholesale buyers since they are required to pay minimum wage even if there is poor access to berries. Berry companies' dissatisfaction with the bank guarantee led to many of them reducing their business, or using workers with tourist visas or workers from EU countries (Wingborg and Fredén, 2011).

The Swedish system is not entirely adapted for people working only for short periods in regard to pensions and other social security contributions (CSE, 2012). Nevertheless, there are special rules to facilitate short work permits. If the stay in Sweden is less than six months, the employee has the opportunity to be taxed according to SINK (special income tax for non-residents). The SINK-tax is 25 per cent of the compensation and benefits. This way the employee does not have to declare income in Sweden.

### ***Irregularities***

There is a lack of knowledge about the number of irregular migrants, but the majority of the irregularly employed has, at least until recently, been failed asylum-seekers and not immigrants who have come to Sweden looking for work (Khosravi, 2008). It is possible that this will change with the new rules for labour migration that favour more short-term work permits.

Although most stakeholders believe that the new system of labour migration is good, there has been much criticism of employers abusing the system to exploit third-country workers. On the one hand, Sweden has provided a legal sector for migrant workers that might not exist in countries with less liberal migration policies. On the other hand, there is very little control built into the system, which opens up scope for abuse and bad conditions for the employees (GC, 2012).

Most unions believe that the employees take the risk while the employers can abuse the system without any sanctions. Breaking the rules by not paying the salary, not providing insurance or other work conditions specified in the work offer is both easy and relatively risk free for the employers. This imbalance of risk and lack of controls has created the conditions for an increase of illegal employment and irregular migration. When the union TCO conducted a follow-up with their member unions in November 2011, the general picture was that the number of cases of suspected abuse and sham contracts had increased and seemed to have become a business concept for some employers and intermediaries such as law firms (TCO, 2012). The abuse can be divided into two types: situations where the employer has not met the requirements of wages and working conditions, and situations that can be described as pure trade with work permits (TCO, 2012).

The bad conditions are difficult to expose since the migrant workers are dependent on the employer to be able to remain in Sweden, and are unlikely to report mistreatment

(TUCW, 2012). The work permit is connected to a work place and if migrant workers lose their job they have three months to find another, which might be difficult since many of them do not speak Swedish nor have any knowledge of the Swedish system. Employers take advantage of people's fear of being sent home early, and this fear is increased by the fact that many of the labour migrants have borrowed money and are deeply in debt when arriving to Sweden (HRF, 2012).

In sectors of the labour market where there have been frequent reports of abuse, new rules have been set up by the Migration Board.<sup>84</sup> Those employers must now show that they can pay salaries to the worker for at least three months. Recurring companies must also show tax account statements for the previous three months. In these sectors, dominated by small businesses, the new rules create increased bureaucracy. However, the rules seem to have had an effect and removed the worst cases of abuse (GC, 2012).

One sector where the Migration Board introduced special controls was the berry-picking industry prior to the 2011 season. The new requirements included among other things the necessity to provide the workers with information. Previously, many berry pickers had limited information about the rules and their rights, which led to recurrent reports of berry pickers lured to Sweden with promises of good benefits but having to go home in debt.

Although the Migration Board has gradually tightened its controls to prevent abuse of the rules, the government has not introduced any legislative changes to allow for systematic controls of working conditions or sanctions against employers who break the rules. Unions have demanded that the employment offer provided to the Migration Board becomes binding but the government wants to leave it up to the employer and employee to negotiate the employment terms (HRF, 2012).

To sum up, the increase of irregular employment is not caused by an inflexible or complicated labour migration system. It is rather the opposite. Employers in sectors without any obvious need to look for workers outside of Sweden and the EU are in many cases abusing the liberal rules to hire third-country nationals for lower wages and worse working conditions than what is legal in Sweden.

### ***Recruitment/Matching***

The Swedish policy for labour immigration incorporates no component of matching employees with occupations where there is a labour shortage. The Swedish state or state agencies have not entered into any bilateral agreements concerning labour immigration. There is no place for such arrangements in a system based on individual employers' labour demand. Nor are there any special quotas or organized pre-departure training. The only bilateral agreements are international student exchange programmes with Canada, South Korea, Australia and New Zealand.

<sup>84</sup> From January 2012 in the sectors: cleaning, hotel and restaurant, construction, retail, agriculture and forestry, auto repair, services, and staffing.

Outside of Sweden, Swedish missions have a general mandate to spread information about Sweden and conduct promotional activities in various ways. Most Swedish embassy websites openly advertise the possibility to come to Sweden to work. There are currently no recruitment offices for labour migration set up by Swedish authorities outside of Sweden and no dedicated programmes for the recruitment of high-skilled workers.

Since the labour market reform of 2008, the Swedish Public Employment Service does not have an active role in the procedures. The Public Employment Service does, however, still produce forecasts of the labour market and a list of professions that are in demand, referred to as the labour shortage list ('bristyrkeslistan') (PES 1, PES 2; 2012). This list is posted on both the Migration Board's and the Swedish Institute's websites. The shortage list is used in two ways: i) to inform migrants where there is a demand for labour, and ii) to grant work permits to people who are already in Sweden. If an applicant's occupation is on the shortage list, they can apply for a work permit without having to return to their country of origin.

Very few employers take advantage of the option to recruit from abroad. Of the ones that do, the vast majority use their already existing networks (Employment Service, 2012e). This might not be surprising since networks are the most commonly used recruitment channel within Sweden as well (PES 1, CSE; 2012). Large, multinational companies and employers with roots in third countries have an informational advantage in the recruitment of labour from outside the EU (Employment Service, 2012e). The Swedish recruitment of migrants from third countries often fit into the following patterns:

**Table 9.4: Main recruitment channels**

Type of work	Small and medium sized employers	Large employers
Skilled	Few. Informal contacts and some indication of use of staffing companies	Intra-company transfers, Informal contacts
Low-skilled	Personal network, Brokers/agents	
Seasonal	Foreign staffing companies, often involving the same workers every year	

*Sources: Author's compilation based on the analysis of recruitment patterns.*

Large, multinational employers represent about 35 per cent of the work permit applications received at the Migration Board between January 2011 and June 2012 (Employment Service, 2012e). These companies can transfer people within the company and from subsidiaries (Andersson Joona and Wadensjö, 2011). Intra-corporate transfers are one of the easiest channels for labour migration. They usually take place in large corporations that have been certified by the Migration Board and can go through the work permit application process very fast. The larger companies also have an advantage thanks to their international reputation (PES 1, 2012). They are able to use their own websites to advertise work opportunities, and employees might get in touch with them directly (Si, SCF; 2012). They have a large network and can use current employees to find more people with the same expertise (CSE,

TS; 2012). Another recruitment channel is universities, a route which is for example commonly used in the mining industry where the companies have connections with universities and recruit engineers among new graduates (PES 1, 2012). Some private companies travel to countries outside of the EU to visit Career Fairs and conduct interviews with potential employees, and often this is facilitated by a business partner in that country (TS, 2012). Large companies recruit almost exclusively high-skilled labour.

One of the groups of highly skilled workers, which is the biggest group among labour migrants in Sweden, consists of IT professionals. They comprise mostly intra-company transfers (Quirico, 2012). Within the IT sector there are quite a few large, multinational companies that have offices and business connections around the world and can recruit people to Sweden to participate in various development projects. In these cases, the recruitment has already taken place in the country of origin. Other companies might recruit international students from Swedish universities (IT, 2012). Some of the biggest telecom businesses in Sweden use consulting companies to recruit personnel with certain skills, both for long and short contracts (TS, 2012).

It is very rare that large employers in the public sector recruit from third countries. The health-care sector only employs a handful of nurses and doctors every year. One of the reasons for the minimal recruitment might be that many of the occupations within health care require accreditation or special authorization. Obtaining validation for these professions is a lengthy and complicated procedure, which can take years even for EU members (PES 2, 2012). A demand-driven system, like the Swedish one, is ill suited for recruiting third-country workers in these occupations because they are not instantly job-ready. To be able to recruit doctors and nurses, the employer needs to set up extensive programmes for pre-departure training to get them job-ready before a work permit can be granted. Doctors are more easily recruited in EU countries, where many local authorities have successfully recruited doctors with the help of international staffing companies (Pettersson, 2012).

The large majority of the small and medium-sized enterprises (SMEs) that recruit from third countries consists of employers that originate from those countries. They use their networks in their origin country to recruit labour, and often the network is family and friends, but not always (MB, 2012). These employers represent around a third of all the granted work permits in Sweden and they operate in sectors that until 2008 had limited opportunities to recruit from third countries, such as restaurant and cleaning businesses (Employment Service, 2012e). Restaurants and cleaning services are sectors that employ primarily low-skilled workers. These sectors have a labour surplus, which makes the recruitment more supply- rather than demand-driven.

The last significant category of Swedish labour recruitment is seasonal workers. Almost all seasonal workers from third countries come from Thailand. They are often farmers from rural areas in north-east Thailand, and recruited by Thai recruitment companies and agencies. There are well established networks between specific villages, Thai recruitment companies and Swedish berry-picking companies. There are a few dominant Thai staffing companies bringing workers to Sweden. The

largest company supplied over half of the workers, and the second largest about 25 per cent in 2011 (Wingborg and Fredén, 2011). Using Thai companies is necessary to prevent the berry pickers from having to pay Swedish social security contributions. However, it prevents the Swedish employers from controlling the recruitment, which has meant that people are often recruited based on their personal connections to the recruiters rather than their skills and experience (BP, 2012).

Also worth mentioning is a group of employers that recruits remarkably few labour migrants. This group consists of SMEs with neither established networks in third countries nor an international reputation. Finding people with the right skills in other parts of the world requires a broad network and adequate knowledge, which many small employers undoubtedly do not have. The difficulties in the matching process represent one reason why not more Swedish employers recruit from third countries (Employment Service, 2012e).

Certain international recruitment agencies are at an advantage and can more easily match skills and employment. Some of the largest companies in the world are staffing and recruitment companies such as Adecco, Randstad and Manpower (Andersson, Joonas and Wadensjö, 2011). One option could be for SMEs to use recruitment agencies with larger networks to recruit from abroad. However, Swedish and international recruitment companies do not seem to be very active in this market. If the expertise they are looking for does not exist in Sweden the companies turn to Europe but not further afield (Employment Service, 2012e). The smaller companies that want to recruit from abroad cannot solely rely on recruitment companies or the public channel of the Public Employment Service/EURES portal. Instead, they have to use a variety of recruitment channels, such as Linked In, and sending recruiters to the origin country, and as the statistics show very few of them are successful in hiring from third countries (PES 1, 2012).

In conclusion, the matching of employers in Sweden with employees outside of the EU takes place with almost no involvement from the Swedish state or Swedish recruitment agencies. The only sector that uses recruitment agencies is the berry-picking industry, where staffing companies in the workers' origin country are used. Thus, the employers who are able to hire workers from third countries are the ones that have already existing networks; to a large extent this means multinational companies, and employers from third countries.

## ***2.2. Supply side: prospective migrants***

### ***Information issues for prospective migrants***

The Migration Board's website on work permits in English receives about 3.2 million visits per year; the Swedish version of the same site has about the same amount of hits, which suggests that both employees and employers use the Migration Board's website (MB, 2012). In addition to the Migration Board's website, the Swedish Institute has produced a website, which is aimed at potential labour migrants from third countries (Si, 2012).

The Swedish Institute's portal is available at [www.workinginSweden.se](http://www.workinginSweden.se) and contains information in English about national laws and rules together with facts about living conditions in Sweden. The aim is to encourage third-country nationals to choose Sweden as a labour destination. This portal also contains links to online courses in Swedish and the EURES portal (OECD, 2012). This year 'Working in Sweden' has had around 450,000 visits, and most of the people visiting the site were from Sweden, the United States of America, and the United Kingdom (Si, 2012). The most frequently visited part of the site is where the labour shortage list is presented.

Third-country nationals are satisfied with the Migration Board's and the Swedish Institute's websites that primarily provide information on the regulations and procedures involved in obtaining a work permit in Sweden. However, potential migrants would like more information about available jobs and the recruitment process (Employment Service, 2012e). A downfall of these two websites is that they do not assist employers and employees in the actual recruitment.

If one is looking for work in Sweden one can access the EURES Job Mobility Portal, which is automatically updated with job advertisements from the Swedish Public Employment Service. The problem is that those job advertisements are not aimed at third-country nationals. Most offers are published in Swedish with a Swedish audience in mind (PES 1, 2012). Besides this service there is no public channel supporting employees in finding Swedish employers.

According to the European Migration Network (2012) most of the information for employees is found through private channels or through recruitment agencies. The Swedish Migration Board demonstrates that the most common ways for migrants to find work in Sweden are by i) being transferred within a company, ii) contacting a company directly, and iii) using personal contacts (MB, 2012).

Workers with high skills have access to a large variety of networks: personal, business, and web-based, such as LinkedIn (PES 2, 2012). They are more likely to be recruited by large, multinational companies and transferred within companies in sectors where there exists a large demand for skilled labour. Low-skilled workers, on the other hand, have fewer instruments at their disposal and have to rely on informal contacts and personal connections. If the migrants do not have personal connections they might have to pay companies in their countries of origin to seek information and a work offer. A similar type of information service exists in Sweden where asylum-seekers that have been denied asylum can pay specialized lawyers to acquire information about regulations and obtain job offers (GC, 2012).

Pelling and Nordlund (2012) conducted an interview study of Iraqi immigrants in Sweden with a focus on labour migration. They describe that their main motive for moving to Sweden was to get out of Iraq and a Swedish work permit allowed them to do so. They used contacts and social networks, often relatives, to obtain a job offer. The idea of getting in touch with Swedish employers from Iraq without personal connections seemed unrealistic to the interviewees. Statistics from the Migration Board support these statements and show that many of the employers that hire

Iraqis only hire Iraqis. Additionally, almost all the 1,100 Iraqis that received a work permit between the years 2009 and 2011 were hired into low-skilled jobs (Pelling and Nordlund, 2012).

To conclude, people who want to move to Sweden to work can find plenty of good information about the process of applying for a work permit and life in Sweden through public channels. However, applying for a work permit requires a work offer, and public resources are not available, since public authorities are not responsible for the foreign recruitment process. Consequently, the majority of prospective migrants use their already existing networks to find a job in Sweden. Highly skilled workers have more networks to choose from, and are also more likely to be sought out by large employers. Low-skilled workers are not in demand in Sweden, and are, therefore, even more dependent on their personal connections.

### **3. Information-related barriers in the recruitment of migrants already residing in the country**

As shown in Table 9.1, there are employment difficulties for migrants in Sweden. In the Spring Fiscal bill for 2012 the government highlights the following reasons why foreign-born, and in particular humanitarian migrants, have difficulties establishing themselves on the labour market: i) lack of education, ii) lack of language skills, iii) difficulties in assessing skills acquired abroad, iv) high entry-level wages in the labour market and the design of the Employment Protection Act, v) lack of networks, vi) discrimination, and vii) lack of economic incentives (Ministry of Finance, 2012, p. 114-115). The reasons are obviously linked to and concern issues of a lack of human capital, information barriers and economic incentives. Human capital is often the decisive factor when finding suitable work. Those with higher education are more often employed than those with low education. It is worth noting that the major efforts to improve labour market integration for third-country nationals are language training and training to increase vocational and professional skills. To be able to meet the needs on the labour market many migrants need to improve their skills. Therefore all migrants with a residence permit have access to free language training and the same rights to adult education and labour market services as Swedish citizens. Newly arrived humanitarian migrants also have the right to attend an introduction programme that includes language tuition, civic orientation and work preparatory activities. However, education level does not explain everything. More foreign-born people are overqualified for their jobs (Statistics Sweden, 2008). Sixty per cent of foreign-born persons with higher education have a qualified job in Sweden compared to about 90 per cent of native-born graduates (Jusek, 2009). This mismatch of skills can, in part, be explained by a depreciation of human capital when migrants move to Sweden, such as a lack of language skills. As shown in studies, improved knowledge of Swedish has a positive effect on immigrant earnings, and also generates an increased return on the training and experience that existed prior to migration (Rooth and Åslund, 2006).



### 3.1. Assessment and validation of foreign qualifications

Barriers to employment for migrants can also be related to imperfect information. Employers want to reduce risks and costs when they hire a new worker. A foreign education can be hard to interpret and may add greater uncertainty in an employment situation. This has been shown in studies where the return on education is higher if it has taken place in Sweden (Rooth, 2006; Nordin, 2007). One way to reduce the uncertainties is to translate foreign education and experience into Swedish conditions. Olli Segendorf and Teljosuo’s review (2011) shows that Sweden does not have sufficient knowledge concerning the assessment and validation of foreign education and work experience. Nevertheless, the Swedish government has made efforts to improve the use of foreign skills and there is an infrastructure in place for migrants to assess their education, validate their skills and improve their human capital.

**Table 9.5: Assessment of foreign education and validation of skills**

Responsible agency	Target group
National Agency for Higher Education	Higher education
National Agency for Higher Vocational Education	Vocational education at post-secondary level, outside higher education
Several responsible agencies depending on profession	Regulated professions
Agency for Higher Education Services	Obtain eligibility for further studies at post-secondary level
Universities	Individual post-secondary level courses
Municipal adult education institutions	Compulsory school or an incomplete upper secondary education
Employment Service	Undocumented foreign vocational education and training

*Source: Author’s compilation based on information from the responsible agencies’ websites.*

Migrants with a completed foreign degree and/or qualifications can apply to have it assessed to determine if it fulfils the conditions for further studies or work. The agency that carries out the assessment is determined by both the objective of the assessment and the level of the qualification.

For higher education, the assessment is carried out by the National Agency for Higher Education. In 2011, more than 5,000 persons from 137 countries applied to have their foreign higher education assessed. Of those, more than 4,150 people received a statement of the equivalent Swedish education (Swedish National Agency for Higher Education, 2012). The number of applications has more than doubled over the past decade. Processing times have during the last two years fallen by about two months, from 148 to 90 days for cases with complete documentation. Employers are also free to approach the Agency if they have any questions about a qualification.

For vocational education at post-secondary level, the assessment is carried out by the National Agency for Higher Vocational Education. For regulated professions, that is

to say a profession requiring official authorization or registration to work in Sweden (such as doctors, real estate agents, electricity contractors), it is necessary to apply for the right to practise the profession in Sweden. Applications should be submitted to the responsible agency, for instance, the National Board of Health and Welfare, the Swedish Board of Supervision of Estate Agents or the National Electrical Safety Board.<sup>85</sup> If the aim of the assessment is to obtain eligibility for further studies at post-secondary level the assessment is carried out by the Agency for Higher Education Services. Persons wishing to obtain credit for individual courses in a programme, for which they have gained admission in Sweden, should contact the institution in question to have their qualification assessed. In addition, many universities and other institutions of higher education organize supplementary courses for people with academic degrees. In the Government Bill for 2009, SEK 51 million (EUR 6.5 million) a year was allocated to reinforce this work over the period 2009–2011. The funds were primarily intended for supplementary courses in health care and teachers' education.

A person with qualifications corresponding to compulsory school or an incomplete upper secondary education can receive assistance from a study and guidance counsellor in municipal adult education. Sweden has a well-developed system of adult education.<sup>86</sup> All adults over the age of 20 with a residence permit for one year or more have the right to participate in free basic education. Lastly, persons who lack paper documentation can have their foreign vocational education and training validated by the Public Employment Service.

One common criticism of the Swedish system for validation and recognition of foreign degrees and skills acquired abroad is that there are so many municipal and state agencies involved, which makes it hard for migrants and civil servants who work with migrants to know where to turn for help. The Government has responded to the criticism and from 1 January 2013 the validation and assessment activities of three of the agencies is to be provided by one new agency, The University and College Council.

### **3.2. Subsidized employment**

Another measure to reduce employer's risks when employing migrants is subsidized employment. The risks of the employer can be quite large in the Swedish labour market system, which has a strong emphasis on employment protection. This protection makes entry to the labour market more difficult and creates impediments for those who are unemployed, particularly within marginal groups such as young people, immigrants and low-skilled workers (Skedinger, 2008). Lessons from labour market policy show that the most effective subsidized employment programmes are those most similar to a regular job (Swedish Integration Board,

<sup>85</sup> <http://www.hsv.se/qualificationsrecognition/regulatedprofessions.4.28afa2dc11bdcdc557480002186.html>.

<sup>86</sup> [http://www.skolverket.se/2.3894/in\\_english/the\\_swedish\\_education\\_system/2.883](http://www.skolverket.se/2.3894/in_english/the_swedish_education_system/2.883).

2006). To strengthen their competitiveness on the labour market, newly arrived migrants have access to subsidized employment known as entry-level jobs and new start jobs. An entry-level job means that an employer who employs a person (EU/EES and Swiss citizens excluded) who has had a residence permit for a maximum of three years receives 80 per cent of the salary from the state. The job must be linked to Swedish for immigrants, SFI, so that the employee is able to combine language training with the job. New start jobs are available for a person who has had a residence permit for a maximum of three years. An employer who employs such a person receives financial assistance of an amount equal to two times the payroll tax (31.42%).

The Employment Service offers a wide range of services to employers and potential employees, such as preparatory education and vocationally oriented employment training programmes. They also provide employability rehabilitation and provide job-seekers with labour market programmes. In their annual report to the Government, the Employment Service presents statistics for the group of recent immigrants (Employment Service, 2012d). This category includes individuals who have not resided in Sweden for longer than 36 months. In 2011, about 14,000 recent migrants were employed through subsidized employment (New Start Jobs and Entry-level Jobs). About 10,600 participated in Employment preparation training, which is basic training in how to find and apply for a job. The increase of the number in Employment preparation training is partly explained by implementation of the new introduction programme for humanitarian migrants. About 7,600 had a traineeship.

**Table 9.6: Labour market programmes for recent immigrants at the employment service, 2009–2011**

	2009	2010	2011
Registered as unemployed	34,500	39,823	44,325
Entering employment	9,105	10,456	12,037
Inflow	18,327	21,147	23,347
<b>Labour market programmes and activities in guarantee programmes:</b>			
New start jobs	3,658	5,548	6,839
Entry-level jobs	6,328	7,064	7,532
Start your own business	126	181	203
Traineeships	5,949	8,734	7,622
Job training	1,461	1,705	2,338
Employment preparation training	2,619	4,731	10,596
Internal job coaching	897	2,408	1,301

Source: *Employment Service*.

Note: Number of unique individuals in each group. Note the same person may participate in more than one group.

### **3.3. Matching migrants' skills and employer needs**

According to the Confederation of Swedish Enterprise (2012) there are shortcomings in the labour market when it comes to matching. This is manifested by the fact that one in five recruitment efforts enacted by companies fails. Close to 4 in 10 companies are forced to postpone planned expansion because of recruitment difficulties. The single biggest reason for corporate recruitment difficulties is a lack of people with the right experience. Both companies that have tried to recruit low-skilled workers and employees with higher education want applicants to have several years of professional or work experience. Good and relevant education is important but proper professional or work experience is more important for companies' skills provision. This bears witness to the importance of providing individuals with access to the labour market for them to gain experience.

The Employment Service has the overall responsibility of matching employers who need labour with people who are looking for work. The main way they connect employers and employees is through Platsbanken, a vacancy database, which has 1.5 million unique visitors every month. Employers can also search among about 140,000 CVs from job-seekers. The relevance of the Employment Service when it comes to matching has weakened over the years; fewer and fewer available jobs are advertised in Platsbanken. Over the last couple of years about 30 per cent of the job vacancies were reported to the Employment Service. The most common way to recruit is through informal contacts (78%). Companies are looking for individuals through employee networks, among customers, suppliers or competitors. Spontaneous applications, where the applicants themselves contact the employer, are also used to a great extent (59%). Today, fewer than half (48%) of the companies that try to recruit are using the Employment Service, despite the fact that the Employment Service resources are free of charge for the employer. About one third of the employees are using private services, such as private employment agencies, recruitment consultants and staffing agencies. Only seven per cent are recruiting abroad (Confederation of Swedish Enterprise, 2012a).

Between 1976 and 2007 there was a law (1976:157) on the obligation of the employer to report job vacancies to the Employment Service. The rules were introduced to improve the matching between job-seekers and job vacancies. To have all vacancies gathered in one place was intended to make it easier for job-seekers. In 2007, the obligation ended. The main reason was that it was one part of the Government's plans to simplify rules and reduce administrative costs for businesses (Bill 2006/07:89). The Government also noted that employers today have several alternative channels to search for workers and since many contacts between employers and job-seekers are created through other channels, the employers should no longer be under any obligation to notify vacancies to the Employment Service. Many consultation bodies were against the proposal and argued that the obligation makes it easier for the individual to gain an overview of job vacancies, especially for those who are new to the labour market, such as immigrants and new graduates.

Theoretically, this change may have made it more difficult for the foreign born to get a job. The studies that have examined the recruitment channels for native and foreign born show that persons born in Sweden are more likely to get work through informal channels (friends and family or being contacted by the employer) than foreign born (Swedish Integration Board, 2006). Foreign born rely more on formal channels, especially the Employment Service job vacancy database. It also seems that the networks are stronger for the native born than for the foreign born. While native born that are informally recruited have higher salaries than those recruited formally, the situation is the reverse for the foreign born. These results show that the Employment Service's efforts to establish contacts between job-seekers and employers are particularly important for people born outside of Sweden.

The importance of ethnic origin when recruiting is confirmed in Åslund et al. (2009) which finds strong evidence that the manager's origin matters for who gets hired. Companies disproportionately hire workers who share the manager's background. This pattern can be explained by networks and information asymmetries. In those cases where the managers recruit from a known pool of candidates (previous co-workers) ethnic similarity has no impact. This suggests that native managers are unbiased in a setting where information asymmetries are reduced through previous interaction.

### **3.4. Discrimination**

There is convincing empirical evidence of the existence of ethnic discrimination in the labour market in Sweden (Attström, 2007; Carlsson and Rooth, 2006). The major tool to combat discrimination and support workforce diversity is the new single Discrimination Act (Swedish Code of Statutes 2008:567) that came into force on 1 January 2009 and replaced the previous seven separate discrimination acts. At the same time a new agency, the Equality Ombudsman, was established to supervise compliance with the Act (Ministry of Integration and Gender Equality, 2009). The Ombudsman annually receives about 2,500 complaints of discrimination. About 700 of them are about ethnic, and 100 about religious discrimination, which makes ethnicity the most common discriminatory ground. Of the complaints, only a handful goes to court (Equality Ombudsman, 2012). A new penalty, compensation for discrimination, was introduced for infringements of the Discrimination Act to compensate the violation and act as a deterrent against discrimination. The government is also supporting activities to prevent and combat discrimination. Roughly SEK 10 million (EUR 1.2 million) is allocated yearly to local anti-discrimination centres.

According to the Discrimination Act, employers with 25 or more employees must have an action plan against discrimination and conduct pay reviews every three years (Ministry of Justice, 2008). They can turn to the Ombudsman for guidance on how to comply with the Act. They are also offered the chance to participate in courses. The Ombudsman offers network meetings between the unions (ombudsmen, lawyers and experts) and representatives from employers' organizations. The purpose

of the meetings is to create dialogue and exchange experience of working with discrimination cases and active measures (Equality Ombudsman, 2012).

A method to reduce discrimination that has been tested in recent years is that of anonymous application forms where data revealing, for example, the applicant's ethnicity or country of birth has been removed. Evaluations show that the method can increase migrants' chances of securing a job interview, but not the probability of getting a job offer. The method is also perceived as burdensome and complicated (Nordström Skans, 2007; 2008 and Swedish Agency for Public Management, 2008).

## 4. Conclusions and recommendations

New rules for labour migration came into force in December 2008 with the aim to introduce a demand-driven labour migration system. Now it is the employer, not state agencies, that determines the need for labour. There are no restrictions in regard to occupational categories or sectors and there are no quantitative restrictions in the form of quotas. The main condition is that the level of pay is in line with applicable collective agreements and general insurance conditions.

The number of labour migrants from third countries was between 13,600 and 14,800 from 2009 to 2011. The labour migrants can roughly be divided into three major categories: skilled, low-skilled and seasonal. Many of the migrants work in occupations with a need for labour. This especially applies to computing professionals, engineers and technicians but also seasonal migrants in the berry-picking industry. At the same time, many migrants come to work in the service sector where there is a big surplus of available workers.

There are many advantages of a demand-driven labour migration system like the Swedish one, but also some shortcomings. The most obvious advantage is its simplicity. The system is the same for all forms of labour migration and for all sectors and occupations. The waiting times are, despite some complaints from employers and employees, short in an international context. The system also provides great flexibility for employers. Companies can quickly respond to all forms of labour demand, especially larger companies who are certified and given priority by the Migration Board.

The problem is that it is virtually only larger companies with access to international networks that can utilize the system's advantages. With the exception of employers with a foreign background, small and medium-sized companies have a hard time finding potential employees. Much needs to be done if employers and employees without international networks are going to be able to find each other. The excellent information at [www.workinginsweden.se](http://www.workinginsweden.se), about why and how to move to Sweden and how to apply for work permits, needs to be complemented with a centralized portal with actual job vacancies directed to potential employees in third countries. Another issue is that the system, which is supposed to be driven by demand, actually allows for a substantial labour migration to sectors and occupations with a large

surplus of native workers. Labour migration in those sectors and occupations too often involves problems with sham contracts and the exploitation of migrant workers.

Since the state has handed over the responsibility for matching to the market, there is no room for cooperation between origination and destination countries such as international agreements, organized pre-departure training and educational programmes. This makes it virtually impossible to recruit personnel to shortage occupations, for example doctors and nurses, who require training and supplementary education in order to work in Sweden.

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 MB: Delgado, A. Head of Department, the Swedish Migration Board, 11 October 2012.  
 PES 1: Pärlemo, L. Investigator, the Swedish Public Employment Service, 8 October 2012.  
 PES 2: Myrgren, M. EURES-advisor, the Swedish Public Employment Service, 12 October 2012.  
 Si: Arenbjörk, M. Project Manager, the Swedish Institute, 8 October 2012.  
 SCF: Åkerlind, M. Vice President, the Swedish Construction Federation, 15 October 2012.  
 TS: Blomqvist, H. CEO, Telescope Software AB, 23 October 2012.  
 TUCW: Carlsson, C. Ombudsman, Byggnads (trade union for construction workers), 18 October 2012.

## Annex

### Annex 4.1: Supplementary tables

Table 9.7 Residence permits granted and registered rights of residence 2000–2011

Year	Total	Humanitarian (1)	Family (2)	Labour market (3)	Guest students	EES/EU
2000	59,614	10,546	22,840	15,759	3,073	7,396
2001	56,114	7,941	24,524	12,809	3,989	6,851
2002	53,527	8,493	22,346	10,135	4,585	7,968
2003	56,005	6,460	24,553	10,249	5,509	9,234
2004	57,986	6,140	22,337	8,529	6,021	14,959
2005	61,658	8,859	21,908	5,985	6,837	18,069
2006	85,813	25,096	26,668	6,257	7,331	20,461
2007	85,555	18,414	28,975	9,859	8,920	19,387
2008	89,518	11,237	33,184	14,513	11,186	19,398
2009	98,022	11,265	37,710	17,954	13,487	17,606
2010	91,008	12,130	29,837	16,373	14,188	18,480
2011	92,779	12,726	32,114	17,877	6,836	23,226

Source: The Migration Board.

Notes:

(1) Temporary permits are not included.

(2) Family formation and reunification. Family reunification of labour market migrants included as of and incl. 2009.

(3) First permit, permanent residence permits included.

**Table 9.8 Selected economic and labour market indicators, 2006–2013**

	Percentage change						Forecast	
	2006	2007	2008	2009	2010	2011	2012	2013
GDP, calendar-adjusted	4.5	3.5	-0.8	-4.9	6.0	4.0	1.1	1.7
Hours worked, calendar-adjusted	1.9	3.4	0.7	-2.6	2.6	2.3	0.3	0.5
Productivity growth	2.6	0.1	-1.5	-2.3	3.4	1.7	0.8	1.2
CPIF, inflation, annual average	1.4	1.5	2.7	1.7	2.0	1.4	1.0	1.3
Hourly wage	3.1	3.3	4.3	3.4	2.6	2.7	3.3	3.1
Household real disposable income	3.6	5.5	2.3	2.2	1.2	3.0	2.3	2.4
Private consumption	2.7	3.7	0.0	-0.3	3.7	2.0	1.8	2.4

Source: Statistics Sweden, *Employment Service*; from *Employment Service 2012b*.

**Table 9.9 Key labour market figures, 2008–2013, 16-64 years (number of persons in thousands)**

	Outcome				Forecast	
	2008	2009	2010	2011	2012	2013
Labour force	4,778	4,783	4,838	4,893	4,903	4,926
Employed	4,484	4,381	4,429	4,522	4,527	4,542
Unemployed	294	401	409	371	376	384
Percentage of labour force unemployed	6.1	8.4	8.4	7.6	7.7	7.8
Percentage of population in the labour force	80.7	80.2	80.8	81.5	81.5	81.7
Employment rate	75.7	73.5	74	75.3	75.2	75.3
In labour market programmes	87	127	185	178	190	200
Percentage of labour force in labour market programmes	1.8	2.7	3.8	3.6	3.9	4.1

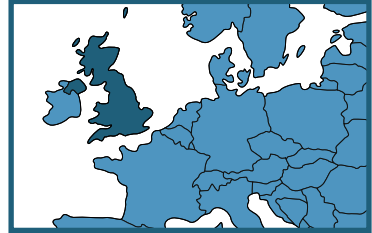
Source: Statistics Sweden, *Employment Service* from *Employment Service 2012b*.

**Table 9.10 Unemployment rate, 16-64, years by country of birth and sex. 2005, 2008, 2010–2011, (%)**

		2005	2008	2010	2011
Swedish born	men	6.9	5.0	7.3	6.0
	women	6.6	5.3	6.6	5.8
	total	6.8	5.1	7.0	5.9
Foreign born	men	15.0	11.5	15.8	16.0
	women	13.6	12.7	16.6	15.9
	total	14.3	12.1	16.2	15.9
Total	men	7.9	5.9	8.6	7.7
	women	7.6	6.4	8.3	7.5
	total	7.8	6.1	8.4	7.6

Source: Statistics Sweden, *Labour Force Survey*.

# UNITED KINGDOM



Anne E. Green and David Owen<sup>87</sup>

## Abstract

*Labour migration policy in the United Kingdom (UK) operates in the context of a liberal market economy with a more flexible labour market and a relatively small welfare state compared with most EEA comparators. The labour migration system is predominantly “demand-led”. In 2008 a Points Based System (PBS) was introduced to support economic growth and competitiveness, replacing most previous policies. Since 2008 adjustments have been made to entry criteria, including raising of requirements for English language competence and quantitative restrictions on numbers of entrants to the United Kingdom. The emphasis of the managed migration system is on attracting skilled workers to fill gaps in the United Kingdom labour market and third-country nationals in employment are disproportionately concentrated in more highly skilled roles. This contrasts with migrants from Central and Eastern Europe filling mainly less-skilled roles.*

*The United Kingdom Border Agency (UKBA) is responsible for the implementation of UK labour migration policy. Large employers and employers’ associations have a formal and informal influencing and consultative role in the development of the details of migration policy. An independent Migration Advisory Committee (MAC) of economists and migration experts is involved in dialogue and analysis to identify where immigration might sensibly fill shortages of skilled labour in the United Kingdom.*

*Employers have responsibility for the selection of migrants and for ensuring compliance with migration and employment law. This burden of responsibility is particularly severe for small employers. The UKBA plays a key role in information dissemination to employers and some guidance is available from employers’ associations and trade bodies for human resources personnel. Otherwise employers*

<sup>87</sup> Anne Green and David Owen are, respectively, Professorial Fellow and Principal Research Fellow at the Institute for Employment Research, University of Warwick, Coventry, United Kingdom.

*may buy in specialist advice to ensure that they are abiding by legal requirements for recruiting and employing non-EEA workers.*

*Employers use a combination of recruitment methods. There are some variations by size of employer, with large employers tending to follow formal procedures and smaller employers tending to rely more on informal methods. There are also differences by sector. Agencies often play a significant role.*

*The Internet is increasingly important in facilitating information flows between employers and prospective migrants in the job search and recruitment process, between government agencies and employers, and between government agencies and individuals. It is also important for migrants seeking training resources and careers advice, and general information and advice services about living and working in the United Kingdom, as well as for social networking purposes.*

*In the United Kingdom non-EEA migrants may face barriers to employment associated with the validation of the level and scope of non-UK qualifications, recognition of their work experience, poor English skills and a lack of understanding of how the UK labour market operates. Rather than specific programmes designed for the labour market integration of migrants, the trend has been towards more personalized support and delivery in public employment and related services. Historically, community-based organizations have played an important role in supporting migrants but such organizations are increasingly struggling for funding at a time of austerity.*

## **1. Introduction**

### **1.1. Labour market trends**

#### **Changing economic conditions**

The United Kingdom experienced a sustained period of real GDP growth between 1992 and 2007. Subsequently output fell in early 2008 and growth did not resume until the middle of 2009. Following a period of slow or negligible growth the United Kingdom economy output contracted once again in the fourth quarter of 2011 and contraction continued in 2012, putting the United Kingdom into a double dip recession.

During the period since 2008 the employment rate remained higher than might have been expected based on the experience of previous recessions in the United Kingdom (Gregg and Wadsworth, 2010). The employment rate for those aged from 16 to 64 was 71.2 per cent, up 0.5 on the quarter. In September 2012 there were 29.56 million people in the United Kingdom in employment aged 16 and over. The number of full-time workers was 21.44 million and the number of part-time workers was 8.12 million, but more people than ever before were working part-time because they could not find a full-time job. This is indicative of under-employment. The unemployment rate, as defined by the International Labour Organization (ILO), and the claimant count rate (measuring claimants of Job-seekers Allowance [JSA]) reached recent highs of 8.4% and 5.0%, respectively, in the three months to December 2011, and rates remain considerably higher than their pre-recession values). During

the recession the average number of vacancies fell to a low point of 61 per cent of the immediate pre-recession level, and by the end of 2011 had recovered marginally to 67 per cent of the pre-recession level.<sup>88</sup>

### ***Skill-shortages***

The latest comprehensive picture of skill-shortage vacancies (SSVs) is from the 2011 Employer Skills Survey which interviewed over 87,500 employers across the United Kingdom (Davies et al., 2012), representing nearly four per cent of total employers.<sup>89</sup> At the time of interview (March-July 2011), 12 per cent of establishments had a vacancy and a total of 636,000 vacancies were reported. A total of 144,000 hard-to-fill vacancies (HtFVs) were reported (23% of all vacancies). In 103,000 instances vacancies were hard-to-fill due to a lack of skills, qualifications or experience in applicants for the role.<sup>90</sup> Such vacancies are SSVs. They accounted for 16 per cent of all vacancies, and were reported at three per cent of establishments at the time of the survey.

While these figures suggest that employers can generally find the skills that they want on the external labour market, where skills shortages do exist their impact can be significant. The vast majority (85%) of establishments with SSVs reported that they were leading to an increased workload for their staff, risking knock-on effects on morale and retention. More direct impacts on performance were also commonly cited (47% of those with any SSVs say they struggle to meet customer service objectives, 45% have had to delay developing new products or services and 44% have lost business to competitors), risking the competitiveness of the business.

In sectoral terms by far the largest single number of SSVs is in business services (see Table 10.1).

However, the proportion of total vacancies accounted for by SSVs (that is, the ‘density’ of SSVs) was at least as high (19%) or higher in agriculture (26%), manufacturing (24%), community social and personal services activities (22%) and construction (19%). In occupational terms it is amongst skilled trades occupations where the ‘density’ was highest. A third of all vacancies for skilled trades occupations were SSVs (see Table 5.2). The density of SSVs was also higher than average amongst more highly skilled occupational groups such as managers (19%), professionals (21%) and associate professionals (19%). Further disaggregation by sector (Davies et al., 2012) reveals:

- a particular concentration of SSVs for skilled trades occupations amongst employers in construction and manufacturing;
- a relatively high density of SSVs for professional occupations in the education and public administration sectors;

<sup>88</sup> This means that there is limited recruitment activity of labour migrants, and more generally (CIPD, 2012).

<sup>89</sup> The self-employed without employees were excluded from the survey.

<sup>90</sup> Where there is an issue with the attitude, personality or motivation of applicants, these are not skill-shortage vacancies.

- SSVs for associate professional occupations in financial services;
- SSVs for elementary occupations in the hotels and restaurant sector; and
- SSVs for sales and customer service roles amongst employers in the wholesale and retail sector.

**Table 10.1: Number and density of skill-shortage vacancies by sector**

Sector	Number of SSVs	Proportion of vacancies that are SSVs
Agriculture	2,600	26%
Mining and quarrying	700	17%
Manufacturing	9,500	24%
Electricity, gas and water	500	10%
Construction	5,400	19%
Wholesale and retail	11,800	13%
Hotels and restaurants	8,800	15%
Transport and communications	9,100	15%
Financial services	4,300	18%
Business services	26,900	19%
Public administration	3,200	11%
Education	3,700	11%
Health and social work	6,700	10%
Community, social and personal services activities	10,200	22%
Total	103,500	16%

Source: UK Commission's Employer Skills Survey 2011.

Base for density figures: all establishments (unweighted 87,572) with vacancies in each occupation.

**Table 10.2: Number and density of skill-shortage vacancies by occupation**

Occupation	Number of SSVs	Proportion of vacancies that are SSVs
Total	103,500	16%
Managers	4,400	19%
Professionals	18,100	21%
Associate professionals	20,000	19%
Administrative/clerical staff	7,300	11%
Skilled trades occupations	17,400	33%
Caring, leisure and other services	11,700	16%
Sales and customer services	7,800	9%
Machine operatives	5,400	14%
Elementary staff	9,400	11%
Unclassified	1,900	17%
Total	103,500	16%

Source: UK Commission's Employer Skills Survey 2011.

Base for density figures: all establishments (unweighted 87,572) with vacancies in each sector.

## ***Medium-term employment outlook***

Looking ahead to the medium-term future, Working Futures 2010–2020, provides the most detailed and comprehensive set of United Kingdom labour market projections available (Wilson and Homenidou, 2012).<sup>91</sup>

The Working Futures model projects that there will be a slow recovery from recession, with the United Kingdom economy generating around 1.5 million additional jobs by 2020. Private services are expected to be the main source of jobs growth, with employment in this part of the economy projected to rise by more than 1.5 million, while public sector services and manufacturing are projected to see a decline in their shares of employment.

Projected occupational trends outlined are indicative of a polarization of demand for skills, with growth at both top and bottom ends of the skills spectrum. There is forecast to be a continued trend of employment growth in higher skilled, white-collar occupations, including managers, professionals and associate professional roles. The Working Futures study estimates 2 million additional jobs in these occupations by 2020. These three occupations are projected to increase their share of total employment from 42 per cent to 46 per cent between 2010 and 2020. Continuing declines in employment are projected for skilled and semi-skilled manual roles, including in skilled trade occupations and process, plant and machine operatives. Administrative and secretarial occupations are projected to see a loss of employment as well. Lower skilled jobs are expected to remain a significant component of the labour market, with an increase of more than 300,000 jobs in caring, personal and other service occupations and 100,000 jobs in low-skilled elementary professions between 2010 and 2020, mostly in services.

Job openings created by those who leave the labour market (namely replacement demands) are projected to generate around 12 million job openings between 2010 and 2020, approximately eight times greater compared with expansion demand of 1.5 million. Replacement demands are expected to lead to job openings for all industries and occupations including those in which the net level of employment is expected to decline significantly.

The demand for skills as measured by formal qualifications is projected to rise as is the supply of people holding higher level qualifications. The number of jobs in occupations typically requiring a degree is expected to continue to grow but perhaps more slowly than previously forecast. Skill supply (as measured by the highest formal qualifications held by those economically active) is rising rapidly in the United Kingdom, especially as young people have been encouraged to stay on in education longer and to acquire more qualifications at a higher level, and this pattern has been reinforced by economic circumstances. Hence both demand and supply trends indicate an increase in the graduate intensity of many jobs.

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<sup>91</sup> The projections were developed during a period of considerable turbulence in world financial markets, and assume that further crises in Greece, Italy, Spain and the Eurozone generally can be averted. The projections are indicative of likely trends and orders of magnitude given a continuation of past patterns of behaviour and performance, rather than precise forecasts of the future.

## **1.2. Labour migration policy**

### ***A predominantly demand-led system***

Labour migration policy in the United Kingdom operates in the context of a liberal market economy with a more flexible labour market and a relatively small welfare state compared with most EEA comparators. In essence the labour migration system is predominantly ‘demand-led’ (that is, a system in which employers select migrants to fill specific vacancies [based on evidence-based objective criteria set by government]), although in strict terms it should be considered as ‘hybrid’ (that is, it contains both demand-led and supply-led<sup>92</sup> elements) (Devitt, 2012). The supply-led elements in the United Kingdom labour migration system are marginal, especially so after the latest review of the PBS, effective since April 2011 (see below).

At the current time the United Kingdom Border Agency (UKBA), an executive agency of the Home Office, is responsible for the formulation and implementation of the United Kingdom’s migration policy. Aside from government, the most influential private actors in the labour migration system are employer associations and individual big employers (often multinational companies) (MNCs), who have both formal and informal stakeholder meetings with relevant government departments (including Home Office agencies and the Department for Business and Skills). These private sector actors play mostly a consultative and lobbying role. The major employers’ association, the Confederation of British Industry (CBI), is the government’s main source of information regarding the business point of view. Trade unions and voluntary and community organizations tend to play a less significant role in influencing labour migration policy.

In summary, the United Kingdom regime aims to bring in foreign skills from outside of the European Economic Area (EEA), some of which are lacking in the United Kingdom labour market, in order to ensure economic growth and international competitiveness. In particular, the government wants to help employers experiencing skills shortages, while at the same time ensuring that the United Kingdom is an attractive location for foreign investors – and this means having a relatively open policy on skilled worker immigration.

### ***Historical overview***

Historically (see Salt et al., 2011), the Work Permit system was introduced after World War I to manage flows of third-country workers. Work permits were issued to employers on behalf of nominated foreign workers who were permitted to take up employment in the United Kingdom, to fill shortages in the labour market for a temporary period. In practice, for a sizeable minority of labour migrants the temporary work route of entry has been converted into a long-term stay (Achato et al., 2010). Dependants of work permit holders were also allowed to enter the labour market.

<sup>92</sup> In a supply-led system migrants gain access to the labour market rather than a specific job. Migrants are selected on evidence-based objective criteria, mostly relating to human capital.



This demand-led scheme was supplemented subsequently by supply-led schemes. In 2002 the Highly Skilled Migrants Programme (HSMP) was introduced to allow individuals with exceptional skills and experience to come to the United Kingdom to find work or self-employment, with no prior offer of employment and/or link to a specific labour/skill shortage. Subsequently the Science and Engineering Graduates Scheme and International Graduate Scheme (both terminating in 2008) allowed certain third-country nationals who had graduated from United Kingdom higher or further education establishments to stay in the United Kingdom for a transitional period while moving towards skilled employment.

The Seasonal Agricultural Workers Scheme (SAWS) was set up after World War II to facilitate the movement of young people from across Europe to work in agriculture, particularly in peak seasons. Participants were mainly students aged between 18 and 25. The SAWS remains in place, managed by nine approved operators on behalf of the UKBA which issues a fixed number of work cards to them each year. The operators recruit participants, allocate them to farms and ensure they receive the appropriate wages and conditions, including suitable accommodation. From 2007 the SAWS has been reserved for nationals from Bulgaria and Romania (having previously attracted participants from Eastern Europe and the former USSR (especially Ukraine). Hence since 2007 the SAWS has not been a legal migration channel for third-country migrants.

Turning to other low-skilled demand-led initiatives, a Sectors Based Scheme (SBS) was introduced in 2003 to address labour shortages in lower skilled occupations, initially in food processing and hospitality. Permits were available to young people aged 18-30 years for up to 12 months, where there were shortages of resident workers in certain positions requiring qualifications no higher than standard school leaving qualifications. The scheme operated on a quota system of 10,000 per year initially but this was reduced as a result of the accession of new European Union (EU) Member States and the opening up to them of the United Kingdom labour market in 2004. From 2007 to 2008 the SBS was reserved for nationals of Bulgaria and Romania.

After World War II a Working Holiday Makers Scheme (WHMS) was designed in its original form to allow young people from Commonwealth countries to come to the United Kingdom for up to two years. The scheme brought a temporary, flexible workforce and allowed them to experience life in the United Kingdom. Over time the scheme was amended and participants in the WHMS scheme were allowed to work for part of their holiday.

### ***Introduction of a Points Based System and imposition of limits on migration flows***

In 2008 a Points Based System (PBS) was introduced to manage inflows of third-country economic and student migrants. The PBS simplified and consolidated previously separate migration routes into five tiers (Table 10.3). As the name implies, under the points-based system, migrants must pass a points assessment before they

can get permission to enter or remain in the United Kingdom. Each of the PBS's five tiers has different points requirements - the number of points the migrant needs and the way the points are awarded depends on the tier. Points are awarded to reflect the migrant's qualifications, skills and experience, English language ability<sup>93</sup> and age; and, in the case of Tier 2, the level of labour market need.

**Table 10.3: The five tiers of the United Kingdom PBS**

Tier	Description
1	Highly skilled workers, investors, entrepreneurs
2	Sponsored skilled workers with a job offer
3	Low-skilled workers
4	Students
5	Temporary workers

Source: UKBA website <http://www.ukba.homeoffice.gov.uk/business-sponsors/points/quick-guide-pbs/>.

The PBS is the key tool in making managed migration policy work for the United Kingdom. The number of points in the PBS can be adjusted to labour market conditions at a particular time and to broader strategic migration objectives (Salt et al., 2011). An independent Migration Advisory Committee (MAC), comprising economists and migration experts, undertakes dialogue with employers, employers' organizations and other stakeholders, to assess when and where immigration from outside the EEA might sensibly fill shortages of skilled labour in the United Kingdom economy (for example, see Migration Advisory Committee, 2011, 2012). Since the introduction of the PBS, adjustments have been made to entry criteria and quantitative restrictions have been placed on entry, both with the stated aim of reducing levels of non-EEA labour immigration.

Several adjustments have been made to the PBS following the election of a United Kingdom Coalition Government in 2010 in support of a policy to reduce inflows of migrants by limiting numbers, while at the same time placing increasing emphasis on specifying required skills. The different routes existing in September 2012 are outlined in Table 4. Specifically, from April 2011 an annual limit of 21,700 was set for migrants coming to the United Kingdom under the skilled and highly skilled routes, 20,700 under Tier 2 (general), which is demand-led, and 1,000 under a new Tier 1 'exceptional talent' route, which is supply-led; (at the same time supply-led Tier 1 was limited to entrepreneurs, investors and the exceptionally talented). The limit of 20,700 under Tier 2 (general) remains in force for the financial years 2012–2013 and 2013–2014. All occupations in Tier 2 (general) have to be at graduate level and be paid a minimum salary (see below for further details) for those individuals coming as Intra-Corporate Transferees (ICTs).

<sup>93</sup> The ability to speak English improves an individual's potential to succeed in the United Kingdom labour market, and to integrate into United Kingdom society. English language requirements have become increasingly stringent over time.

**Table 10.4: Details of the United Kingdom PBS in September 2012**

Tier	Description
1	Tier 1 (Exceptional Talent)
	Tier 1 (Entrepreneur)
	Tier 1 (Investor)
2	Tier 2 (General) - for migrants who have a skilled job offer to fill a gap in the workforce that cannot be filled by a settled worker
	Tier 2 (Intra-company transfer) enables multinational companies to transfer their employees to the United Kingdom
	Tier 2 (Sportsperson) is for elite sportspeople and coaches
	Tier 2 (Minister of religion) is for people coming to the United Kingdom to work in a job as religious workers within a genuine (bona fide) religious organization for up to three years if there is no suitable settled worker to fill the role
4	Students
5	Tier 5 (Temporary worker – creative and sporting)
	Tier 5 (Temporary worker – charity worker)
	Tier 5 (Temporary worker – religious worker)
	Tier 5 (Government authorized exchange)
	Tier 5 (International agreement)
	Tier 5 (Youth Mobility Scheme)

Source: <http://www.ukba.homeoffice.gov.uk/business-sponsors/points/sponsoringmigrants/migrantcategories/>.

Note: Tier 3 Low-skilled workers is not in operation.

Tier 2 (general) is of specific interest from a labour market perspective. In order to manage labour demand a skill (shortage) occupation list is used to identify where labour demand exists that cannot be satisfied easily from within the United Kingdom/EEA. If an occupation is on the shortage occupation list (SOL),<sup>94</sup> it means that it is officially recognized as one where there are insufficient resident workers to fill the available jobs in that particular occupation. MAC makes recommendations for occupations and job titles to be included on the SOL, taking into consideration: (1) whether such occupations and job titles are sufficiently skilled to be included on the list; (2) whether there is a shortage of labour; and (3) whether it is sensible for immigrant labour from outside the EEA to fill the shortage. These criteria may be summarized as: ‘skilled’, ‘shortage’ and ‘sensible’. The MAC draws on a range of secondary data at national level (including indicators such as wages, employment trends, qualification levels and vacancies) and bottom up evidence from employers and others.

In order to employ a skilled migrant worker under Tier 2 (general) to an occupation that is not on the SOL, the employer has to apply a resident labour market test

<sup>94</sup> The SOL is published on the UKBA website and is updated occasionally. For the latest version see: <http://www.ukba.homeoffice.gov.uk/sitecontent/documents/workingintheuk/shortageoccupationlistnov11.pdf>.

(RLMT) in order to ascertain whether a United Kingdom or other EEA worker is available before a third-country national is employed. The RLMT involves advertising vacancies to settled workers for 28 days before a skilled migrant worker can be recruited under Tier 2 (general).

Intra-Corporate Transfers (ICTs) present particular difficulties when managing migration. Economic globalization means that the United Kingdom is in competition with other countries for foreign direct investment and the attraction of highly skilled workers. The nature of their operations means that large international firms need to attract the best recruits and move their staff on a global basis (George et al., 2012). The ICT category is for employees of multinational companies who are being transferred by their overseas employer to a United Kingdom branch of the organization, either on a long-term basis or for frequent short visits. There are four sub-categories: long-term staff,<sup>95</sup> short-term staff,<sup>96</sup> graduate trainee<sup>97</sup> and skills transfer.<sup>98</sup> ICTs are exempt from the numerical limit on other Tier 2 routes of entry which restrict the numbers of non-EEA skilled migrants entering the United Kingdom. A problem for governments is how and at what level to set minimum salary and other conditions as a prerequisite for entry. The minimum salary requirements are £40,000 per year for long-term staff and £24,000 per year for the other staff categories.

The largest proportion of non-EEA immigration has been student inflows (Devitt, 2012). The United Kingdom government is also keen to break the link between temporary and permanent migration. This means ensuring that migrants who are temporary (particularly students) leave at the end of their stay, permitting only those with the most to contribute to the United Kingdom stay permanently. Analyses of UKBA management information showed that 21 per cent of students who entered the United Kingdom in 2004 were still in the United Kingdom after five years (Achato et al., 2010).

### ***1.3. Third-country nationals in the United Kingdom labour market***

The key source of information on third-country nationals and their position in the United Kingdom labour market vis-à-vis other groups is the Labour Force Survey

<sup>95</sup> For established, skilled employees to be transferred to the United Kingdom branch of their organization for more than 12 months to fill a post that cannot be filled by a new recruit from the resident workforce.

<sup>96</sup> For established, skilled employees to be transferred to the United Kingdom branch of their organization for 12 months or less to fill a post that cannot be filled by a new recruit from the resident workforce.

<sup>97</sup> This route allows the transfer of recent graduate employees to a United Kingdom branch of the same organization, as part of a structured graduate training programme which clearly defines progression towards a managerial or specialist role.

<sup>98</sup> This route allows the transfer of new graduate employees to a United Kingdom branch of the same organization to learn the skills and knowledge required to perform their job overseas, or to impart their specialist skills or knowledge to the United Kingdom workforce.

(LFS).<sup>99</sup> Administrative data (for example from the allocation of National Insurance numbers and from the UKBA PBS) can provide additional insights.

In an extensive analysis of available data, Salt et al. (2011) show that between 2004 and 2009 the total workforce in the United Kingdom grew by 443,000 (2%) to 28.9 million. The number of foreign nationals in the workforce rose by almost 50 per cent over this period from 1.526 to 2.285 million. The growth in foreign nationals in the workforce was dominated by nationals from the eastern and central European countries that joined the EU in 2004, with the numbers in the workforce from this group expanding from 85,000 to over 500,000, with Poles easily the dominant group. There was an increase in numbers of foreign nationals from Bulgaria and Romania (from 12,000 to 61,000), with the bulk of this increase taking place after 2007.<sup>100</sup> Together these accounted for over 24 per cent of the total foreign workforce in 2009 compared with less than six per cent in 2004. The (labour) migration debate in the United Kingdom since 2004 has tended to be dominated by these groups.

Third-country nationals<sup>101</sup> accounted for over half of foreign workers in 2009, having seen their numbers expand by over 30 per cent between 2004 and 2009. Over this period the numbers of third-country nationals increased in both highly skilled and low-skilled roles. The increase was apparent at all levels of the skills spectrum but was greatest in highly skilled jobs, where numbers expanded by almost 131,000 (30%), compared with 39,000 in lower skilled jobs. It should be noted that incumbents of lower skilled jobs need not necessarily have low qualifications; rather some third-country nationals may work in jobs below their qualification levels.<sup>102</sup> The largest increase (around 170,000) in numbers in low-skilled jobs was amongst foreign nationals from eastern and central Europe. The number of third-country nationals in lower skilled jobs increased, but less markedly. The numbers of United Kingdom nationals in low-skilled jobs fell by over 290,000 over this period (Salt et al., 2011).

More recent information for 2011 reinforces the key points above about third-country nationals being disproportionately concentrated in more highly skilled roles. Table 10.5 shows that nearly 52 per cent of third-country nationals living and working in the United Kingdom were in professional and managerial roles, compared with just over 30 per cent of foreign nationals from the EEA and 41 per cent of United Kingdom nationals. Just over 20 per cent of third-country nationals worked in routine occupations, compared with 39 per cent of foreign nationals from the EEA and around 25 per cent of United Kingdom nationals. Third-country nationals were also under-represented relative to the working population as a whole in intermediate roles.

<sup>99</sup> Relevant indicators are compiled in the annual SOPEMI reports and data disaggregated by sector and socio-economic class presented in the UK report (Salt, 2011) are drawn on in this section.

<sup>100</sup> This was the date when Bulgaria and Romania joined the EU. The United Kingdom imposed some controls on entry for Bulgarian and Romanian nationals, but the SAWS was open to them.

<sup>101</sup> This term is used to describe people who are not the nationals of the 27 EU Member States. The term 'third-country nationals' does not refer to people who are asylum-seekers or refugees.

<sup>102</sup> Dependants of the more highly skilled might also work in lower skilled jobs.

**Table 10.5: Numbers living and working in the United Kingdom by socio-economic class, 2011**

Nationality		Professional, employers, managers	Intermediate	Routine	Other	Total
<b>All</b>	(000s)	11,682	8,952	7,146	1,149	28,929
	(%)	40.4	30.9	24.7	7.4	100.0
<b>UK/GB</b>	(000s)	10,790	8,300	6,273	1,001	26,364
	(%)	40.9	31.5	23.8	3.8	100.0
<b>Foreign nationals</b>	(000s)	891	650	869	148	2,558
	(%)	34.8	25.4	34.0	5.8	100.0
<b>EU27/EFTA</b>	(000s)	418	374	530	43	1,364
	(%)	30.6	27.4	38.9	3.2	100.0
<b>Non-EU</b>	(000s)	473	276	339	105	1,194
	(%)	51.8	24.4	20.5	3.6	100.0

Source: Labour Force Survey. Reproduction of Table 4.5 (Salt, 2011).

Key features of the distribution of third-country nationals by sector in 2011 (Table 10.6) include their relatively greater concentration in distribution, hotels and restaurants and in banking and finance. However, the single largest share of third-country nationals (nearly 36%) is in the public and other services category (including health), where they are more concentrated than non United Kingdom/EEA nationals and account for a similar share of total employment as United Kingdom nationals.

**Table 10.6: Numbers living and working in the United Kingdom by industry, 2011**

Nationality		A	B	C	D	E	F	G	Total
<b>All</b>	(000s)	843	2,837	2,178	5,441	2,499	4,620	10,510	28,929
	(%)	2.9	9.8	7.5	18.8	8.6	16.0	36.3	100.0
<b>UK/GB</b>	(000s)	789	2,546	2,022	4,844	2,251	4,161	9,750	26,364
	(%)	3.0	9.7	7.7	18.4	8.5	15.8	37.0	100.0
<b>Foreign nationals</b>	(000s)	54	291	154	595	248	458	758	2,558
	(%)	2.1	11.4	6.0	23.3	9.7	17.9	29.6	100.0
<b>EU27/EFTA</b>	(000s)	40	205	117	311	135	225	331	1,364
	(%)	2.9	15.0	8.6	22.8	9.9	16.5	24.3	100.0
<b>Non-EU</b>	(000s)	14	86	37	284	113	233	427	1,194
	(%)	1.2	7.2	3.1	23.8	9.5	19.5	35.8	100.0

Source: Labour Force Survey. Reproduction of Table 4.6 (Salt, 2011).

Key to sectors: A: Agriculture forestry and fishing, energy and water; B: Manufacturing; C: Construction; D: Distribution, hotels and restaurants; E: Transport and communication; F: Banking and finance; G: Public administration, education and health; Other services; not applicable, and so on.

Table 10.7 reveals that amongst third-country nationals coming to the United Kingdom via Tier 2 of the PBS, those from India are easily the single largest group, accounting for nearly half of all entrants via this route. In particular, individuals from India account for around two thirds of all ICTs. The next largest national groups are from the United States, China, the Philippines and Australia.

**Table 10.7: Tier 2 Certificates of sponsorship - top 10 nationalities by routes of entry, 2010**

	RLMT		SOL		ICT		Total	
	n	%	n	%	n	%	n	%
India	4,289	23.8	2,814	33.5	23,980	66.6	31,083	49.8
United States	1,791	10.0	306	3.6	4,687	13.0	6,784	10.9
China	1,276	7.1	805	9.6	568	1.6	2,649	4.2
Philippines	1,008	5.6	1,154	13.8	169	0.5	2,331	3.7
Australia	860	4.8	198	2.4	798	2.2	1,856	3.0
Japan	276	1.5	28	0.3	28	0.1	1,730	2.5
Pakistan	1,013	5.6	461	5.5	157	0.4	1,631	2.6
South Africa	677	3.8	188	2.2	371	1.0	1,236	2.0
Canada	551	3.1	110	1.3	538	1.5	1,199	1.9
Nigeria	607	3.4	146	1.7	80	0.2	833	1.3
<b>Total</b>	<b>17,987</b>	<b>100.0</b>	<b>8,389</b>	<b>100.0</b>	<b>36,023</b>	<b>100.0</b>	<b>62,399</b>	<b>100.0</b>

Source: UK Visas, UKBA. Reproduction of Table 5.6 (Salt, 2011).

## 2. Patterns of access, use and perception of labour market information by employers and migrants in the context of recruitment from abroad

### 2.1. Demand side: employers' perspectives

#### *Legal migration channels: employers' awareness and procedures and costs involved*

With the introduction of the PBS outlined in Chapter 1 employers have a greater formal role and responsibility than formerly in selecting migrants and ensuring compliance with the legalities of migration. Specific details for employers on legal migration channels are published on the UKBA website.<sup>103</sup> The information on the website outlines the concept of sponsorship which lies at the heart of the PBS. In most circumstances, for PBS tiers 2 and 5 employers must be sponsors of migrant workers during their stay in the United Kingdom. Before sponsoring a migrant, an employer must obtain a sponsor licence, which in turn implies a range of sponsorship duties, including having good human resource systems in place to monitor and keep

<sup>103</sup> <http://www.ukba.homeoffice.gov.uk/business-sponsors/>.

records of the migrants employed, reporting any migrants who cease to attend for work, and ensuring that none are working illegally. Once a licence is in place, before an employer can sponsor a skilled migrant (Tier 2) to do a specific job, the onus is on that employer to check that the job in question meets the requirements on skill level and the “appropriate rate” of pay for the job.<sup>104</sup> Only if a job meets the conditions specified, and the migrant in question has the necessary registration/professional accreditation (where appropriate) is the employer legally entitled to issue a certificate of sponsorship (COS).<sup>105</sup> Assuming that the conditions are met, the employer then issues a COS to the migrant in order that they can apply for permission to enter the United Kingdom if they are overseas<sup>106</sup> or permission to stay if they are already in the United Kingdom.<sup>107</sup> These actions are performed via the Sponsorship Management System.<sup>108</sup> An application fee is charged on receipt of application for a sponsor licence if an employer is registering for the first time or renewing a sponsor licence.<sup>109</sup> In some instances a sponsor licence fee will be payable if an employer already has a sponsor licence and wants to add more tiers to the licence. A fee is also charged for assigning a COS.<sup>110</sup> Employers sponsoring workers under Tiers 2 and/or 5 of the PBS can pay extra for a premium customer service offering greater business support, priority treatment and guaranteed direct access to a personal contact within UKBA.<sup>111</sup> Given that employers may apply for different numbers of COSs and the fees vary by size and status of employer, and may or may not apply for different levels of additional support from UKBA, it is not appropriate to provide an ‘average’ monetary cost for this process.

Failure to follow correct procedures may result in the loss of an employer’s right to sponsorship and, in certain circumstances employers may also face fines or/and criminal action. The burden of responsibility is with the employer<sup>112</sup> (Davies and Owers, 2012): a sponsorship licence does not guarantee or assure UKBA that an employer is up to

<sup>104</sup> There is a code of practice issued by the UKBA detailing the minimum rates of pay and the skill level for specific jobs and the methods employers are allowed to use to advertise a job. Detailed guidance for sponsors is published on the UKBA website.

<sup>105</sup> The COS is a virtual document with a unique reference number.

<sup>106</sup> This is known as ‘entry clearance’.

<sup>107</sup> This is known as ‘leave to remain’.

<sup>108</sup> Copies of the COS and any other relevant registration documents must be kept by an employer and made available to the UKBA on demand.

<sup>109</sup> At the time of writing the fee is £500 for small sponsors or sponsors with charitable status and £500 or £1500 (depending on the [mix] of tiers) for medium or large sponsors – see <http://www.ukba.homeoffice.gov.uk/business-sponsors/points/sponsoringmigrants/costs/costofalicense/>.

<sup>110</sup> At the time of writing the fee for assigning a COS for Tier 2 is £179 (and for Tier 5 is £13) – see <http://www.ukba.homeoffice.gov.uk/business-sponsors/points/sponsoringmigrants/costs/certificateofsponsorship/>.

<sup>111</sup> At the time of writing the costs involved are £25,000 per year for a full package and £8,000 per year for a reduced package – see <http://www.ukba.homeoffice.gov.uk/business-sponsors/points/sponsoringmigrants/premium/>.

<sup>112</sup> The employer may make use of the UKBA helpline and pay for additional support from UKBA (as noted above). Additionally/alternatively an employer may purchase specialist support (using their own funds) from immigration lawyers and/or private organizations. During the course of this research no mainstream publicly funded initiatives providing free legal counselling/other support, with the exception of the UKBA helpline and support, were identified.



date with the latest changes and policy guidance.<sup>113</sup> Civil penalties for employing a worker illegally can be issued on a sliding scale up to the value of £10,000 per illegal worker.<sup>114</sup> Hence, sponsoring employers must ensure that a migrant worker is legally allowed to do the job and has the right registration or professional accreditation where needed by law. If a migrant worker has a time limit on their stay in the United Kingdom, the employer must check at least every 12 months that he/she continues to be eligible to stay in the United Kingdom and is complying with any restrictions placed on the visa. Sponsoring employers must also keep a copy of the registration document or certificate and make it available to the UKBA on demand. Sponsors who meet all requirements and responsibilities and whose migrant employees conform to immigration rules are rated as 'A' sponsors by the UKBA. Sponsors who require improvements to some aspects of their policies or track record can demonstrate that they are putting in measures for improvement are rated as 'B' sponsors. Employers in breach of legal migration channels face having their sponsorship licence downgraded or withdrawn and having their reputation as an employer damaged.

As noted above, the UKBA plays a key role in information dissemination regarding legal migration through its website. Some employer organizations play a role in information dissemination regarding legal migration channels. One example is a compilation of information on the 'right to work' compiled by National Health Service (NHS) Employers, providing practical information on issues that NHS organizations need to be aware of in the appointment and ongoing employment of individuals in the NHS (NHS Employers, 2012).<sup>115</sup> Organizations such as the Engineering Employers' Federation (EEF) also provide information and guidance on migration. The Chartered Institute for Personnel Development (CIPD), serving human resources (HR) professionals, also provides Internet links to guidance on migration and organizes seminars and other events on a range of topics, including migration. Issues of migration are also covered in the trade press.<sup>116</sup>

### ***Combating irregular migration and irregular working***

To complement the onus on employers to ensure that they employ migrant workers legally, the United Kingdom government has emphasized upstream border control and use of technology to ensure that only those with genuine permission to enter the United Kingdom are admitted.<sup>117</sup> The e-Borders programme checks passenger data

<sup>113</sup> Case study research is currently being sponsored to gain more insight into the costs incurred by employers in dealing with changes to the PBS.

<sup>114</sup> In the period from the start of the civil penalty regime in February 2008 to the end of October 2011, the UKBA issued 6,767 civil penalties to employers and collected over £16.3 million in penalty payments.

<sup>115</sup> This document covers the following topics: avoiding racial discrimination, the PBS, right to work documents, employing EEA nationals, employing Turkish workers already residing in the United Kingdom, sponsorship licence system or work permits, resident labour market test, visas, refugees and asylum-seekers, what to do when an applicant has no right to work, validating the documents, copying and storing, and further information.

<sup>116</sup> For example, *Personnel Today* for HR managers.

<sup>117</sup> The United Kingdom is not a member of the Schengen Area and so it retains its national border controls.

before people travel to the United Kingdom. Indeed, it is thought that the largest proportion of the total number of irregular migrants in the United Kingdom is likely to comprise ‘overstayers’ (that is, people who have remained in the United Kingdom after their visa has expired<sup>118</sup>) rather than illegal entrants. From 2008 the rollout by the UKBA of biometric residence permits (BRPs)<sup>119</sup> to nationals from outside the EEA who are granted permission to stay in the United Kingdom for more than six months can help employers by providing a secure means to check an individual’s identity, immigration status and their entitlement to work. Previously employers were faced with a range of documents held by potential migrant workers which were difficult to verify.

### ***Patterns of irregular employment of migrants***

The clandestine nature of irregular migration and the lack of a common definition mean that it is difficult to produce robust estimates of the irregular migrant population in the United Kingdom and of the scale of irregular employment of migrants (Mulley, 2010). Woodbridge (2005) estimated that there was an irregular migrant population of 430,000 (this is a central estimate within a range of 310,000 to 570,000) in 2001. Subsequently, Gordon et al. (2009) produced an estimate of 618,000 (within a range from 417,000 to 863,000). Alongside these estimates, administrative data reflecting operational activity can be used to provide an indication of some types of irregular migration-related behaviour (Toms and Thorpe, 2011). By definition, it is illegal to employ irregular migrants.

It is difficult to conduct research on irregular employment of foreign workers as employers are unlikely to be willing to take part in research, and if they do, to admit openly the full nature of their practices. Rather, it is easier to gather information on perceptions of such practices. In a study of employers’ use of migrant labour<sup>120</sup> conducted before the introduction of the PBS, Dench et al. (2006) found that some employers reported that they were unaware of illegal working, whereas others actually were or had been recruiting illegally. This was reportedly owing to their ignorance concerning registration procedures and their responsibilities as employers. While many employers said they made careful checks on employees, expressing concern over fines and possible repercussions, some found that the procedures were too time-consuming to deal with.<sup>121</sup> Many employers recruited through agencies and some employers assumed agencies made appropriate checks.

<sup>118</sup> Hence the onus on employers to check that employees are entitled to remain (and to work) in the United Kingdom.

<sup>119</sup> BRPs are the size of a credit card and contain the holder’s unique biometric identifiers (fingerprints and facial image) within a chip. The document also displays the facial image and biographical information. BRPs provide foreign nationals who have a legitimate right to be in the United Kingdom with evidence of their identity and immigration status.

<sup>120</sup> The study involved face-to-face, in-depth semi-structured interviews with 124 employers across London, East Anglia and north-east England in five employment sectors, plus 20 interviews with labour providers and representatives of trade unions and employer organizations.

<sup>121</sup> Numbers/percentages of employers providing specific responses to questions are not available in the report; (this reflects the qualitative and indicative nature of the study).

It was generally thought that illegal working was mostly an issue for low-skill jobs with low pay, particularly within smaller employer organizations and in less regulated sectors.

While there is no hard evidence on the subject, it seems likely that the vulnerable situation of irregular migrants means that they are likely to be more willing to accept low wages (Krenn and Haidinger, 2008), and, as a result, employers are under no pressure to improve pay and conditions or to spend on training or other types of benefits (Mulley, 2010). A study examining employment of undocumented migrant workers in the restaurant and clothing sectors (Ram et al., 2001), both of which operate in a highly competitive market place, found that irregular workers were loyal, hard working, and reliable and were recruited on cost grounds.

### ***Identifying potential third-country migrants with appropriate skills to meet labour needs***

Findlay et al. (2012) note that recruitment and employment of labour migrants involves a range of knowledge practices and social relations which produce observable selectivity in who is recruited, from where, and for what purposes (Findlay et al, 2010; Kanbur and Rapoport, 2005). Recruitment agencies (especially in the private sector) and other transnational economic actors play an important role in identifying appropriate potential migrants, for both temporary<sup>122</sup> and longer-term roles, and in filtering them from source regions to the United Kingdom (and elsewhere). Recent research has underlined that agencies in the United Kingdom and in origin countries make markets in the recruitment and supply of migrant workers. Moreover, the activities of agencies are strongly embedded in institutional and regulatory regimes in both origin and destination countries, and interact with changing labour market conditions to make migrant workers more or less attractive to employers (Jones, 2012). Since employers are the gate-keepers in the market for jobs, the business of recruitment agencies is to provide employers with what they are looking for. Several different components may be important here (depending on the job in question), including the possession of particular skills, the possession of relevant qualifications<sup>123</sup> or licences, past experience of a similar job and personal qualities and circumstances.

There is no information source in the United Kingdom providing comprehensive information on how employers in the United Kingdom identify potential migrant workers from outside the country, and so it is not possible to provide a ranking of channels. What is clear, however, is that larger employers will have more resources available to devote to HR functions and investing in specialist expertise to find suitable workers than smaller employers. Some insights into employer recruitment behaviour more generally is provided from more generic employer surveys. For instance, evidence from the UK Employer Perspectives Survey 2010 covering all potential recruits (that

<sup>122</sup> The example of SAWS in Section 1 is relevant here.

<sup>123</sup> For example in the education sector.

is, not specifically third-country migrants)<sup>124</sup> indicates that the most important factor of ‘critical importance’ to employers is a good personality and attitude, mentioned by 64 per cent of employers in the survey (Shury et al., 2011). It should be noted that these are subjective criteria, which may lead to discrimination in recruitment and selection according to employers’ cultural (and other) preferences. The evidence from the survey suggests that small employers place greater emphasis on personality (and also on previous experience) than larger employers. This reflects the importance of worker ‘fit’ and integration into a small organization; this is an issue that employers using agencies will highlight to them in specifying their requirements for workers.

The amount of effort put by employers into the identification, selection and recruitment process will depend upon the extent of the differences between workers (and hence the costs of making a poor ‘match’ between the individual worker and the requirements of the job), the costs of carrying out the recruitment activity and search and, finally, the hiring standards that are set (namely how choosy the employer is). The more resources that are devoted to this search process, the greater the initial costs but the greater the potential benefits are likely to be.

It is important to note that use of the Internet in recruitment (see the next section for further details), means that more potential migrants than was previously the case can find out about employment opportunities and what attributes and skills employers might be looking for. Hence employers may be faced with unsolicited applications from third-country nationals (and from other potential recruits) (Dench et al., 2006).

United Kingdom labour migration policy is in the main not based on bilateral agreements with particular source countries (Devitt, 2012). That said, in 2004, the United Kingdom government instituted a Code of Practice for the Active Recruitment of Healthcare Professionals, which is to be followed by the National Health Service (NHS). The Code applies specifically to the recruitment of professional health-care workers, limiting recruitment by the NHS unless approved by the source country. While the code improved the recruitment practices of overseas health-care professionals, it is not comprehensive – it is voluntary for the private sector and does not prohibit direct recruitment of health-care professionals (Salt et al., 2011).

### ***Channels/methods used by employers to recruit third-country migrants***

There are many different methods by which employers’ can find potential recruits (whether migrants from third countries, elsewhere or United Kingdom/EEA nationals). These include formal methods such as use of Jobcentres (that is the Public Employment Service in Great Britain), private employment agencies (as highlighted in the previous section), advertising in professional journals and newspapers, advertising on company or other websites, as well as informal methods such as

<sup>124</sup> No disaggregation specifically by migrant workers is available from this source. Nor is there any other data source (or comprehensive survey) providing detailed comparative information on recruitment of migrant workers.

seeking personal recommendations from existing employees, direct approaches to potential recruits, word-of-mouth and so forth. Each recruitment channel has its own associated costs and benefits in terms of its coverage of potential recruits and its effectiveness in identifying and selecting suitable recruits. In turn these translate into direct costs of recruitment and indirect cost in terms of delays and errors in recruitment.

As in the previous section, there is no data source providing comprehensive information on the methods used by employers to recruit third-country migrants, although there are some indicative insights from case studies (as discussed below). The UK Employer Perspectives Survey 2010 provides useful insights into the methods used by United Kingdom employers more generally, and so sets the context for methods that may be used to recruit third-country migrants. The most commonly used recruitment channel in the United Kingdom was the Jobcentre (vacancies are advertised online), used by 39 per cent of employers trying to fill a vacancy. Importantly, employers often use a combination of recruitment channels (Hasluck and Hogarth, 2008); so, for instance, in 2010 around 24 per cent used the Jobcentre in combination with some other method (Shury et al., 2011). Use of the Jobcentre was more common amongst large employers than small. Whereas 53 per cent of those employing 250 employees or more used the Jobcentre, the proportion was 32 per cent of businesses employing between two and four employees.

According to the UK Employer Perspectives Survey 2010, word of mouth was used by 24 per cent of employers (Shury et al, 2011). Use of word of mouth and personal recommendations was most common (31%) amongst those employing between two and four employees, and was negatively associated with size, such that only 11 per cent of the largest employers used this recruitment method. The importance of word of mouth recruitment amongst small employers is supported by a survey of micro businesses that found that just over half of businesses employing less than 10 people used word of mouth or personal recommendations (BCC, 2011). To some extent these differences by employer size are a reflection of more standardized approaches and professionalized human resource practices of larger organizations. Skill levels are important also in determining recruitment methods: 92 per cent of employers recruiting to entry level jobs and surveyed by the Centre for Social Justice (2011) were reported to have recruited at least a portion of their staff through word of mouth and informal networks. The importance of word of mouth recruitment is also highlighted in a study comparing hiring behaviour of organizations that do and do not hire migrants (SQW, 2009, 2010), with both categories of organizations citing this as the most popular recruitment channel amongst the mix of methods generally used. The study indicated that differences in recruitment behaviour varied more by sector than by whether employers employed migrant workers,<sup>125</sup> so indicating that

<sup>125</sup> Sectoral differences included the greater than average propensity for hotels and restaurants to rely upon recommendations from existing staff, the greater than average propensity for organizations in the health and social care sector to use Jobcentre Plus and for those in food/beverage manufacture to use online advertising. “The results tended to be broadly similar whether or not organizations employed migrant workers” (SQW, 2010: paragraph 3.9).

the sectoral dimension is of greater importance in shaping recruitment methods than whether immigrants are recruited.

In general, use of word of mouth and informal networks yields high employer satisfaction levels. In the UK Employer Perspectives Survey 2010 employers were asked to rate their overall satisfaction with the recruitment channels they use, on a scale of 1 to 10, where 1 represents ‘not at all satisfied’ and 10 represents ‘extremely satisfied’. Word of mouth/personal recommendation emerged as the channel which generated the highest level of satisfaction (7.8 mean score), while the organization’s own website also scored highly (both 7.5 mean score); (the use of internal websites to advertise vacancies is of particular relevance to potential labour migrants). Word of mouth and personal recommendation implies some quality judgement which, if correct, might lead to higher satisfaction, but the scores could also reflect the low cost of these channels.

Case studies can yield more detailed contextual information into recruitment methods in specific organizations/sectors. A study by McKay (2009) focusing on employer use of migrant labour in six case study companies of differing sizes, three in the construction sector and three in the hotel sector, identified three main trends in changing recruitment practices.<sup>126</sup> The first of these was the development of chains of migration, providing a constant supply of new recruits and enabling employers to have better knowledge of the supply of labour. The second trend, as noted above, was use of Internet advertising to draw on a wider pool of labour. The third trend was a greater willingness to recruit directly from abroad. The same study identified a heuristic typology of human resources practices, as shown in Table 10.8.

**Table 10.8: A typology of human resources practices**

Category	General features	Recruitment characteristics
Consultative HR practices	A trade union presence or presence of formal channels of communication with staff	Formal procedures (albeit not always applied in the case of recruitment of migrant workers to low-skilled jobs)
Imposed HR practices	Formal HR management policies based on national company guidelines, but with little staff consultation at site level	Direct recruitment in company of origin
Absent HR practices	Total absence of any formal human resource management policies and procedures.	Recruitment by word of mouth

*Source: McKay (2009).*

<sup>126</sup> It should be noted that this study was based on fieldwork undertaken in 2008 (that is in a pre-recession economic context) and covered recruitment of migrant workers from both EU and non-EEA countries. Nevertheless, some of the findings may be considered pertinent to the current period and the focus here on non-EEA migrants.

Although given the nature and size of the case studies it is not possible to present a formal analysis of categories by employer size, McKay (2009) notes that so-called Absent HR practices tend to be most associated with small organizations, and more formal procedures with larger ones, so chiming with the results outlined above from the UK Employer Perspectives Survey.

A study by George et al. (2012) focusing on skilled immigration amongst 12 employers in two strategically important sectors for the United Kingdom economy – aerospace and financial services – revealed some differences in approach. In the aerospace sector recruitment from outside the EEA was generally dealt with in-house within the organization and involved general advertising on the organization's website and in trade journals. The rationale for this was that job-seekers with required skills would be looking out for opportunities on websites and in specialist magazines. In some instances specific Asian universities were targeted and the entire recruitment process was undertaken in Asia, with candidates being tested for technical and language skills during the recruitment process. Contracting out of recruitment to specialist migration consultancies and use of headhunters was more common in financial services.<sup>127</sup> The study notes that this is especially the case in large organizations, but the scale of this particular study, and its focus on high-level skills in two strategically important sectors for the United Kingdom economy, means that a full categorization of recruitment methods according to size and skill level is not possible.<sup>128</sup> Use was also made of ICTs to transfer knowledge and expertise and also for business expansion purposes. Such transfers using ICTs, within large internal labour markets, are by their very nature temporary in essence. The use of ICTs for business expansion is of relevance to achieving growth in the economy generally, which in turn means greater recruitment.

## ***2.2. Supply side: prospective migrants***

### ***Use of information channels and instruments by prospective third-country migrants***

There is no comprehensive source of information on the information channels used by prospective third-country migrants to the United Kingdom. The general migration literature highlights the use of social networks (by both prospective migrants at a range of skills levels and by employers). A particular issue in the use of informal networks is that they can lead to the reproduction of segregation on grounds of nationality or ethnicity, such that some job roles come to be seen as associated

<sup>127</sup> Use of specialist external organizations was also cited as having the advantage of ensuring compliance with the immigration rules.

<sup>128</sup> This study highlights how case studies can provide rich insights, but do not provide a comprehensive picture of the channels used by employers to employ third-country migrants more generally. Given the emphasis of United Kingdom Government policy on fostering growth, it is salient to note the focus of this study on high-level skills in strategically important sectors, rather than on recruitment of third-country migrants more generally across the economy and in lower skilled jobs. (Comparable studies for the latter are not available.)

with migrants in general (see Atfield et al., 2011) or with particular sub-groups in particular (as discussed above). Relatively high levels of self-employment amongst migrants in the United Kingdom are sometimes seen as a function of some migrants being ‘forced’ into self-employment due to discrimination or exclusion from other forms of employment;<sup>129</sup> this in turn may perpetuate segregation on grounds of ethnicity/nationality (Mulley, 2010).

Details of legal requirements for working in the United Kingdom are available on governmental websites and those of associated agencies. The Internet serves as an important information channel for prospective migrants to find out about what migration involves and what opportunities are available (as discussed below). The UKBA and Home Office work on communication programmes with the Foreign and Commonwealth Office to disseminate messages about the legal framework for migration and employment in the United Kingdom, the risks of irregular migration to the United Kingdom and of illegal working,<sup>130</sup> and about life in the United Kingdom. This work encompasses protection of refugees, seeking to tackle human smuggling and trafficking, as well as promoting legal migration to provide skills needed in the United Kingdom. It is delivered by UKBA Regional Directors across the world, and supported by Foreign and Commonwealth Office and Embassy staff (UK Border Agency and Foreign and Commonwealth Office, 2010).

For those prospective migrants coming to the United Kingdom via the ICT route the employer is a key source of information on life and work in the United Kingdom.

### ***The role of internet tools in facilitating access to information on job opportunities and migration procedures***

There is more information available on the potential of the Internet for job matching rather than on how (potential) migrants actually use the Internet for job matching and/or for social networking for employment-related purposes. The content of this sub-section reflects this emphasis. It is possible to conceptualize a continuum, with at one end international elites of highly qualified migrants who are representative of a culture entailing international geographical mobility and digital mobility (Borkert et al., 2009). These individuals may be considered ‘connected migrants’ (Diminescu, 2008), given their connections with their origin, destination and other societies, and their strategic knowledge to make use of Internet tools for employment-related purposes. At the other end of the continuum migrants may either lack digital literacy or the strategic skills to use digital media to move into employment commensurate with their skills.

<sup>129</sup> Self-employment may also be seen as indicative of the entrepreneurialism and innovative capacity of migrants.

<sup>130</sup> In Kenya, for example, UKBA staff members have worked with the producers of a popular soap opera to promote messages about irregular migration (UK Border Agency and Foreign and Commonwealth Office, 2010).



The EU immigration portal<sup>131</sup> serves as a first point of entry for reliable, practical and up-to-date information on immigration issues and provides useful basic information and links to external websites (including government agencies, employment agencies, non-governmental organizations (NGOs), diaspora organizations, training institutions, and so forth). EURES provides information, advice and recruitment/placement (job-matching) services for the benefit of workers and employers and potential migrants. As well as being a job mobility portal it is supported by a network of EURES advisers.<sup>132</sup> While these Internet tools provide support for prospective migrants, there is a lack of information on how many individuals have made use of the website information and associated links to inform decisions about whether or not to migrate to the United Kingdom.

What is clear is that Internet tools are increasingly important in facilitating access to information on job opportunities. In the United Kingdom provision of services is increasingly 'digital by default'. Hence, possession of the necessary digital and strategic skills to navigate the Internet is increasingly important. Without such skills access to a wide range of opportunities will become ever more limited. Again, there is a lack of information on how potential migrants use the Internet for finding out about opportunities, and on how it is used alongside other sources.

An example of the increasing power of Internet tools is exemplified by Universal Jobmatch: the new Jobcentre Plus web-based job posting and matching service due to be launched by the Department for Work and Pensions in late autumn 2012. As well as taking vacancies notified to Jobcentre Plus, Universal Jobmatch will incorporate vacancies from a range of other job boards. In so doing it will be one of the largest jobsites in the United Kingdom. It will be available to all employers and anyone looking for work or seeking a career change, on a 24/7 basis. It will be accessed through the [www.direct.gov.uk](http://www.direct.gov.uk) website on a computer and any Internet-enabled device or mobile phone. The service will be available from anywhere that the Internet can be accessed, including Internet cafes, libraries, and mobile devices. Although it is primarily aimed at all employers and people in the United Kingdom who are looking for work or seeking a career change, anyone can use the service as it is an Internet service. Universal Jobmatch is designed to provide job search tools and a job matching function. If a job-seeker completes a profile on Universal Jobmatch they can search for jobs and be automatically matched to the wording in the skills section of their profile. If a job-seeker goes on to complete or upload a CV, the service will search through the CV and make a match to suitable jobs when an employer places a job, notifying the job-seeker by email and by entry to their account. The job-seeker can then apply for jobs online and access help and support functions.

Universal Jobmatch exemplifies how job-seekers (wherever they are located) can access an ever wider range of vacancy information.

<sup>131</sup> <http://ec.europa.eu/immigration/>.

<sup>132</sup> <http://ec.europa.eu/eures/home.jsp?lang=en>.

### 3. Third-country nationals in the United Kingdom labour market

#### 3.1. Information-related risks faced by employers in recruiting third-country nationals and matching employers' needs and migrants' skills

A key issue facing employers in recruiting third-country nationals and ascertaining migrants' skills in relation to their organizational needs is the validation of the level and scope of foreign qualifications. Here, the National Recognition Information Centre for the United Kingdom (UK NARIC) is the national agency responsible for the provision of comparative information and advice on international education and training systems and overseas skills and qualifications. It helps both organizations and individuals by relating overseas to United Kingdom qualifications and is the organization that provides 'translations' of overseas qualifications when supplied as part of a visa application.<sup>133</sup> Such a service is necessary in helping match qualifications gained outside the United Kingdom to employers' requirements. Work experience is more difficult to validate, but the information held by UK NARIC on the relevant third-country context may be helpful here. In her case studies of employers' use of migrant labour, McKay (2009) indicates that employers recruiting migrant workers make greater use of competency testing in the recruitment process, in order to help them interpret qualifications/experience received outside the United Kingdom.

In the United Kingdom the prime responsibility for recognizing skills and qualifications within occupations and jobs lies with Sector Skills Councils (SSCs), which are independent, employer-led organizations designed to build a skills system that is driven by employer demand. The SSCs' remit includes addressing skills deficiencies at sectoral level; increasing opportunities to boost the skills and productivity of everyone in the sector's workforce, improving the supply of learning and training through national occupational standards, apprenticeships and further and higher education. Although their ambit encompasses all workers in their specific sector footprint they have no specific remit for assessing the skills of migrants (Salt *et al.*, 2011).

Alongside qualifications a second major issue in matching migrants' skills and employers' needs is English language capability. Shortcomings in English language proficiency mean that many migrants find themselves in jobs beneath their skills' level (Green, 2007). Funding for English for Speakers of Other Languages (ESOL) qualifications has been an ongoing issue for debate, especially given the thrust of government policy to transfer costs of learning and training to the beneficiaries (namely to learners and employers<sup>134</sup>), while at the same time an ESOL qualification

<sup>133</sup> UK NARIC is managed by ECCTIS Limited, which also manages the UK National Europass Centre, the UK's National Contact Point for Professional Qualifications, the National Contact Point for ECVET (European Credit System for Vocational Education and Training) for England and the European Network of Reference and Expertise in Vocational Education and Training.

<sup>134</sup> Hence there is an onus on employers to provide work-relevant English language training in order to better equip their workforce to perform their current, and possible future roles, within the organization. It is likely that such training will also foster broader integration in the United Kingdom.

is required for indefinite leave to remain in the United Kingdom. It is also notable in this regard, as highlighted in Chapter 1, that there are requirements for English language ability for skilled migrants entering the United Kingdom.

A third key issue highlighted by Green (2007) in matching migrants' skills and employers' needs is migrants' understanding of how the United Kingdom labour market operates. Here, migrant community and support organizations have a key role to play (as discussed below).

### ***3.2. Promoting cultural diversity, addressing discrimination and the transparency and accessibility of available job opportunities***

Reflecting the importance of labour migration from eastern and central Europe in recent years, much of the literature on identification of migrants with appropriate skills has focused on this group of migrants rather than on third-country nationals. Eastern and central European migrants are frequently portrayed by employers in positive terms (Ruhs and Anderson, 2010), especially in contrast to United Kingdom labour and some third-country nationals on a scale of relative attractiveness (Green et al., 2007), especially for low-skill jobs. Findlay et al. (2012) suggest that imperfect information about the qualities of individual candidates and normative understandings of the traits associated with the 'good worker' mean that the appropriateness of potential workers for particular types of jobs may be determined in relation to preconceptions about categories such as age or sex, as opposed to the individual merits of a candidate. Such stereotyping is of particular significance when the employer and the potential employee are physically separated by geographical distance (as is the case in international labour migration) but also when labour market intermediaries (such as recruitment agencies) are engaged in the recruitment and selection process.

'Constructions of nationality' (and also racial/ethnic markers) can have an impact on the functions assigned to migrant workers, with workers from EU countries more preferred for 'front of house' roles than migrants from regions such as the Middle East, Asia or Africa (Matthews and Ruhs, 2007). Wills et al. (2010) have shown that national origins may be used as a proxy for differentiating between migrant workers, so producing a migrant division of labour. Moreover, in a test for racial discrimination in recruitment practices in British cities (Wood et al., 2009) involving the submission of matched job applications from white and ethnic minority applicants to each of 987 vacancies advertised between October 2008 and May 2009, in which ethnic identity was conveyed in the applications using names found to be widely associated with the ethnic groups included in the study, revealed that net discrimination in favour of white names over equivalent applications from ethnic minority candidates was 29 per cent (this level is both high and statistically significantly different from zero). This is indicative of stereotyping and discrimination.

In some instances preferences for migrant workers from some origin countries as opposed to others reflect similarities in terms of organization and practice between

specific origin countries and the United Kingdom for the job role in question. For example, research focusing on the social work sector has highlighted a preference for social workers from countries such as Australia, New Zealand, South Africa and the USA, on the basis that in these countries social work education and practice resembled that in the United Kingdom (Hussein et al., 2010). Endorsing the importance of English language skills outlined in Chapter 1, command of English was also highlighted as an underlying reason for preference for some migrant workers over others. This underlines the significance of competence in English as a key factor in determining whether, and how well, migrants' skills are matched to the jobs they perform.

The European Integration Fund (EIF) has been used in the United Kingdom to promote third-country legal migrant integration. EIF-funded projects include the delivery of English for Speakers of Other Languages (ESOL) and life skills courses, computer training, introductory programmes informing new arrivals of the systems and norms of the United Kingdom, mentoring schemes, 'Life in the UK' classes and community events to promote contact and understanding between communities. Local authorities and community organizations also play a role here.

In relation to migrants, under the Equality Act 2010 protected categories are race, colour, nationality, ethnic or national origins and religion or belief. In order to avoid discrimination (whether direct or indirect) employers' organizations and government agencies emphasize the need for employers to treat all applicants in the same way at each stage of the recruitment process (Davies and Owers, 2012).

There are examples of specific initiatives designed to help migrants in job-seeking and to help employers recruit a diverse workforce. One such is the Ethnic Jobsite,<sup>135</sup> established in 2000, which aims to provide effective online recruitment solutions for members of minority groups through access to vacancies and information regarding job search. For individuals from minority groups drivers for usage include access to information to better understand employers' recruitment behaviour and selection practices, and to help with job applications (for example how to construct CVs, information on job search, and so on) and customized access to vacancies. The Ethnic Jobsite also provides resources to employers – through assistance in advertising vacancies to minority groups – to help ensure that recruits (and workforces) are an accurate reflection of diversity within British society. Specifically, the Ethnic Jobsite aims to broker enhanced job matches (through information and communication technology-enabled information and recruitment services) for individuals from minority groups and to help employers reach potential applicants from minority groups. It has introduced a SMS Alert Campaign broadcasting SMS text messaging service direct to job-seekers' mobile phones. Via this route employers and advertisers can directly target specialist audiences from minority groups. By using the Ethnic Jobsite employers advertise themselves and are branded as equal opportunities employers promoting workforces and welcoming applicants from minority groups.

<sup>135</sup> <http://www.ethnicjobsite.co.uk/aboutus.php>.

### ***3.3. The role of public employment services, community organizations and mentoring in facilitating access to opportunities for third-country migrants***

There has been a general trend in recent years in the direction of active labour market programmes with greater conditionality to and personalization of support services (as set out in Gregg [2008]). Hence, rather than provision of services for specific ‘groups’ the emphasis has been on more flexible personalized support, tailored to individual needs. At the heart of this approach is the personal adviser. The United Kingdom Coalition Government elected in 2010 introduced further reforms in this direction, with the introduction of the Work Programme in 2011, ‘creating a structure that treats people as individuals and allows providers greater freedom to tailor the right support to the individual needs of each claimant’.<sup>136</sup> The Work Programme uses a framework of prime contractors (mainly from the private sector) for the provision of services. In turn sub-contractors provide specialist services. In this model ethnic minority mentoring services are provided by specialist providers sub-contracted to the primes.

Until recently for non-active benefit claimants in England<sup>137</sup>, engagement with employment services support has been through NextStep providers and other community-based advice services. All support provided was on a voluntary basis. NextStep advisers provided a range of services, including comparison of qualifications gained in other countries via the UK NARIC service, referral to professional bodies and local colleges for skills assessments and for opportunities for work experience for validation of vocational skills, action planning towards training and employment, and job search support. Providing advice for third-country nationals requires some specialist skills and knowledge, but it also draws heavily upon competences developed during an adviser’s initial professional training. An example of an initiative to support practitioners in their role is provided by the IMPACT (Integrating Migrants through the Provision of Adaptability and Competence Training) project (2008–2010), designed to develop methods and a learning resource to enable managers and practitioners in mainstream employment services to recognize and audit the skills and qualifications that migrants, who are third-country nationals, have acquired prior to their arrival in the EU, in order that such services can support the social and vocational integration of migrants (NIACE, 2010).

In April 2012 NextStep was replaced by the National Careers Service,<sup>138</sup> with a remit to provide support (on the Internet and face-to-face) in developing CVs, searching and applying for jobs, understanding the job market, searching for courses and training schemes, finding funding to support learning, exploring career options and developing an action plan and appropriate training routes to achieve individuals’ goals. The personal adviser is at the heart of the model of service provision. Prime contractors providing face-to-face services (in terms of employment, careers and skills

<sup>136</sup> <http://www.dwp.gov.uk/policy/welfare-reform/the-work-programme/>.

<sup>137</sup> Skills is a devolved responsibility within the United Kingdom and so there are separate services in the devolved nations (that is England, Wales, Scotland and Northern Ireland).

<sup>138</sup> <https://nationalcareersservice.direct.gov.uk/aboutus/Pages/default.aspx>.

development advice) are expected to have skills in place to support the communities in the areas that they are servicing. This suggests that in theory at least, there should be more support to third-country nationals in areas of larger/more homogeneous than in smaller/more heterogeneous migrant concentrations. While telephone advice lines are in a variety of spoken languages, Internet services are mostly or exclusively in English.

In theory at least, service provision that is personalized to individual needs will provide services and outcomes that are better than a ‘one size fits all’ approach. Reference has been made above to specialist services to support migrants/ethnic minorities, often provided by community organizations. Recession and public spending cuts have placed pressure on the voluntary sector, especially in relation to employment, welfare and housing issues. On the one hand the services provided by Migrant and Refugee Community Organizations (MRCOs) (in both employment support and other policy domains) are under increasing pressure, yet at the same time they are heavily reliant on external funding from statutory and independent sources (Migrant and Refugee Communities Forum, 2011). Hence, there are concerns that at a time of austerity equality issues might be compromised. Similarly contracted-out service provision can be particularly prone to low-level resourcing as funders/prime contractors seek to minimize contract costs, and MRCOs providing employment-related services are dealing with a shift from grant funding towards service commissioning (including payment by results contracts).

Mentoring is one of the options that may be used by public employment service contractors and community organizations to facilitate access to opportunities for third-country migrants. Albeit not exclusive to, or necessarily designed for, third-country migrants, for those with the necessary digital skills, social networking may be one way to extend networks and so facilitate access to opportunities. An example of such an initiative is Backr,<sup>139</sup> which uses information and communications technologies to foster personal connections. It works on the principle that users can connect informally with other individuals who work in the same roles of industry/industries of industry to find out more about opportunities and perhaps facilitate further connections. It is illustrative of the increasingly digital nature of navigating support services and opportunities in the United Kingdom labour market.

## 4. Conclusions and recommendations

The United Kingdom has a predominantly demand-led migration system in which labour migration from outside the EEA is utilized to address specific skill shortages. The list of recognized skill shortage occupations and job titles has been reduced in recent years, a limit on migration has been imposed and requirements for English language competence have been raised. These measures mean that legal opportunities for labour migrants from their countries to come and work in the United Kingdom are increasingly restricted.

<sup>139</sup> <http://backr.net/about>.

The United Kingdom government has emphasized upstream border control measures in order that labour migrants from third countries do not come to the United Kingdom in the first instance unless they satisfy legal and job-related requirements to do so. Investment has been made in information and communication technology systems – at the United Kingdom border and in terms of the rollout of BRPs – to support enforcement of legal regulations regarding migration and working in the United Kingdom.

The onus is placed on employers to ensure compliance with regulations surrounding recruitment of labour migrants from third countries and of third-country nationals resident in the United Kingdom. Changes in regulations impose costs on employers in keeping up to date and ensuring legal compliance, but these vary in accordance with the volumes and types of migrant workers employed. Research is underway to provide a more detailed quantitative understanding of the costs to employers of changes made to the managed migration system in the United Kingdom. These burdens of costs fall particularly on smaller employers without dedicated human resources departments and/or resources to buy in external specialist advice. The UKBA, employers' organizations and sector bodies have an important role to play here in information dissemination and also in lobbying on the part of employers, but the underlying ethos of government policy is that the costs incurred in recruiting immigrants should be incurred by those (that is the employers) reaping the benefits. This is especially so at a time of austerity and cutbacks in government spending.

Alongside the onus on employers to shoulder the costs incurred in recruiting immigrants and in ensuring compliance, individuals also have responsibilities to ensure that they are living and working in the United Kingdom legally and have not overstayed their visa. The emphasis that has been placed on external border controls means that overstaying by third-country nationals within the United Kingdom is likely to be the main source of illegal working.<sup>140</sup>

It is clear from this review that information and communications technologies, and specifically the Internet, plays an increasingly important role in:

- information flows between employers and prospective migrants;
- information flows between government agencies and employers;
- information flows between government agencies and individuals;
- the operation of the labour market – in terms of advertising vacancies and proactive social networking and job search by labour migrants (and other prospective job-seekers and those in employment);
- access to training resources and careers advice; and
- access to more general information and advice services about living and working in the United Kingdom.

This emphasis on use of the Internet, and the trend towards 'digital by default' in the delivery of public services, means that those individuals lacking the technical and

<sup>140</sup> There is little or no quantitative information on overstaying.

strategic skills to navigate the Internet are increasingly disadvantaged. This suggests that there is an ongoing need for digital skills training to ensure that individuals have the necessary skills and also to ensure that they have access to the Internet.

Rather than provide specific programmes directed at labour migrants to help them integrate into the United Kingdom labour market and society, there has been a trend towards personalized delivery in public employment and related services. Here the personal adviser plays a key role in identifying and tailoring support to individuals' needs. This means that personal advisers themselves need to have an awareness of the issues faced by labour migrants/third-country nationals and of the local support services available to them. Training modules/toolkits developed by European-funded projects (such as IMPACT [outlined in Chapter 3]) are helpful here. (Organizations such as NIACE [National Institute of Adult Continuing Education], which was involved in the IMPACT project, have an ongoing role to play in helping support migrant integration.)

A flexible approach has the advantage of recognizing the heterogeneity of third-country nationals and their individual needs. Within a model in which prime contractors play a key role in service delivery many specialist services for third-country nationals (particularly those who are most disadvantaged in the labour market) are outsourced to subcontractors with specific expertise in supporting ethnic minorities and non-United Kingdom nationals. Some of these services are delivered by community-based organizations who are struggling to maintain services in the context of public spending cuts and the general move from a grant-based model of delivery to a contracting model of payment by results. It is possible that at a time of austerity measures improvement to equal access to services becomes less likely.

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# COUNTRY STUDIES

Edited by  
Maria Vincenza Desiderio and Anke Schuster

## **PART II:** GOOD PRACTICES AND RECOMMENDATIONS FROM NON-EU SETTLEMENT COUNTRIES



# CANADA

Vikram Rai and Andrew Sharpe<sup>141</sup>



## Abstract

*Canada has an increasingly ethnically diverse population, owing to high levels of permanent immigration. Given national concern over declining labour force growth and shortages in some skilled professions, Canada's immigration policy is oriented to attract highly educated workers. At the beginning of the last decade, a large literature developed raising concerns about declining and poor labour market outcomes of recent, university-educated immigrants. This has resulted in measures to improve the labour market outcomes of recent immigrants. Underlying all of this is the system of labour market information used by employers and immigrants for labour market matching. The goal of this report is to examine how labour market information contributes to the resolution of challenges faced by economic migrants and national immigration policy in Canada, and to identify good practices from the Canadian immigration experience, which would benefit other countries.*

*This report makes the following observations about the Canadian immigration context and labour market information available to employers and immigrants in Canada:*

- *Canada's population is aging and the proportion of the total population that is aged 15 to 64 is forecast to shrink significantly over the next two decades. At the same time, Canada's natural resource industries are experiencing rapid growth due to the world commodity boom, fuelling already strong demand for labour in Canada. In this context, immigrants are welcome. The government's current immigration target, supported by all opposition parties and the vast majority of stakeholders, is to accept 250,000 immigrants per year. These persons are*

<sup>141</sup> Vikram Rai is an Economist at the Centre for the Study of Living Standards (CSLS), Ottawa and Andrew Sharpe is Executive Director at the Centre for the Study of Living Standards. The authors gratefully acknowledge Maria Vincenza Desiderio and Elizabeth Ruddick for their useful comments on earlier versions of this report.

*permitted to reside and work in Canada indefinitely, and have the right to become citizens after three years of residency.*

- *Over the past three decades, the most important source countries for immigrants to Canada have shifted from Western European countries to developing countries, such as the Philippines, China and India. The shift in source countries means language instruction is a more important part of Canada's settlement programming.*
- *Employers, especially small and medium-sized enterprises (SMEs), have found that traditional methods of recruiting talent, including public advertising and informal referrals from contacts, often fail to connect them to immigrants. Research has shown that SMEs have more success in attracting immigrants through non-traditional methods, including advertising in ethnic media and seeking referrals from immigrant-serving organizations. In recent years, immigrant-serving organizations have also developed a large number of programmes across Canada to facilitate hiring of immigrants by SMEs.*
- *The most significant obstacles to success in the labour market as perceived by recent immigrants are language barriers, a lack of Canadian work experience, and difficulty receiving recognition for foreign credentials, particularly in professions regulated by sub-national governments to ensure public safety. Research has shown that there is a significant gap in the labour market outcomes, both for unemployment rates and earnings, between recent university-educated immigrants and similarly educated domestic-born workers. Access to labour market information is a comparably small factor and not a major barrier to the labour market integration of immigrants. However, improved LMI certainly alleviate more fundamental barriers and improve labour market matching.*
- *Multi-stakeholder partnerships between immigrant-serving organizations and all levels of government have become an integral part of Canada's system of delivering labour market information and providing services to newcomers to Canada.*
- *Outreach programmes that provide pre-departure information and instruction to immigrants have proven to be effective at preparing immigrants to integrate into the Canadian labour market. This has included providing orientation sessions and individual counselling sessions for those approved for permanent residence months in advance of their landing in Canada, while they are still in their source country.*
- *We identify five best practices from the Canadian experience with respect to labour market information for immigrants and employers: i) create a national organization to more effectively provide information to recent immigrants about the steps necessary to work in regulated occupations; ii) maximize the number of single-points-of-contact in Canada (also referred to in the migration literature as one-stop-shops) for services directed at employers*

*and immigrants; iii) provide pre-departure orientation and training to immigrants on local labour market information, the legal requirements of immigrating to and working in Canada, and English and French language skills; iv) involve local stakeholders in the service delivery, particularly those with an interest in serving immigrant communities; and v) maintain policy flexibility in regards to immigration composition, by devolving some responsibility to provincial governments, allowing demand-based levels of entry instead of targets, and enshrining targets such that they are easily changed, for example, by placing them in policy or ministerial instruction, as is the status quo in Canada.*

## 1. Introduction

How do economic immigrants obtain information about job opportunities in their destination country? What labour market information (LMI) is available to employers wishing to fill their labour needs with migrant workers? These are crucial questions to answer in the implementation of immigration policy. The advantages of immigration are numerous, and, given the legal and informational barriers inherent in migrating to a foreign country for employment, immigration systems that streamline these processes and provide employers and migrant workers with information are of utmost importance. The goal of this report is to examine how labour market information contributes to the resolution of challenges faced by economic immigrants and national immigration policy in Canada, in the hope that EU Member States may draw lessons from an overview of the Canadian immigration experience.

Immigration is increasingly recognized among advanced nations as a necessary policy component of a competitive and dynamic economy. The European Union is among the largest zones in the world today, and perhaps in history, that has institutionalized the movement of labour across over two dozen national borders. Canada, for its part, has admitted a large number of immigrants consistently in the post-WWII period. This was a fortuitous policy choice given that many labour market forecasts posit that all of Canada's net labour growth in the coming years will be from immigration, and other forecasts still indicate that all of Canada's net population growth will come from immigration by the year 2030. Canada is also unique in that those entering Canada to work generally become permanent residents, can work in Canada indefinitely, and usually become very integrated into the Canadian labour market. This policy context provides Canada with a significant amount of experience in designing and adopting immigration policy in response to economic and labour market developments.

To set the context for the discussion of labour market information, the report provides an overview of Canadian immigration policy and its role in the Canadian economy, and outlines recent policy changes and the current policy trajectory in the immigration field as it relates to labour market information. Labour market information, broadly speaking, encompasses the resources available to businesses and

potential workers that facilitate both job market matching and the fulfillment of legal and administrative requirements of immigration. The remainder of the introduction provides details on the Canadian economy and identifies a few salient trends that are particularly relevant to the level and composition of immigration in Canada. Section 2 focuses on how existing labour market information facilitates matching between employers and immigrants, considering both the cases of permanent residents<sup>142</sup> or immigrants already residing in Canada and those applying for permanent residence or to be a temporary worker from outside of Canada. Section 3 considers to what extent those barriers can be alleviated with improved access to labour market information, or simply more labour market information. Finally, section 4 consists of a review of identified best practices and lessons learned from earlier in the report.

### **1.1. Labour market trends**

Canada is still recovering from the recession that began in the last quarter of 2008 and lasted until the last quarter of 2009 (CSLS, 2012). The employment, unemployment, and participation rates have not yet recovered to their pre-recession levels. From the pre-recession peak in 2008 to the most recent data for 2011, the recession has had a varied impact on different sectors and demographic groups in Canada; the goods-producing sector experienced overall job losses, while the services sector gained in employment; women have observed a smaller increase in their unemployment rate compared to men; and those with post-secondary education had a significantly smaller decrease in their employment rates. The last observation is consistent with an overall structural shift, outside of the recession, towards employment in knowledge-based occupations, such as those in health, social science, and professional, scientific, and technical services.

Key features of the Canadian labour market include significant regional differences in employment opportunities by occupation and declining labour force growth. An aging workforce has several obvious implications for the future: greater pressure on Canadian health care, greater pressure on public pensions, and, importantly for this study, greater pressure on firms which at times struggle to meet demand for new entrants and skilled workers. Indeed, slower population growth and an older workforce mean many Canadian businesses must increasingly attract workers capable of filling their needs from abroad.

These two trends are accompanied by significant regional differences in wages, large differences in the composition of output across Canada's 10 provinces, and a persistent urban-rural wage gap. Declining population growth also means that, according to most estimates, immigration will account for all of Canada's net labour force growth in the coming years (Sweetman and Picot, 2012; Dungan and Murphy,

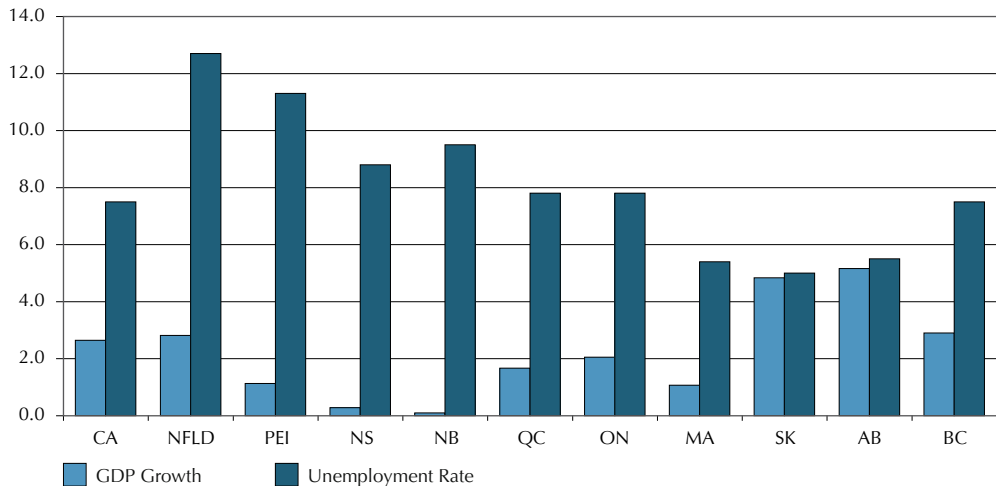
<sup>142</sup> Note that "permanent residents" refers to individuals allowed to enter and live in Canada indefinitely, though they are not citizens. The term "landed immigrants," no longer in use, may be more familiar to some readers. "Permanent resident" is a status granted to immigrants entering Canada, which they would no longer hold if they became Canadian citizens.



2012). This is particularly important given that, based on projections from the Canadian Occupation Project System, there may be shortages of skilled labour in certain skilled occupations (Souleima, 2009; Ferrer et al, 2011). Projections indicate that over the next 10 years, 69.8 per cent of job growth in Canada will be due to growth in high-skilled occupations, which currently represent 62.6 per cent of total non-student employment. Furthermore, the fastest growing occupations are forecasted to be professional and technical occupations in health, natural and applied sciences, and finance (Ignaczal et al, 2011). This underscores Canada's need to attract skilled labour from abroad.

Underlying Canada's recent economic and labour market performance are significant regional differences. Figure 11.1 shows that underlying the Canadian unemployment rate in 2011 of 7.5 per cent is significant regional variation. The unemployment rate is highest in Newfoundland, one of Canada's four smallest provinces, at 12.7 per cent, while it is lowest in Saskatchewan, one of Canada's western provinces. Newfoundland is a particularly interesting case, because since the 1990s it has exploited offshore oil resource. What appears to be a lagging economy masks a strong positive trend that shows no sign of reversal: the unemployment rate has fallen from 15.5 per cent in 2009 to 12.7 per cent in 2011. This explains the seeming paradox of above average GDP growth and above average unemployment in Newfoundland. GDP growth is notably only above average in 4 of Canada's 10 provinces: Alberta and Newfoundland, which have significant oil wealth; and British Columbia and Saskatchewan, largely due to growth in natural resource sectors.

**Figure 11.1: GDP growth rates (chained 2002 Canadian dollars) & unemployment rates for Canada and the provinces, 2011, (%)**

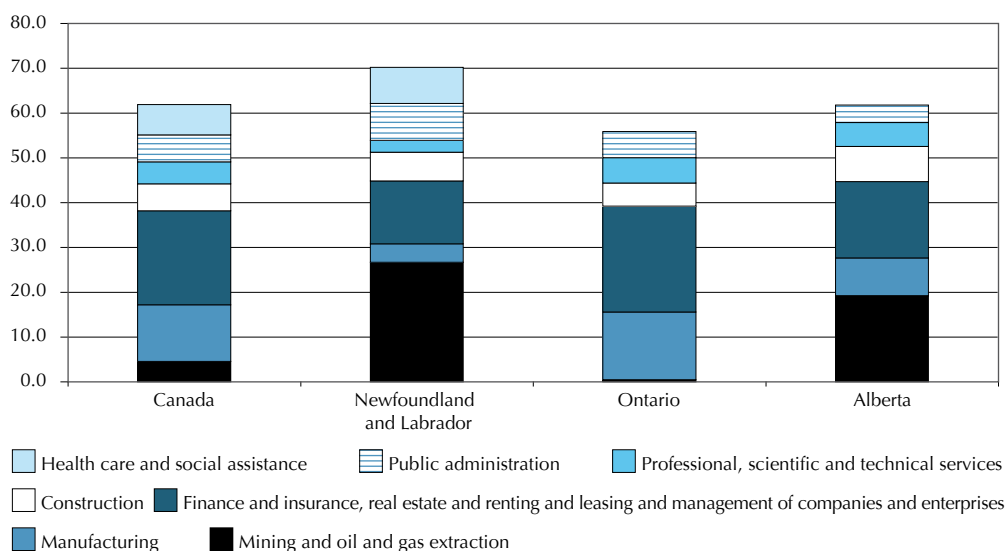


Source: CANSIM Tables 109-5324, 379-0025, and 379-0027.

The diverse economic performance of Canada's provinces is largely due to regional heterogeneity in leading industries. In the provinces with the strongest performance,

industries which are enjoying global booms, such as oil and other natural resources, are the largest, both in terms of level and growth. Figure 11.2 provides an illustration of the level of regional variation in industry structure. In Newfoundland, mentioned above, mining and oil and gas extraction comprised 26.7 per cent of provincial GDP in 2011, compared to 4.5 per cent for Canada and 19.2 per cent for Alberta, the province with the next highest share of its GDP comprised of output from mining and oil and gas extraction. This is only meant to foreshadow an important theme of this report, that provincial input and even control of the composition and level of immigration has proven to be advantageous in Canada, due to the diverse labour market needs of different regions.

**Figure 11.2: Share of GDP using 2002 chained dollars for selected industries by North American Industry Classification System, Canada and selected provinces, 2011**



Source: CANSIM Tables 379-0025 and 379-0027.

It is also important to recognize that Canada's workforce is aging. While the proportion of the population that is working age (aged 15 to 64) has held constant at 68 to 69 per cent between 1981 and 2011, the median age has increased from 30.6 to 39.9 years over the same time period. Furthermore, population projections given in Table 11.1 show that by 2031, the percentage of the population aged 15 to 64 will decline to between 62 and 61 per cent, given reasonable assumptions of a fertility rate between 1.5 and 1.7 births per woman and national effective immigration between 240,000 and 252,000 persons from 2011 to 2014, and between 0.60 and 0.75 per cent of the population after 2014. This does not necessarily imply that the labour force decrease will be proportional to the decrease in the proportion of population that is working age; it may be offset by a higher labour force participation rate. Nevertheless, this does underscore the pressures an ageing population is placing on Canada, and the necessity of a flexible immigration system.

**Table 11.1: Population and demographic projections, Canada, 2010–2031 (thousands)**

	Low-Growth Scenario			Medium-Growth Scenario		
	All ages	15 to 64	Share of population aged 15 to 64 (per cent)	All ages	15 to 64	Share of population aged 15 to 64 (per cent)
2010	34,103	23,675	69.4	34,138	23,686	69.4
2011	34,455	23,876	69.3	34,532	23,898	69.2
2012	34,792	24,004	69.0	34,922	24,037	68.8
2013	35,086	24,096	68.7	35,318	24,172	68.4
2014	35,368	24,178	68.4	35,713	24,299	68.0
2015	35,643	24,250	68.0	36,105	24,418	67.6
2016	35,913	24,304	67.7	36,495	24,520	67.2
2017	36,176	24,346	67.3	36,883	24,612	66.7
2018	36,433	24,370	66.9	37,267	24,687	66.2
2019	36,682	24,378	66.5	37,647	24,749	65.7
2020	36,928	24,372	66.0	38,028	24,797	65.2
2021	37,171	24,372	65.6	38,409	24,853	64.7
2022	37,411	24,369	65.1	38,789	24,908	64.2
2023	37,646	24,369	64.7	39,168	24,967	63.7
2024	37,876	24,373	64.3	39,546	25,031	63.3
2025	38,101	24,360	63.9	39,921	25,099	62.9
2026	38,320	24,338	63.5	40,293	25,166	62.5
2027	38,532	24,316	63.1	40,662	25,242	62.1
2028	38,738	24,277	62.7	41,027	25,310	61.7
2029	38,938	24,240	62.3	41,388	25,389	61.3
2030	39,130	24,223	61.9	41,746	25,490	61.1
2031	39,315	24,244	61.7	42,100	25,632	60.9
<b>Annual Average Growth rate (%)</b>	<b>0.71</b>	<b>0.12</b>	<b>-0.59</b>	<b>0.39</b>	<b>-0.65</b>	<b>-0.65</b>

Source: CANSIM Table 052-0005.

Note: Low-growth scenario assumes (M1 in original) fertility rate of 1.5 births per woman from 2014 on, life expectancy steadily trending up to 82.3 years for males and 86.0 years for females by 2036, constant national effective of 240,000. Medium-growth scenario (M2 in original) assumes constant total fertility rate of 1.7 births per woman; life expectancy trending up to 84.0 years for males and 87.3 years for females by 2036; a constant national effective.

## 1.2 Canadian immigration in context

The Canadian immigration system is comprised of three main categories of immigrants: economic class immigrants (referred to simply as economic immigrants throughout the report), family class immigrants, and refugees. Separate from this

is also a system of entry for temporary foreign workers. The family class typically includes family members of an economic class immigrant such as a spouses, children, parents, or grandparents. For the purposes of this study, we will examine the LMI resources available to those applying as economic immigrants and temporary foreign workers, and businesses and individuals in Canada who wish to employ economic immigrants. This subsection will provide a brief overview of the Canadian immigration system and highlight several trends pertaining to the level and composition of economic immigrants to Canada. Note that economic and family class immigrants enter Canada as permanent residents, meaning that they can remain in Canada indefinitely.<sup>143</sup>

### ***Overview of Canadian economic immigration programmes***

The structure of the Canadian immigration system includes three programmes through which foreign workers can enter Canada, either as economic immigrants or temporary workers, one of which is relatively new. The first of the two long-standing programmes is the Federal Skilled Workers Program (FSWP), which selects candidates for immigration through a point system that includes, among other criteria, education, English and French language skills, and prior work experience. This system prioritizes higher education, proficiency in English or French, and younger applicants; any individual who successfully applies to the FSWP is accepted as a permanent resident. Applicants are required to have at least one continuous year of full-time or equivalent employment in positions that match an occupation under the Canadian National Occupation Classification (NOC) codes 0, A, or B (meaning either management experience, or an occupation requiring post-secondary education)<sup>144</sup>. After passing the minimum criteria, applicants are measured against the selection factors, which reward points based on the six categories of language, education, work experience, age, arranged employment, and adaptability. Anyone entering through the FSWP is considered both an economic immigrant and a permanent resident, meaning that they can remain and work in Canada indefinitely.

<sup>143</sup> It is important to be clear on the concepts of permanent resident and economic immigrant. A permanent resident is anyone who is permitted to enter Canada and remain in the country indefinitely; as this section will show, this category includes approximately 250,000 persons each year. A subset of permanent residents are considered economic immigrants; these individuals enter Canada through the Federal Skilled Workers Program (FSWP) and the Provincial Nominee Program (PNP), and are legally permitted to work at any job in Canada. For the purposes of this report, we follow the Canadian convention in which “economic immigrants” does not refer to Temporary Foreign Workers (TFW), who will simply be identified as TFWs or temporary workers. It is also furthermore important to clarify that in the official statistics compiled by Citizen and Immigration Canada, “economic immigrants” includes the spouses and dependants of those applying for permanent residence and any permanent resident may enter the labour force if they choose.

<sup>144</sup> The National Occupation Classification consists of five skill levels coded 0, A, B, C, and D, and 10 skill types numbered 1-9 for occupations in different sectors; all occupations are classified on this two-dimensional scale. For the purpose of this report, it is essential to understand that NOC code 0 refers to managerial occupations, NOC codes A and B refer to occupations requiring post-secondary education, and NOC codes C and D refer to occupations that do not require post-secondary education.

The second is the main programme for temporary workers, the Temporary Foreign Worker Program (TFWP), which allows businesses to hire a Temporary Foreign Worker belonging to a skilled occupation class matching any code. Originally, TFWs were also confined to the same NOC codes as in the FSWP, but in 2002, Citizenship and Immigration Canada (CIC) introduced a stream for lower-skilled workers, referring to those in occupations matching NOC codes C and D, which require vocational or on-the-job training. Employers who wish to hire a temporary worker request a Labour Market Opinion (LMO) from Human Resources and Skills Development Canada (HRSDC), which assesses the genuineness of the job offer, ensures the temporary worker is being offered the prevailing wage, and examines proof that the position could not be filled with a domestic worker. A positive LMO would authorize the employer to hire the temporary worker. There are two smaller programmes for live-in caregivers and seasonal agricultural workers, which follow a similar structure. Anyone living in Canada through the TFWP is only permitted to remain in Canada temporarily, for a period of up to two years. However, under the new Canadian Experience Class (CEC), those who have Canadian work experience but are not permanent residents can now apply from within Canada to become permanent residents and immigrate to Canada more quickly, if they wish to remain in the country. Those transitioning through the CEC would be considered economic immigrants.

The third main programme, the Provincial Nominee Program (PNP), is relatively new – the first nominee agreements were signed in 1998. The PNP allows Canadian provinces to develop their own criteria for immigration applicants and approve them, as an alternative route of entry to the FSWP. Immigrants entering through the PNP do not face any restrictions on their mobility; they have full mobility rights to move to any province. Those entering through the PNP are also considered economic immigrants and permanent residents. In addition, following an agreement with the federal government allowing Quebec to manage its own immigration levels, Quebec has its own FSWP, which is known as the Québec Skilled Worker Program (QSWP). Consequently, Quebec has no PNP, as it has no need for one.

CIC maintains targets each year for the entry of immigrants, which can serve as a rough guide of the relative size of different groups entering Canada. Of the 150,000 to 160,000 economic immigrants projected to enter Canada in 2012, between 55,000 and 57,000 are projected to enter under the FSWP, while between 42,000 and 45,000 are projected to enter under the PNP. Another 31,000 to 34,000 will enter through the Québec Skilled Worker Program. Note that not all of these individuals would enter Canada with the intention to work; in a typical year, 60 per cent of permanent residents entering Canada would intend to join the labour force. The remaining economic immigrants enter Canada through smaller programmes for business owners, investors, live-in caregivers, and individuals transitioning to citizenship through the CEC (CIC, 2012b). The FSWP can therefore be expected to encompass over a third of immigration by permanent residents to Canada, while the PNP and FSWP combined will comprise nearly three quarters of all economic immigration by permanent residents to Canada.

Finally, we would point out that not all foreigners entering Canada to work temporarily enter through these immigration programmes. There are several alternative channels through which workers enter and work in Canada temporarily, which may be considered analogous to “posted workers” in Europe; workers employed by a company in one member country which has a contract to work in another country. Occupations included in the North American Free Trade Agreement (NAFTA) and the General Agreement on Trade in Services (GATS) permit employees of foreign companies doing business in Canada to enter and remain in Canada for up to 24 months in some cases without applying for an LMO. NAFTA, which applies to citizens of the USA and Mexico, permits business people working in 1 of 60 prescribed occupations to accept pre-arranged employment in their profession at a Canadian enterprise, for a temporary period of time that varies based on the agreement. Similar provisions exist for signatories to the GATS in a prescribed list of professions.

The Department of Foreign Affairs and International Trade also has a number of reciprocal agreements called International Experience Canada with dozens of countries in Europe, South America and South Asia, that allow young professionals aged 18–35 from one of those countries to live and work in Canada for up to one year under certain conditions. This is mentioned for completeness and to provide some comparison to posted workers in the EU, which do not have an exact analog in Canada; we could not thoroughly discuss these workers without a detailed review of dozens of multi- and bilateral agreements, which is outside the scope of this report. Additionally, workers entering Canada through one of these channels would normally have pre-existing or long-held connections to the Canadian labour market or an international company with significant business in Canada, and would not face the informational challenges discussed in this report.

### ***Trends in Canadian immigration***

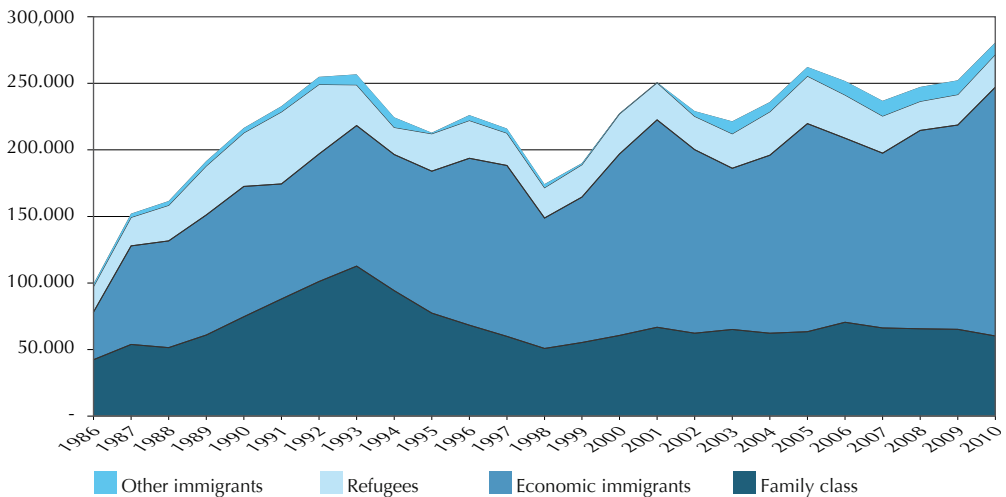
There are three immigration trends of particular relevance to this report. First, while Canada has always admitted a relatively large number of immigrants, the level has increased over the past few decades, and a large proportion of this increase is in the category of economic immigrants. Second, immigrants entering Canada tend to be university-educated and skilled, whether they are entering Canada as permanent residents or temporary workers. Third, the labour market outcomes of immigrants within the first five years of entering Canada declined at the start of the last decade, and are generally below those of Canadians with similar levels of education. This third point could well point to gaps in labour market information.

In regard to the first trend, Figure 11.3 shows that the relative proportion of economic immigrants<sup>145</sup> has increased since 1986. The level of immigration has also

<sup>145</sup> Note that since the economic immigrants category includes spouses and dependent children of principal applicants immigrating at the same time (while family class refers only to family members immigrating after a principal applicant enters Canada, begins working, and sponsors a family member’s application), not all economic immigrants are destined for the labour market. The number of permanent residents entering Canada with the intention to work has been between 110,000 and 150,000 over the past 10 years, although often more choose to work after arriving.

been increasing, in regards both to permanent residents and temporary workers. In 1986, Canada admitted a total of 99,354 permanent residents; the figure stood at 280,681 in 2010, and has been close to 250,000 for the last decade. The increase has largely been in the category of economic immigrants, which increased from 35,797 to 186,913 over the same period. Immigration to Canada is characterized by steady and relatively large inflows of permanent residents, the majority of which are economic immigrants who can stay and work in Canada indefinitely. This trend is also apparent in the short term. Of the 236,753 permanent residents entering Canada in 2007, 55.5 per cent or 131,244 were economic immigrants. In 2011, this had increased to 248,748 permanent residents, of which 156,121 or 62.9 per cent were economic immigrants (CIC *Facts & Figures*, 2011).

**Figure 11.3: Permanent residents entering Canada by category of entry, 1986–2010**



Source: CIC *Facts & Figures*, 2011.

Secondly, it should be observed that most foreign workers entering Canada are highly educated. A feature of Canada’s economic immigration system is that workers must be skilled in order to qualify as permanent residents; in 2010, half of recent immigrants employed in Canada held a university degree (Johnson, 2012).

Table 11.2 shows the distribution of TFWs entering Canada for the year 2010 by NOC code; more than two-thirds of TFWs in recent years have entered through a specified NOC code, and more than half in the professional, skilled and technical, or intermediate and clerical categories. In comparison, TFWs entering Canada as elemental and labour workers have comprised a relatively small proportion of TFWs entering Canada.

Third and lastly, the labour market performance of recent highly educated immigrants to Canada is below that of similarly educated Canadians, and declined to some degree at the start of the last decade. There is quite an extensive literature on

this subject,<sup>146</sup> including a forthcoming CSLS study which finds recent immigrants faring poorly versus comparison groups on participation rates, unemployment rates, and earnings (Johnson, 2012). Specifically, for university-educated workers, recent immigrants (in Canada for less than five years) participated in the labour force at a rate of 75.2 per cent in 2010, compared to 81.5 per cent for domestic-born workers. This increased only to 74.7 per cent for established immigrants. Similarly, domestic-born workers with a university degree enjoyed an unemployment rate of 3.7 per cent, compared to 14.5 per cent for recent immigrants. The study also identifies a 21.4 per cent wage gap for recent university-educated immigrants compared to their domestic counterparts. Obviously, these shortcomings should be read at least as a warning sign, if not a definitive signal, that there may be some deficit in Canada's immigration policy and system of labour market information (Murray, 2010a, 2010b). The remainder of this report will explore to what extent this situation is either attributable to gaps in labour market information, or can be alleviated with more, and improved access to, labour market information.

**Table 11.2: Occupational skill level of TFWs, initial entry or re-entry to Canada, 2001–2010**

	Level 0 – Managerial	Level A – Professional	Level B – Skilled and technical	Level C – Intermediate and clerical	Level D – Elemental and labourers	Level not stated	Total
<b>2001</b>	4,729	47,689	21,258	27,377	1,173	17,412	119,657
<b>2002</b>	4,605	39,327	19,124	28,020	1,105	18,670	110,861
<b>2003</b>	4,632	30,860	16,818	28,047	1,359	21,478	103,198
<b>2004</b>	5,200	30,674	17,447	30,329	1,521	27,332	112,508
<b>2005</b>	5,506	32,650	19,836	32,929	2,401	29,333	122,662
<b>2006</b>	6,029	35,386	22,547	36,921	4,626	33,485	139,000
<b>2007</b>	6,677	34,643	27,694	45,343	10,591	39,768	164,720
<b>2008</b>	7,544	34,225	31,519	49,573	17,069	52,239	192,180
<b>2009</b>	7,400	32,685	26,609	43,453	12,233	55,886	178,268
<b>2010</b>	8,409	34,653	24,487	41,931	8,742	64,046	182,276

*Source: CIC Facts & Figures 2011.*

## 2. Overview of labour market information patterns in Canada

### 2.1. Demand side: employers' perspectives

To understand the strengths and weaknesses in Canada's LMI for immigrants, we must thoroughly explore labour market information as it stands. The purpose of this section is to consider the labour market information, recruiting practices, and job search methods available to and used by employers, foreign-born workers already

<sup>146</sup> It is beyond the scope of this paper to include an extensive review of the literature on this matter, but interested readers can consult Picot and Sweetman (2012); Alboim (2010); Aydemir and Sweetman (2008); Zietsma (2010); Gilmore (2009).



living in Canada, and potential economic immigrants or TFWs that have yet to immigrate to Canada. The first half of the section (sub-section 2.1) looks at the recruiting and hiring practices of employers as they relate to immigrants. There are important differences in the methods successfully used to recruit and retain foreign-born workers, compared to those used successfully to recruit and retain domestic workers; there are also crucial interactions between employers, immigrant-serving organizations, and government departments. The second half of this section (sub-section 2.2) will examine the resources available to and used by potential economic immigrants and TFWs, including a number of important government programmes and pilot projects that have been implemented in recent years to increase access to LMI.

Labour market information for immigrants and employers comes from one of two sources. The first is a series of federal government departments and agencies, including Human Resources and Skills Development Canada (HRSDC), Citizenship and Immigration Canada (CIC), and the Foreign Credential Recognition Office (FCRO). These organizations collaborate with each other and provincial government partners to provide labour market information to all market participants in Canada. A number of resources discussed will be programmes managed by one or more of these government departments.

The second source of LMI is the large number of locally managed settlement services and bridging programmes run by multi-stakeholder organizations that receive funding from a variety of sources to provide settlement and labour market integration services to recent immigrants free of charge. Multi-stakeholder programmes are growing in number due to several immigrant-serving organizations recognizing the value of having locally managed organizations with a broad funding base in a position to provide director support to recent immigrants. These organizations, characterized by some combination of private and non-profit partnerships with or without funding from any level of government, will be referred to in this report as Service Provider Organizations (SPOs). While they are not homogenous by any means – some offer both settlement services and bridging programmes, some are funded by all three levels of government, some are funded by none, and so forth – this designation is sufficiently descriptive as an umbrella for non-governmental immigrant-serving organizations. This is the same terminology used by CIC. As will become clear through this section, SPOs are an essential actor in the delivery of labour market information to immigrants in Canada.

The Canadian experience suggests that employer input in immigration policy at all levels of government and involvement with SPO is critical not just to the development of coherent immigration, but to its implementation as well. One of the key themes of the next two sub-sections will be the degree to which employers must maintain contact with outside organizations in order to have access to the international talent pool. Businesses must depart from long-practised habits and diversify their recruitment practices in order to attract foreign-born workers, whether they are already living in Canada or only in the process of immigrating. This section will consider separately

the resources available to, and practices used by, employers in recruiting permanent residents already living in Canada and are permitted to work, and in recruiting those that have not yet immigrated. As the reader will see, businesses, especially small and medium-sized enterprises, which employ more than half of private sector workers in Canada, are much more able to recruit those workers already living in Canada, as fewer resources exist to aid businesses without dedicated human resources staff to recruit from abroad.

### ***Labour market information and recruiting practices for hiring foreign-born workers already living in Canada***

This sub-section will consider those search methods used by employers that have been successful at filling vacancies with permanent residents who have already immigrated to Canada and are legally able to begin working immediately; this population consists of foreign-born workers who are permanent residents and entered Canada as economic immigrants through the FSWP, PNP, or transitioned from a temporary status to a permanent resident through the CEC. Three broad categories of search methods are used by employers to hire economic immigrants already living in Canada. First, traditional or informal methods, including networks, personal contacts, and referrals, are still widely used. Secondly, and related to the first but distinct enough to be discussed separately, immigrant-serving organizations, called Service-Provider Organizations (SPOs) have developed a number of formal tools, networks, and job banks that more easily facilitate matching between employers and immigrants. Finally, SPOs and the federal government have collaborated to dramatically increase the amount of information available online both to employers and immigrants. This section will include a discussion of those resources and how they serve businesses, but first, we will examine recruiting practices undertaken directly by businesses.

Before proceeding, we would simply note that while the activities, programmes, and services described in this section focus on their relevance to businesses in Canada, many of them also pertain to job search methods and labour market information for immigrants; few services target exclusively employers or immigrants, and many will be discussed in both sections with respect to each target population.

#### *Traditional recruiting methods*

Small and medium-sized enterprises, businesses with fewer than 500 employees,<sup>147</sup> or SMEs, produce close to half of Canada's GDP, and employ an even greater share of Canada's private sector workers (Industry Canada, 2012). Research has shown that long-term vacancies remain a challenge that SMEs sometimes struggle to resolve (Debus et al., 2008). As many as 41 per cent of small businesses have indicated in

<sup>147</sup> Industry Canada defines small businesses as those with 1-99 employees and medium-sized businesses as those with 100-499 employees. In 2011, 5.1 million or 48.4 per cent of private sector workers were employed in businesses with fewer than 100 employees. An additional 16 per cent or 1.7 million were employed in businesses with 100-499 employees. See *SME Research and Statistics* by Industry Canada for further details.

response to surveys by industry groups that their largest challenge is a shortage of qualified workers (Debus et al., 2008). Taken together, these two observations mean that the success of both Canada's immigration policy and immigrant population depends on the ability of SMEs to recruit immigrants in response to short- and long-term labour market shortages. However, most research through the last decade indicated that many SMEs did not even realize or consider that immigrants were a potential solution to their problems (Debus et al., 2008; Bourgeois and Debus, 2006).

Traditional recruitment methods are still the most commonly used by SMEs. These include posting job descriptions online (on the company's own website or an industry group's website), in job banks, seeking referrals from current employees, and reviewing solicited and unsolicited applications (Mah. 2012; Debus et al., 2008). Unfortunately, these methods have proven ineffective at recruiting large numbers of international workers (Kukushkin and Watt, 2009). In recent years, SMEs in Canada have become more proactive in this area, partly due to the efforts by SPOs motivated to improve outcomes for immigrants in Canada but partly also due to SMEs expanding their recruitment practices. This is a concern from the perspective of efficient labour market matching; employers may not perceive or account for the loss to the labour market in effectively excluding skilled immigrants from the pool of job candidates considered, but it would improve outcomes for both businesses and immigrants if recruiting practices commonly used by businesses reached a greater share of immigrants. The remainder of this section will review the variety of programmes used to ameliorate this problem and reduce the search costs to businesses of recruiting immigrants.

### *Recruiting methods facilitated by SPOs*

SPOs provide a wide array of services to immigrants for free, from job and language training to help establishing networks, hence the umbrella term "Service Provider Organization" used to refer to them by the Government of Canada. SMEs have more success in recruiting immigrants through agencies and networks of immigrant-serving organizations than through traditional recruiting practices. A well-known example of an SPO is the Toronto Regional Immigration Employment Council (TRIEC), established in 2003 by the Maytree Foundation and other non-profit organizations with an interest in serving immigrants. TRIEC, in addition to offering many services to immigrants that will be discussed later, also maintains a database of qualified immigrants, which employers can turn to when looking for applicants. Organizations in other cities have followed the TRIEC model and created similar councils to provide some of the same services to immigrants (Kukushkin and Watt 2009).

The best example of SPOs facilitating the recruitment efforts of businesses is Skills International, a searchable online database of screened, internationally qualified immigrants living in the province of Ontario (Skills International, 2012; Kukushkin and Watt, 2009). The database includes résumés of candidates looking for work in specific professions and occupations, collected and screened at the time of writing (Sept 2012) by 79 different SPOs and industry associations in Ontario. Employers are

also able to post job openings. In past years, Ontario was the destination for as many as 60 per cent of Canada's immigrants. While the proportion has now fallen to below 40 per cent, Ontario is still home to more than half of Canada's immigrants, making this resource available to most immigrants in Canada. Additionally, while the current contributors are industry associations and community agencies in Ontario, employers located anywhere in the country can search the database or contact community agencies for references. This database has been used widely by employers in Canada to search for qualified workers; for example, Canadian Imperial Bank of Commerce (CIBC) integrated the Skills International database in its own internal job candidate database, making it easier for their hiring managers to advertise open positions or search for internationally trained job candidates (Kukushkin and Watt 2009).

### *Recruiting resources facilitated by government departments or partnerships with SPOs*

The common model for government-developed programmes is to develop and fund an initiative in consultation with stakeholders, and deliver the corresponding services with assistance from SPOs. All provinces provide services to businesses and immigrants facilitating labour market matching, usually through a combination of provincial and local government programmes, and support from SPOs. However, provinces and SPOs are much more likely to provide direct services to immigrants than to employers. In many cases, the connections between immigrants and employers are made through bridging programmes, which operate in a manner similar to arranged internships or development programmes that have the primary goal of training immigrants for the Canadian labour market, not giving businesses access to potential recruits, even if they serve that function at the same time. Several examples of national and local bridging programmes will be discussed in the next section. The aim of these programmes is to alleviate the difficulties immigrants face in searching for a job and making connections to employers. They fill in the gap created by newcomers' lack of contacts and smaller social networks, while reducing the cost to business of finding qualified immigrants who businesses may not reach with traditional recruiting and advertising methods.

Finally, the most widely used public job bank to connect potential immigrants and temporary workers with employers is *Working in Canada* (<http://www.workingincanada.gc.ca/>), a joint project of Citizen and Immigration Canada (CIC) and Human Resources and Skills Development Canada (HRSDC)<sup>148</sup>; it is open to the general public and can be accessed from anywhere in the world. It is designed to function as a powerful hub for anyone to look for work in Canada, regardless of their age, citizenship status, or current location. At the time of writing, about 73,000 job postings<sup>149</sup> were on *Working in Canada*. Employers can use this website to advertise and recruit for free; given the economies of scale inherent in job banks, it is no surprise CIC and HRSDC strongly recommend *Working in Canada* to both

<sup>148</sup> These two organizations share joint responsibility for Canada's immigration system.

<sup>149</sup> Note that a job posting may advertise multiple job openings.

businesses and immigration applicants. While not a proactive search method for employers, *Working in Canada* does serve well as a component of any recruitment strategy that includes immigrants, as it is promoted heavily to immigrants by CIC and HRSDC. *Working in Canada* is also heavily promoted in all workbooks and guides to the immigration process made available to businesses and immigrants (FCRO 2010a, 2011b). *Working in Canada* is one of the few resources maintained almost exclusively by the federal government.

Other recruiting practices that employers use to hire immigrants already living in Canada are more traditional. Career or job fairs are still a common method of recruiting workers in British Columbia, Manitoba, Ontario, and Nova Scotia, but their popularity is diminishing due to superior returns to methods more reliant on advanced information and communication technology (Kukushkin and Watt, 2009). Nevertheless, some evidence suggests that job fairs, when promoted in immigrant communities, can attract skilled immigrants that other traditional recruiting practices do not reach (Carter et al., 2010). In addition to immigrant-serving organizations, media produced and consumed by immigrant communities have also proven to be effective recruitment platforms for businesses. Ethnic media, online or in print, takes time to develop and tends only to be a useful communication tool in areas where the immigrant community is well-established. Social media is also growing in use, since it does not suffer from the same geographic limitations, but data on its use is limited, and anecdotal evidence suggests that it is used primarily to direct immigrants to other resources discussed here (Mah, 2012).

### ***Labour market information and recruiting practices for hiring potential economic class immigrants and temporary workers***

While immigrants considered in the previous section were almost exclusively permanent residents, in this section we must consider those applying for temporary work as well as those applying for permanent residence. In general, recruitment support programmes and recruiting practices for potential economic class immigrants and temporary workers are considerably less developed than the resources for recruiting immigrants already in Canada described above. This sub-section will consider three main resources: online portals or published documents maintained by government departments; immigration consulting and referral services; and services provided by SPOs.

Those applying for temporary work in Canada can apply under one of several programmes: the Temporary Foreign Worker Program (TFWP), a general temporary worker programme for most occupations; the Live-in Caregiver Program (LCP), specifically for individuals seeking work as a full-time caregiver, normally for a very young or elderly member of a family; and the Seasonal Agricultural Worker Program (SAWP), for agricultural workers. For all categories of temporary workers, businesses are required to demonstrate that they could not fill the position with a domestic worker, normally by providing proof of some attempt to recruit domestically. This is a significant population: on 31 December 2011, over 300,000 temporary workers were present in Canada.

Employers who wish to recruit economic immigrants from abroad, who would not be entering Canada temporarily, are advised to seek an Arranged Employment Offer (AEO) from HRSDC if they wish to offer a permanent full-time position to a skilled worker. AEOs are an important feature of the FSWP; they are worth up to 15 points of a possible 100, with 67 needed to qualify for immigration, in the FSWP. As of the most recent evaluation of the FSWP, 13.5 per cent of principal applicants in the FSWP from 2002 to 2010 received an AEO (CIC, 2010b). Immigrants who enter Canada with arranged employment enjoy substantially better labour market outcomes compared to those who do not across every indicator of labour market performance. Employment earnings three years after landing were nearly twice as high for those with arranged employment, for example. However, there is comparatively little research on the pre-departure characteristics of those who receive AEOs, or the origin of AEOs. We do know that the most common positions recruited were, by large margins, senior management positions or associate/assistant professor positions (CIC, 2010b). This implies that immigrants who receive AEOs usually have existing ties to the Canadian labour market, Canadian firms, or access to a strong international social network (for instance, academia).

#### *Online resources maintained by government departments*

The Foreign Credentials Referral Office (FRCO) has published a document called *Employer's Roadmap to Hiring and Retaining Internationally Trained Workers* (FCRO 2011a), designed to provide small and medium-sized enterprises (SMEs) with essential information and guidance on legally hiring foreign workers. The document also emphasizes that long-term vacancies in skilled occupations are likely to persist unless Canadian businesses, particularly SMEs, actively recruit immigrants.

In order for any of these matches to take place, however, employers must be in a position not only to contact those living abroad, but have enough information to make a job offer. Otherwise, recruitment of those applying for permanent residence would be a matter for the previous sub-section, since they would not be recruited until after they arrive in Canada. The methods used are varied; for multinational corporations with locations overseas, their recruitment practices do not differ significantly for this class of worker, since they have direct contact with any potential permanent resident or temporary worker. However, SMEs do not have the human resources or staff to devote to international recruitment to the same extent, nor are they as likely to have locations or contacts abroad. These organizations often use intermediaries to recruit foreign workers, both formally and informally.

#### *Immigration consulting services*

Formally, there are a number of consulting services and agencies that offer their services to employers, both on a for-profit and non-profit basis. The Canadian Association of Professional Immigration Consultations <sup>150</sup>(CAPIC) connects businesses with

<sup>150</sup> See <http://www.capic.ca/index.php?page=main> for CAPIC's website.

professional immigration consultants that can guide those unfamiliar with the process through hiring a temporary worker or potential economic immigrant from outside Canada. Approximately 36 per cent of applicants to the FSWP use immigration consulting services or an immigration lawyer (CIC, 2010b). Additionally, most provinces engage employment consultants, who can either arrange hiring events or put businesses in contact with organizations that can guide them to workers abroad. Industry and professional or occupational groups, such as for engineers or caregivers, also provide contacts to businesses and individuals interested in hiring immigrants, temporary workers, and live-in caregivers.

## ***2.2. Supply side: prospective migrants***

Firms represent one side of the labour market matching process. The other side of the matching process is immigrants and temporary workers. Again, we will make the same distinction, considering separately the resources available to economic immigrants already living in Canada, who are able to remain in Canada indefinitely and can legally work, and potential economic immigrants and temporary workers, who have either yet to begin the immigration process, or have yet to complete it. Labour market information for immigrants ranges from informal networks to services facilitated by SPOs and government departments in Canada, much as it did for businesses. The resources for those already in Canada are considerably more developed in this case as well, but there have been a number of interesting pilot projects and programmes co-managed by SPOs and government departments that appear to have had a significant impact on access to Canadian labour market information abroad.

### ***Labour market information and job search methods for economic immigrants already living in Canada to find employment***

This sub-section will focus on other job search strategies, information sources, and integration programmes for those who have already immigrated to Canada and can remain in the country permanently, including bridging programmes, settlement services, and language training, all of which operate with the goal of enabling immigrants to develop the formal and informal contacts that most often lead to employment. Research has identified that the most common problems preventing recent immigrants from integrating into the labour market are difficulties obtaining recognition for credentials, education, and previous work experience (Alboim and McIsaac, 2007; Zietsma, 2010; Houle and Yassad, 2010; Derrick, 2010); and difficulties learning about job opportunities because of a lack of personal contacts and networks (Carter et al., 2010). Language barriers, a third difficulty, are also commonly cited by the same literature. The labour market information that has been made available to recent immigrants for their use directly addresses these issues.

The existing services to support the labour market integration of economic immigrants already in Canada, and especially recent immigrants, fit broadly into two categories. First, there are educational programmes designed to equip immigrants

with information and skills about living and working in Canada that they otherwise would have lacked, which usually take the form of training directly relevant to either the Canadian labour market or their profession of choice; we will also discuss a specific subset of training programmes, called bridge training programmes, which target more specific challenges in integration. Secondly, settlement services assist immigrants with any issues they encounter in relocating to Canada, such as filling out immigration forms and providing documentation, opening a bank account, improving their English or French, and directing them to bridging programmes that provide explicit job training. The dichotomy between bridging programmes and settlement services is not perfect; certainly some programmes would fit the description of both, but for the purposes of this sub-section, the distinction is a useful way of organizing services available to permanent residents.

Additionally, the *Working in Canada* website is also an important tool for economic immigrants already living in Canada, but as the details are more directly applicable to those who have not yet immigrated, the next sub-section will describe the tools specifically for immigrants on the Working in Canada website, as well as other sources of information for potential immigrants and temporary workers. For those already in Canada, Working in Canada functions essentially as a job bank.

### *Job search methods by occupational group*

There are significant differences in employment opportunities by occupation in Canada, reflected in the performance of different occupational groups after the worldwide recession that began in 2008. Most notably, while unemployment in Canada still remained above its pre-recession level at the end of 2011, over the period 2007–2011, employment in professional, scientific and technical services and public administration increased by 15.9 per cent and 12.3 per cent respectively. Additionally, in health care and social assistance, employment increased by 14.9 per cent over the same period. These three sectors together accounted for 107.1 per cent of employment growth in Canada from 2007 to 2011 (CSLS, 2012). It is therefore natural to examine whether job search methods differ in health care and social assistance from other occupations, both for Canadian-born workers and immigrants.

Across almost all job occupations and types of workers, between a quarter and half of those with jobs report learning about jobs through a family member or friend, making informal networks the most common job search method by far (TIEDI, 2011). In healthcare and social assistance, however, the job search methods that those who are employed report having used to learn about their job differ between Canadian-born workers and immigrants; immigrants are less likely to report having found their job through personal initiative, despite personal initiative being a more common search method in this field for Canadian-born workers. Table 11.3 summarizes the findings of this survey. Among Canadian-born workers in health care, 35.4 per cent report finding their job through personal initiative, as opposed to 26.6 per cent through a family member or friend. Among immigrants, however, the corresponding figures are 33.4 per cent and 39.1 per cent, respectively. This is the only occupational group



where family or friends are a more common job search method for immigrants than for Canadian-born workers (TIEDI, 2011). It would be useful to further examine job search methods by education, but because most immigrants in Canada must have some post-secondary education in order to immigrate, there is little data on job search methods by immigrants with lower levels of education.

**Table 11.3: Reported job search methods for Canadian- and foreign-born workers by selected occupation and search method, per cent, 2005**

	Family or friend	Personal initiative	Directly recruited	Recruitment agency	Canada employment centre
<b>Canadian-born workers</b>					
Management	32.7	17.3	19.6	4.7	1.5
Business, finance, and administrative	41.2	15.5	13.6	4.3	4.5
Health	26.6	35.4	17.6	-	0.8
Social science, education, government service, and religion	26.2	23.6	22.2	1.8	2.0
Processing, Manufacturing, and utilities	48.4	26.2	11.5	3.0	5.6
<b>Foreign-born workers</b>					
Management	30.8	21.4	17.8	5.9	-
Business, finance, and administrative	39.9	17.1	15.2	9.5	3.9
Health	39.1	33.4	13.7	-	-
Social science, education, government service, and religion	20.8	26.1	11.8	-	-
Processing, Manufacturing, and utilities	56.7	16.1	8.3	3.2	3.1

Source: TIEDI 2011.

Note: This study used survey data from the Workplace and Employee Survey (WES), run by Statistics Canada, collected in 2005. WES surveys workplaces and those working at those establishments. "Foreign-born workers" refers to anyone employed by a surveyed workplace that was a permanent resident, naturalized Canadian citizen, visa holder, or temporary foreign worker. The figures reported in this table are responses to a question asking what job search method workers used to find their current job.

### *Training programmes and settlement services implemented by government departments*

Prior to 2008, Citizenship and Immigration Canada (CIC) funded three settlement services that were available across Canada. These programmes were Language Instruction for Newcomers to Canada (LINC), Enhanced Language Training (ELT), the Host Program (HOST), and the Immigration Settlement and Adaptation Program (ISAP) (Alboim 2009; Smith 2010). As these programmes were settlement services, their aim was to provide immigrants with essential information needed to

live in Canada. In 2009, ISAP and HOST were amalgamated in order to facilitate more efficient delivery of service, which will be discussed after an overview of the services provided. The essence of the services being delivered has not changed in recent years, but several of these programmes were pilot projects which have been, or are now being, redesigned for more effective and wider delivery.

Of the three CIC programmes, only ELT focuses explicitly on job training skills. LINC, run by CIC, provides only basic instruction in English and French, for free, to adult immigrants (Service Canada, 2012). While knowledge of French and English is essential to find employment, it is also important for living in Canada and as such this programme is not considered a bridging programme.

ISAP, run by CIC in partnership with non-profit and private sector organizations, primarily provides such services as needs assessments and referrals to other organizations, and local community information. HOST, run by CIC as well, is similar to ISAP in that it focuses on delivering settlement services to immigrants and partners with SPOs to deliver services (CIC, 2010c). Because of significant overlap in the goals of ISAP and HOST, in 2008, ISAP and HOST were combined into a single Settlement Program (Smith, 2010; CIC, 2010c). LINC will also be offered through this new programme. The single programme is now organized by expected outcomes and activity streams. The participation of SPOs in Settlement Programs is now based on funding requests to target a specific outcome and activity stream. The expected outcomes and activity streams, which closely align with the services and priorities of ISAP and HOST, are listed in Table 11.4.

Of particular interest to this report are the results category C and D. The model of the modernized Settlement Program is to allow SPOs to apply for funding for a project, detailing the expected results and activity streams in their application. Category C is focused specifically on funding for projects that help immigrants already in Canada find and retain employment; this includes funding for bridging programmes and labour market information sessions that provide both workplace skills and orientation and information about the Canadian labour market. Programmes such as Career Bridge could be funded under this expected result. Similarly, Category D would fund programmes such as Mentoring Partnership or the National Mentoring Initiative, which have been discussed previously. Furthermore, while ISAP and HOST were successful programmes, this new approach provides for greater flexibility in combining services, which will be better serving immigrants' needs .

In addition to those national settlement services, through Labour Market Development Agreements (LDMA) between federal and provincial governments, all Canadians eligible for Employment Insurance<sup>151</sup> (EI) can benefit from job-training programmes run by HRSDC but managed locally by the provinces. Most provinces offer specific

<sup>151</sup> Employment Insurance is the Canadian unemployment benefit programme; in order to be eligible, one must have worked a minimum number of equivalent full-time weeks in the previous year, the exact number depending on the area of residence and whether or not and how long ago unemployment benefits were previously received. The level and duration of benefits is determined by the length and wages/salary of prior employment.

programmes to target under-represented groups in the labour force with their LDMA funding, including immigrants. Such programmes allow economic immigrants already in Canada who qualify for unemployment benefits to participate in federally funded provincially managed job training programmes and job placement assistance when they are out of work. As such job-training programmes are managed by the provinces, the level and type of services offered differ from province to province.

**Table 11.4: CIC’s modernization and amalgamation of settlement programming streams**

Previous Programmes	Settlement Programme Equivalent	
	Expected Results	Activity Streams
<b>Integrated Settlement and Adaptation Program (ISAP)</b>	<b>A. Orientation</b> Newcomers make informed decisions about their settlement and understand life in Canada	<b>Needs Assessment and Referrals</b> —determine eligibility, assess needs, and refer newcomers to other services
	<b>B. Language/Skills</b> Newcomers have the language ability and skills necessary to function in Canada	<b>Information and Awareness Services</b> —pre- and post-arrival information
<b>The Host Program (HOST)</b>	<b>C. Labour Market Access</b> Newcomers obtain required assistance to find employment matching their skills and education	<b>Language Learning and Skills Development</b> —language and skills development training
	<b>D. Welcoming Communities</b> Newcomers receive help to establish social and professional networks	<b>Community Connections</b> —establish a social and professional network
	<b>E. Policy and Program Development</b> To ensure effective delivery and achieve comparable outcomes across Canada	<b>Support Services</b> —to help access settlement services

Source: Smith (2010) and CIC (2010b).

Note: There is no correspondence between previous programmes, expected results, and activity streams. Previous programmes engaged in multiple expected results and activity streams, and activities under the Settlement Program may meet any combination of results and activities.

In the province of Ontario, the Ontario Labour Market Agreement (LMA) supports new Canadians by providing bridge and language training to all immigrants, and financial assistance for those attending certain educational programmes. Support for new Canadians in Ontario represents \$33.4 million of \$193.7 million federal LMA funding in 2012 (Ontario Ministry of Training, Colleges and Universities 2012). Many of these programmes are designed to target specific professions and occupations; for example, International Medical Graduate Training provides postgraduate training and assessment to immigrants who graduated from an international medical school, offering access to a residency matching system, orientation and evaluation services in clinical settings, and advanced specialty training for physicians. The Ontario Ministry of Training, Colleges and Universities also offers one-stop bridge training programmes that connect immigrants to many occupations, including low-skilled

occupations, to mentoring, networking, and training opportunities, which are expected to provide service to 14,400 immigrants in the 2011–2012 programme year (Ontario Ministry of Training, Colleges and Universities 2012). All provinces can use federal LMA funding to offer similar programmes to immigrants.

*Bridging programmes and settlement services implemented by SPOs in Canada* Service Provider Organizations are a very large part of Canada's LMI system for foreign-born workers. Non-profit organizations offer a wide variety of training and settlement services that improve immigrants' access to labour market information. TRIEC, discussed in the previous section, is a leading example of an SPO. It provides a number of settlement services to immigrants living in or near Toronto designed to give newcomers to Canada the ability to navigate the Canadian labour market. TRIEC has offered two important programmes that economic immigrants already residing in Canada can participate in free of charge. The first, Career Bridge, is run in partnership with Career Edge Organization, a national non-profit service provider established in 1996 (Career Edge Organization, 2012a). Career Bridge is essentially an intern placement programme, designed to provide assistance placing highly educated individuals with three years of international work experience in a paid internship in their profession for 4 to 12 months (Career Edge Organization, 2012b). Research has indicated that between 75 and 80 per cent of those participating in the programme found full-time employment in their field (Alboim, 2009). The purpose of Career Bridge is to provide immigrants with an opportunity to adjust or "bridge" their skills to the Canadian labour market. Over the course of Career Bridge, immigrants gain valuable experience in Canada and can begin to build a professional network.

Mentoring Partnership, the other TRIEC initiative, focuses on the same core problem: though highly skilled in their profession, the lack of a professional network and limited personal experience in the Canadian job market makes it difficult for immigrants to even be aware of job opportunities (Carter et al., 2010). Mentoring Partnership equips newcomers to Canada with the ability to find job opportunities in their field. This is done through pairing immigrants or "mentees" with a "mentor" who is an established professional in their field. Mentors commit to 24 hours of meetings with their mentee over four months, and develop a programme tailored to the individual mentee's labour market needs, including referrals to other services and information interviews. Of those who participated in Mentoring Partnership, almost 70 per cent found employment in their field within three months, and nearly 80 per cent found employment overall, comparable to the results of Career Bridge Training (Alboim, 2009). As of 2012, Mentoring Partnership had coordinated 5,800 mentorships between recent skilled immigrants and working Canadian professionals in Toronto (Mentoring Partnership, 2012).

Mentoring Partnership has in part served as a model for the National Mentoring Initiative, an effort to expand Mentoring Partnership to immigrants living in or destined for Canadian cities other than Toronto, such as Calgary, Edmonton, Montreal, and Halifax. The programme is funded through a combination of public, private, and non-profit partners, including CIC, TD Bank Financial Group, the

Maytree Foundation, and the McConnell Foundation. The National Mentoring Initiative provides three services in the same manner as Mentoring Partnership: coaching, online self-development resources, and assistance in networking. Career Bridge and Mentoring Partnership are examples of the services that have been developed to improve the ability of immigrants to access labour market information in Canada. These two programmes began in Toronto, but now, many provinces administer similar services in partnership with, or by funding the activities of, SPOs (Carter et al., 2010). Because of the local nature of settlement services, directories and listings are maintained by provincial governments<sup>152</sup> as well as by Service Canada. As in the case of EI-linked training programmes, each province has a different model and approach to providing settlement services to newcomers.

### **Box 11.1: The Toronto region immigrant employment council (triec) in focus**

TRIEC emerged out of the Toronto City Summit held in 2002, a conference designed to bring together various stakeholders in the city to develop solutions to the city's challenges. The city summit led to the development of a working group, the Toronto Summit City Alliance (TCSA), and an action plan, which recommended the creation of the Toronto Region Immigrant Employment Council, or TRIEC, in April 2003. TRIEC was officially launched in September 2003 with support from the Maytree Foundation, an SPO that had previously argued that immigrant employment is an important part of poverty reduction in Canada (Wayland, 2007).

TRIEC began by focusing on three goals: increasing access to services that support integrating skilled immigrants into the labour market; building the capacity of stakeholders such as employers to recognize and value immigrants' skills; and working with governments on immigration programming and planning. Because of its perceived flexibility many stakeholders believed TRIEC was better equipped than local and federal governments to address the issues facing Toronto. At the time, Toronto was home to more than 40 per cent of Canada's immigrants. The labour market integration of skilled immigrants was a burgeoning policy issue for the federal government, which provided TRIEC start-up funding from Citizenship and Immigration Canada and Canadian Heritage.

In 2007, TRIEC was incorporated as an organization separate from the Maytree Foundation, having functioned up until that point as a project of the foundation, with the same director. TRIEC's funding sources have included the Maytree Foundation, CIC, the FCRO, the Ontario Ministry of Citizenship and Immigration, and a series of foundations, charities, and private sector companies (Wayland, 2007).

The services offered by TRIEC gradually evolved over time. Career Bridge and Mentoring Partnership, discussed below in this section, are two very important TRIEC initiatives that have proved useful in facilitating the labour market integration of skilled immigrants. TRIEC is also responsible for HireImmigrants.ca, a web portal that has proved successful at connecting employers and immigrants, and providing both groups with LMI. TRIEC is not unique in Canada as an SPO with a primary municipal focus. Since 2002, many cities across Canada have seen similar developments, including the Waterloo Region Immigrant Employment Network (WRIEN), which developed in parallel beginning in 2002 and serves much of the same functions. TRIEC is an excellent example of how local, multi-stakeholder engagement across public and private sectors has improved access to local labour markets and labour market information for immigrants.

<sup>152</sup> For example, Ontario's Ministry of Citizenship created Ontario Immigration, an online information portal, maintains a directory of dozens of organizations that provide some of the services discussed in this section to immigrants. Most other provinces maintain similar directories and fund organizations that provide similar services.

## ***Labour market information for potential economic immigrants and temporary workers to find employment***

This section will consider labour market information for potential economic immigrants not already in Canada, as well as those applying to become temporary foreign workers, live-in caregivers, or seasonal agricultural workers. The labour market information available to potential immigrants and temporary workers takes essentially three forms: job and data banks maintained by the Government of Canada and its partners that immigrants can use to gather information about opportunities and the Canadian job market; official documents and websites that guide immigrants and businesses through the immigration process; and outreach programmes that provide individual support to immigrants abroad. The last item of outreach resources will include details on three programmes, the Canadian Immigrant Integration Project (CIIP), Canadian Orientation Abroad (COA), and the Active Engagement and Integration Project (AEIP), which were very effective in facilitating access to labour market information for immigrants pre-departure.

### *Job search methods used by temporary workers by worker type*

With the exception of arranged employment, where immigrants not already in Canada immigrate because of an offer of employment, the job search methods used by those immigrating permanently prior to arrival do not differ significantly. There is currently a gap in the literature with respect to Arranged Employment Offers (AEOs); several studies, most notably Carter (2010), note that the highest-quality data sources on immigration do not include information on AEOs,<sup>153</sup> and so the depth of knowledge on this front is limited. The 2010 evaluation of the FSWP is the only comprehensive source of data on AEOs, and it does not provide direct information on the job search methods used by those who received an AEO. For this reason, we focus on job search methods used by temporary workers for this discussion. Temporary foreign workers, live-in caregivers (who are only able to remain in Canada temporarily), and seasonal agricultural workers are set apart from those applying as economic immigrants to become permanent residents through the FSWP or PNP in one important way: they are required to have a job offer in order to enter Canada. Those applying to remain in Canada permanently, however, have arranged employment only in a minority of cases. We would expect different job search methods to be used.

Live-in caregivers are unique in that it is common for employers to recruit a live-in caregiver from an intermediary agency, often for a fee and on a for-profit basis. This also means that the foreign worker often pays a fee in order to be a part of the agencies recruiting process; this happens commonly enough that in Canada, employers are required to reimburse caregivers for any fees they may have paid to the recruiting agency which led to their hire. Optimum Childcare and Nannies Inc., NannyServices, and Nanny Canada Inc., are some examples of the private companies

<sup>153</sup> Carter (2010) used the Longitudinal Immigration Database (IMBD), which does not contain data on AEOs. The other commonly used data set, the Longitudinal Survey of Immigrant to Canada (LSIC) surveyed three waves of immigrants. The last data release was for immigrants surveyed in 2005.

that provide this service. Some agencies provide their services to families hiring caregivers free of charge, but it is typically the case that the foreign worker would have to pay to be included in their database. Family and friends of current caregivers and previous employees are also common search methods, and are recommended as resources in CIC documentation (FCRO, 2011a). Seasonal and temporary workers are matched in a similar manner – the key difference between temporary workers and those immigrating permanently is the greater role played by employment agencies. Recruiting agencies that match workers to employers for a fee for temporary foreign workers include Workvantage and Diamond Global Recruiting Inc.

### *Job and data banks maintained by government departments and partners*

The *Working in Canada* website is of particular use to both potential economic immigrants and temporary foreign workers, as it provides a great deal of detailed information not just on jobs available, but also on the steps immigration applicants must take both in order to legally enter and work in Canada. CIC's guidebook (FCRO, 2011b) to entering and working in Canada directs potential immigrants specifically to a section on the Working in Canada website called the *Working in Canada Report*, a personalized report containing information directly relevant both to the occupation and desired destination of the potential applicant. The website also contains detailed information on the legal requirements to immigrate to Canada and work in any particular province or occupation; users can use the interactive tool to generate a personalized report, or simply browse the website and read the information. The report is only for informational purposes.

#### **Box 11.2: The working in Canada report in focus**

The *Working in Canada Report* takes applicants through the following steps (FCRO, 2011a):<sup>154</sup>

1. Selecting on occupation
  - a. Many occupations can be identified by several names, and convention dictates which names are common in Canada. CIC stresses that it is important to properly identify which occupation a potential immigrant is seeking to join.
2. Determining whether or not the occupation is regulated
  - a. Resources are now clear in alerting potential immigrants that there are special licensing requirements for many regulated occupations, including trades and professional designations. This is an important addition to the resources for immigration applicants, given that credential recognition had been an unexpected challenge for some permanent residents in the past (Zietsma 2010).
3. Determining who the regulator is (if applicable)
  - a. The *Working in Canada Report* guides potential applicants through determining whether or not they must obtain a credential or license to work in their occupation in Canada and how to do so if they must. This is important because over 400 regulatory bodies are involved in regulating all occupations in Canada, typically at the provincial level.

<sup>154</sup> A Working in Canada Report can be generated interactively by visiting <http://www.workingincanada.gc.ca>.

- b. The *Working in Canada* Report also guides potential applicants through the credentialing process, informs them of applicable fees and an expected timeframe or, if the information is not available or uniform enough to present in the report, directs them to the appropriate provincial resources.
4. Assessing whether or not they possess legal employment requirements, skill requirements, or any additional requirements specific to the occupation
5. Learning about the prevailing wages or salary of the desired occupation in the location in question
6. Reviewing detailed labour market information about the outlook of the occupation in their chosen region
7. Compiling a list of potential job opportunities from available postings in the *Working in Canada* Job Bank and contacting potential employers
8. Collecting information on continuing education and job-related training that may be necessary or advantageous
9. Exploring jobs outside of the chosen application or volunteer opportunities while the credential process unfolds
10. Finally, applying for jobs and engaging in the recruitment process, including advice on résumés, cover letters, and interviews.

Two additional information resources are worth highlighting. First, the Foreign Credential Referral Office (FCRO) has assembled a significant amount of labour market information in collaboration with the Canadian sector councils, a group of industry-led councils focused on skills development and industry-specific issues across dozens of occupations in Canada. Together, they have produced a series of documents called Occupation Facts (FCRO, 2012a), which contain essential labour market information for potential immigrants that was previously difficult to collect. This ranges from basic licensing information, to information on job search strategies, to directions to important professional networks.

For example, the Occupation Facts page for engineers indicates that Engineers Canada is the national organization of the twelve provincial and territorial associations that govern the licensing of professional engineers in their respective jurisdictions. The FCRO gives specific details on how to become a licensed engineer, instructions on contacting the relevant provincial or territorial association, and the documents required. There are also directions to industry-specific networks, such as the Engineering Institute of Canada's job board, which immigrants looking for work as an engineer can use to search for publicly advertised positions. Similar pages are available with information on obtaining work for a host of professions in law, health care, business and finance, natural and applied sciences, trades, and others.

Second, in 2010, the FCRO compiled *Planning to Work in Canada? An Essential Workbook for Newcomers*, the most recent version being current to 2011 (FCRO, 2011a). The workbook was prepared for CIC and is publicly available on both organizations' websites. This resource is analogous to the guide for businesses compiled by the FCRO. It provides detailed information on accessing community services while living in Canada (such as banking, health care, and so forth), improving English and French



language skills, finding employment, obtaining necessary documentation for immigration and licensing, and assessing educational credentials. The workbook also includes an extensive glossary of links to all of the online resources discussed here, including *Working in Canada*, Occupation Facts, and directories of SPOs.

**Box 11.3: The federal credentials referral office (fcro) in focus**

The Federal Credentials Referral Office (FCRO) is a part of Citizenship and Immigration Canada (CIC). CIC jointly administers entry to Canada with HRSDC and the Canada Border Services Agency (CBSA). The FCRO was launched in May of 2007 following extensive consultations with stakeholders over the previous year which yielded the conclusion that the recognition of foreign credentials was among the most significant barriers to the labour market integration of skilled immigrants. The initiative to form the FCRO in 2007 was accompanied with funding for HRSDC's Foreign Credential Recognition Program, which ran from 2007 to 2009 (FCRO, 2008).

The FCRO's chief role is to facilitate access to information about the recognition of foreign credentials. This service is delivered through call centres run by Service Canada, a federal government department responsible for delivering public services in Canada. Service Canada maintains over 300 locations that can be reached toll-free, which immigrants can call for information or referrals to information sources. The FCRO also produces and publishes resources for employers and immigrants, many of which are discussed elsewhere in this report. This includes detailed guides on immigrating and hiring, respectively, for immigrants and employers, and Occupation Facts, which is discussed later in this section. This amalgamation of information is an important feature in Canada's delivery of LMI to immigrants, as over 400 different regulatory bodies are responsible for credentialing skilled workers in Canada.

The FCRO is currently working on the Pan-Canadian Framework for the Assessment and Recognition of Foreign Qualifications. This framework aims to guarantee that Foreign Credential Recognition (FCR) is fair, transparent, timely, and consistent, despite the number of regulatory bodies and levels of government responsible for FCR. The FCRO has been focusing on different sets of target occupations in two-year spans to achieve this goal. The FCRO also works with nearly a dozen stakeholders on a variety of initiatives, such as outreach and pre-departure orientation, sector-specific guidebooks, micro-loans to facilitate FCR, research and policy development, the development of offshore examination locations for some occupations, and many others.

*Pilot projects and programmes delivering services to potential immigrants abroad with SPO support*

The pilot projects run by CIC, some in partnership with SPOs, are of greater interest, as they establish direct contact between potential immigrants or temporary workers living outside of Canada and Canadian businesses or government departments. The first of these, the Canadian Immigrant Integration Project (CIIP) originated as a five-year pilot project in 2005 by HRSDC, and continued as a CIC project from 2010 onwards (ACCC, 2011); in 2010, the pilot project was evaluated and judged to be a success, at which point CIIP was converted to an ongoing commitment (CIC, 2010c). The primary actor, however, was and remains the SPO partner, the Association of Canadian Community Colleges (ACCC). With funding from CIC, the ACCC implements the CIIP in accordance with goals established through consultations with HRSDC, CIC, other SPOs, and the result of the evaluation of the pilot project.

The goal of the pilot project was to explore ways to provide potential applicants to the FSWP with essential orientation pre-immigration, including knowledge of the Canadian labour market, realistic expectations about post-immigration outcomes, and the ability to fully prepare for immigrating to Canada. Since the vast majority of resources are now online, a primary objective of the CIIP was to increase awareness among skilled worker applicants of important online resources. The pilot project also provided extensive referrals to SPOs such as Career Bridge (ACCC, 2012), sector councils, and regional governments with PNP streams in place that would be more advantageous. The programme expanded in 2010 to include provincial nominees as well as FSWs.

Between the launch of client services in January 2007 and the conclusion of the pilot project in November 2010, the CIIP provided direct service to 9,000 FSWs and PNs from India, China, and the Philippines, through offices established in Manila, Delhi, and Guangzhou (ACCC, 2011). An important feature of this programme is that it began as an outreach programme which automatically contacted principal applicants in the final stage of the FSWP, though response was voluntary. Once contacted, FSW applicants participated in a three-step process (ACCC, 2011): group seminars providing basic LMI about the Canadian labour market, individual counselling sessions designed to help clients produce a personal action plan for labour market integration, and referrals to SPOs that could assist clients remotely in preparing to immigrate or search for a job. Referrals were also made to post-secondary institutions to prevent immigrants from being unprepared or unable to meet unexpected educational requirements. This last point is particularly important, as the ability to seek necessary education and training had previously been identified as a major challenge for immigrant cohorts (Schellenberg and Maheux, 2007).

The LMI seminar includes information on the Canadian economy and labour market trends, integration challenges faced by immigrants (such as credential recognition and language requirements), and job search instruction. The individual counselling sessions, which take place pre-departure, are guided by each applicant's particular situation and supported by partnerships with SPOs, licensing bodies, post-secondary institutions, and regulatory bodies, to ensure each FSW applicant receives all of the information they would need prior to immigrating. Employers also partnered with CIIP to deliver information to immigrants pre-departure: during the pilot phase, this included Canada's five major banks and companies in every major sector of the Canadian economy, such as energy, health care, and IT. The services offered by employers varied, but typically include résumé advice and seminars (usually offered electronically) on job search strategies and career opportunities.

As indicated above, the CIIP provided direct service to over 9,000 clients, of the estimated 30 per cent it was successfully able to contact in its early stages (ACCC, 2011). This was in addition to having over 12,000 clients registered for the programme at the time the Government of Canada decided to continue it as an ongoing service. The response to the project from the clients surveyed was overwhelmingly positive; among other encouraging outcomes, 62 per cent of economic immigrants who

participated in CIIP prior to arriving in Canada found employment within six months of arriving in Canada, compared to 44 per cent for economic immigrants overall, so this represents a substantial improvement (Gilmore, 2009).

Canadian Orientation Abroad (COA) is a similar initiative, but it is targeted at immigrants ready to obtain a visa and run by another SPO, the International Organization for Migration (IOM) (IOM, 2013b). COA, unlike CIIP, also does not explicitly target economic immigrants, as it includes refugees and live-in caregivers in its mandate. Similar to CIIP, the aims of COA are to provide immigrants with realistic expectations about the immigration process and life in Canada, knowledge of how to complete the immigration process and find employment in Canada, and the skills to accomplish those goals. The delivery mechanisms for COA are not as thorough as those for CIIP: COA runs almost entirely through pre-departure orientation sessions for immigrants ready to receive a visa. COA is run through 14 permanent locations managed by IOM, but the sites that serve immigrants are in Colombia, Lebanon, Pakistan, the Philippines, and Sri Lanka. The most recent data published by IOM indicates that they have provided service to over 124,000 visa-ready applicants (IOM, 2013b). Though economic immigrants are a part of COA's mandate, the IOM has been primarily concerned with providing integration services to refugees, and most of their services rendered have been to refugees, who do not necessarily always seek employment, and face labour market challenges separate from those faced by immigrants.

The Active Engagement and Integration Project (AEIP), the third CIC programme, provides similar services, but is closer to the CIIP in the scope of the services it provides than it is to COA. Another key difference is that it is located in South Korea and Taiwan, two locations not served by COA or CIIP, and that it serves family class and live-in caregivers as well as those applying for permanent resident status. Like CIIP, AEIP employs counsellors that provide pre-departure information on the Canadian labour market, job search workshops, and other related pre-departure orientation and guidance.

### **3. Informational barriers to the economic integration of immigrants**

The employment barriers faced by immigrants in Canada are more fundamental than informational. The most common difficulties reported by immigrants are the recognition of foreign experience, education, and credentials, and language barriers. These factors make a greater contribution to any gap in the labour market outcomes of immigrants than difficulty in accessing labour market information.<sup>155</sup> Still, shortcomings in labour market outcomes can often be alleviated through improving access to LMI, or improving the quality of available LMI. Additionally,

<sup>155</sup> The full extent to which fundamental barriers contribute to poor labour market outcomes for recent immigrants is beyond the scope of the paper, but interested readers can return to the Introduction for a selection of literature on the matter.

one informational barrier has been identified as an important factor: foreign-born workers often have difficulties learning about job opportunities in their field due to a lack of personal contacts. This section is devoted to identifying informational barriers to the labour market integration of immigrants and exploring which of them have yet to be addressed by the programmes discussed in the previous section.

### ***3.1. Information barriers faced by employers***

The majority of barriers to recruiting and hiring immigrants faced by employers are not informational in nature. However, domestic recruiting of immigrants already in Canada does suffer from a few key informational challenges. First, employers often find it very difficult to know whether or not internationally trained workers are qualified for the positions they would like to have filled. In some cases, this is a credential issue: foreign credentials, education, and work experience receive less recognition because employers in Canada are not certain that they are equivalent to Canadian credentials. Secondly, many businesses are unaware of the opportunities to recruit immigrants or temporary workers, and do not consider them in their recruitment strategy. That is an awareness issue, which is relatively simple in comparison to the other problems discussed, though changing the recruitment strategies of many businesses across the country will be a gradual process given that it is costly for businesses to do so. Third and lastly, some SMEs have been surprised by the length of the immigration and hiring process when recruiting immigrants and temporary workers from outside of Canada, a critical problem for SMEs operating on a contract or project basis while trying to fill labour shortages. Bureaucratic delays can translate into lost income for those businesses (Mah, 2012; Kukushkin and Watt, 2009).

#### ***Domestic recruiting***

The first two issues pertain particularly to the recruiting of immigrants already residing in Canada, though they remain relevant in the case of potential immigrants or temporary workers not already in Canada. In regards to screening for qualified applicants, while many avenues of connecting with qualified and even pre-screened immigrants exist and have been discussed in previous sections, the resources are diffuse and decentralized. This service is normally provided to businesses by a local or provincial SPO or industry association, so there are many such examples across Canada. The combination of local employment councils, organizations such as ALLIES and Skills International, industry associations, immigration consultants, and government job banks has many SMEs requesting a single point of contact for recruitment support services and to screen pre-qualified immigrants (Mah, 2012).

Businesses have also expressed criticisms of programmes that provide job search support services directly to immigrants, for fear that adverse selection will lead employment agencies to promote unqualified applicants, but an employer-led search support system would solve that problem. This concern has been raised in several consultations and multi-stakeholder surveys (Mah, 2012). A previous study by

Sharpe and Qiao (2006) also found that user awareness and participation is critical to the successful delivery of LMI, which means that pre-screening services that are viewed skeptically by businesses are unlikely to lead to better labour market outcomes. The solution is to facilitate a higher degree of employer-led job search supports designed specifically to meet business needs, which a national single point of contact would achieve. This concern has been partly addressed by some of the programmes discussed in the previous section, such as Skills International, CIIP, Career Bridge, Mentoring Partnership, and which employers can participate in and gain first-hand knowledge of the quality of the foreign workforce.

The second issue, a lack of awareness on the part of businesses of the opportunities they have to recruit foreign-born workers, has been addressed in part by the efforts of TRIEC, ALLIES, and other SPOs and industry groups to make aware to businesses that immigrants are a powerful and large recruiting channel. The awareness campaigns by government agencies, local immigration employment councils, and SPOs should be mitigating lack of awareness on the part of businesses. As in the case of the above, continued increased awareness from businesses about Canada's immigration policies should also help diminish this difficulty. Policies to support business involvement or reduce the cost to businesses of recruiting immigrants would also support the efforts of businesses to recruit immigrants.

The third and final issue, that application backlogs discourage businesses from hiring workers from abroad, remains a challenge but is being addressed through the introduction of a series of policies that aim to give employers access to expedited and priority processing when they make a job offer to an immigrant and the development of a national framework for credential assessment. Immigrants who received an AEO, for example, immigrated on average within seven months, compared to one to two years for those who did not (CIC, 2010b). The Manitoba PNP also found ways to allow those with job offers to be approved permanent residents to enter the country and begin working much more quickly than under the FSWP (Carter et al., 2010).

### ***Foreign recruiting of immigrants and temporary workers***

Informational barriers faced by employers vary based on whether immigrants are located abroad or have already obtained permanent residence status (Mah, 2012). Among the unique barriers to recruiting from abroad is knowledge of how long the application process takes – this is related to application backlogs, which have varied around 800,000. This has translated into delays of one to two years in the time it takes to immigrate through the FSWP (CIC, 2010b). Several policy responses have been implemented or are being explored, including accelerated processes for offers of employment for highly skilled occupations, so that employers are able to hire economic immigrants within six months to one year of applying, although this does not expedite the process at all for those immigrating without job offers.

For multinational companies, there are limited differences in recruiting foreign workers living in or outside of Canada. For SMEs, the difference in difficulty becomes one of degree, not kind; the key problem is still that businesses have

difficulties determining whether immigrants are qualified or not, but this is much more difficult for SMEs hiring potential economic immigrants from abroad. The solution remains programmes such as CIIP that increase contact between businesses and immigrants without imposing significant cost on employers, and programmes that either expedite credential assessment or make it easier for businesses to assess the credentials and qualifications of immigrants.

Additionally, in the case of Arranged Employment Offers (AEOs), the informational barrier has clearly been surmounted by both parties to the transaction. As mentioned previously, those entering Canada through the federal system with arranged employment face very different circumstances than those who do not. The most common positions recruited using AEOs are senior management and academic positions, indicating that those immigrants offered those positions have connections to the Canadian labour market or an academic network (CIC, 2010b). The most extensive study on the PNP, conducted in the province of Manitoba by Tom Carter in 2010, acknowledged the use of employer-direct provincial nominees, but did not explore their origin.

### ***3.2. Information barriers faced by immigrants and temporary workers***

Immigrants have consistently reported the following difficulties, most of which should be apparent at this point: a lack of Canadian job experience; no connections in the job market; foreign experience either not accepted or heavily discounted; foreign credentials either not accepted or heavily discounted; a lack of Canadian job references; and language barriers (Schallenberg and Maheux, 2007). Discrimination has also been cited as a barrier faced by immigrants, and several studies support this hypothesis (Oreopolous, 2009; Kukushkin and Watt, 2009). Many of these barriers can be alleviated by improving access to labour market information, although they are primarily structural in nature. Many of these barriers can be traced back to immigrants being unfamiliar with the labour market in Canada.

In regards to the recognition of experience and education by Canadian employers and professional or licensing associations, the informational barriers took several forms. First, applicants have found it very difficult to determine whether or not their credentials will be recognized in Canada (Alboim and McIsaac, 2007). Second, immigration applicants have often been surprised by the cost of the credentialing process after a point at which they had already significantly invested in the process of immigrating (Alboim, 2009; Picot and Sweetman, 2012; Houle and Yssad, 2010). A study in Manitoba found that half of respondents reported that credentials or job experience not being recognized was their greatest problem; in an earlier national survey, slightly fewer than forty per cent indicated that credential recognition was their greatest problem. In that survey, more said that not having Canadian job experience was their greatest problem (Alboim and McIsaac, 2007; Carter et al., 2010).

The FCRO's work in recent years is intended not only to alleviate the informational barriers associated with gaining credential recognition, but also to facilitate immigrants and businesses in more quickly assessing foreign credentials. Future policy measures have been designed to simplify the process of credential recognition, which is currently the responsibility of over 400 different organizations across all occupations and provinces, and the complications this has created for users of the immigration system, particular SMEs and potential applicants. The FCRO is currently developing a Pan-Canadian Framework for the Assessment and Recognition of Foreign Qualifications to address this problem. This is a commitment by federal and provincial governments to develop processes that will guarantee that a potential immigrant will know within one year whether their qualifications will be recognized; what, if anything, they must do to be qualified to work in their occupation in Canada; and receive direction toward occupations that they are qualified to work in. Note that the decentralized nature of professional licensing in Canada is not going to change, but these processes will be designed so that newcomers to Canada working in regulated occupations can be assessed and receive the information they need to become licensed as quickly as possible.

Discrimination has also been identified as a challenge, but one that can be remedied through awareness campaigns critical of intentionally and unintentionally discriminatory practices. Discrimination is most likely to be a problem during the recruitment process. Some research indicates that employers are less likely to invite applicants for interview if they simply have a non-English name on their résumé; Oreopolous (2009) conducted an analysis of a private data-set of 6,000 résumés, and found that 11 per cent of highly skilled immigrants with non-English names received a call back, while over 40 per cent of highly skilled immigrants with English names received a call back. Likewise, Kukushkin and Watt (2009) found that telephone interviews significantly damaged the prospects of being invited to continue in the job process for immigrants from non-traditional source countries where they would have been likely to have an accent. It is possible that this problem can be alleviated with greater employer awareness; employers who learned of this problem and stopped using telephone interviews no longer saw the discrepancy in the proportion of immigrants who received second interviews.

Discrimination is usually manifested systemically, in the form of implicit biases and conventions that create difficult hurdles for immigrants. The research in this area has broadly concluded that employers must be open to departures from conventions in recruiting, interviewing and hiring in order to avoid discrimination. This includes less reliance on word-of-mouth advertising; advertising in ethnic media; instituting culturally sensitive screening practices, such as omitting names from résumés on the first screening; working with SPOs and other groups to put in place mentoring and bridging programmes for recently hired immigrants; and liaising with professional associations responsible for credential recognition while training and assessing recently hired immigrants for competency (Kukushkin and Watt, 2009). The many services available to employers to assist in implementing immigrant-friendly recruiting processes are run by local SPOs, such as TRIEC

and employment councils in other provinces and cities, who can tailor their programmes for the local population.

## 4. Conclusions and recommendations

Based on the Canadian experience with immigration, we identify four best practices for other nations and interested parties to draw on. These practices are drawn from the extensive review in this report of the labour market integration of immigrants in Canada as it relates to labour market information. We have examined labour market information available to employers, immigrants already in Canada, potential immigrants, and potential temporary workers, and identified specific shortcomings in the system of labour market information that inhibit matching between immigrants and employers. We have also identified several successful programmes at assisting immigrants in settling, and bridging their prior experience to the Canadian labour market.

Before doing so, we would offer a word of caution about the portability of Canadian experience in implementing the policies described so far. As a federal state in which various levels of government routinely participate in policy development, Canada has significant experience in incorporating sub-national governments into the policy formation process. Additionally, provincial governments are constitutionally empowered in Canada to serve some of the most important functions of government today, including health care, education, and, uniquely, joint constitutional jurisdiction over immigration, perhaps making them more significant actors than sub-national governments are in other states. Finally, Canada has two official languages, significant experience and infrastructure in language assessment, instruction, and accommodation prior to implementing such services for immigrants. All of these factors combine to produce a natural fit for the best practices identified in this section, and certainly will contain lessons for any nations similarly situated.

### ***4.1. Establish a national office for the recognition of foreign credentials***

The FCRO is among the most important immigration policy innovations in Canada. Its function is essential in ensuring that professional and occupational licensing is not an impediment to the labour market integration of newcomers to Canada. Because occupations are typically regulated by professional associations that operate at the provincial level, the quantity and variety of information understandably makes it difficult for a newcomer to quickly understand whether or not they are legally qualified to work in Canada. Establishing a national framework for the assessment and recognition will not only improve access to this information for immigrants, but provide users of Canada's immigration system with reliable expectations of how long this process will take. This is an important lesson for any federal state in which occupational licensing is the responsibility of sub-national bodies.



## ***4.2. Maximize the number of single-points-of-contact or one-stop shops***

CIC's new Settlement Program is an example of service amalgamation that simplifies the process of applying for and receiving services without diluting their quality or breadth. CIIP, ISAP, HOST, and related programmes, whether they target economic immigrants already in Canada or potential immigrants outside Canada, provide those seeking services with a single point of contact for assessments, referrals, settlement services, specialized training, and job search assistance. Likewise, employers and SMEs in particular have indicated that a single point of contact for assistance in recruiting immigrants would dramatically reduce their human resources burden in hiring immigrants. While it is obviously not the case that everything can be reduced to a single point of contact, it is true that the design of Canada's immigration system is enhanced by identifying the appropriate demarcations for what constitutes a discrete service and how many points of contact are necessary. Increasing reliance on referrals can simplify initial contact, but also create bureaucratic excess that makes accessing services difficult for users, so it is important to strike the appropriate balance on this point. This is similar to the notion of a one-stop shop discussed in much of the immigration literature, but it is important that the principle of single-point service delivery be extended to the services available to employers as well.

## ***4.3. Provide pre-departure orientation and training***

The most concrete policy lesson from the Canadian immigration experience is the power of pre-departure orientation and training. Evaluations of ISAP, HOST, and CIIP all came to the conclusion that perceptions of the Canadian labour market prior to instruction were often very different from reality, and potential immigrants often lacked knowledge or easy access to knowledge of the procedures necessary to, for example, become licensed to work in a regulated occupation. Furthermore, evaluations indicated that those who participated in such programmes had higher employment rates than immigrants with the same level of education who did not participate. The three largest source countries of immigrants to Canada – and, for the foreseeable future, the three largest suppliers of immigrants to the world – as mentioned before, are the Philippines, China, and India, all countries with significant cultural and language differences. The large differences between the Canadian labour market and the labour market of source countries is at the heart of this challenge.

## ***4.4. Involve local stakeholders in implementation***

There is natural tension between this point and the first, and indeed decentralization is not without its critics. We certainly do not take the position that the potential for redundancies does not have the potential to be wasteful and confusing. But even in a more parsimonious system, critics of Canada's decentralizations and redundancies would recognize that local stakeholders have played a tremendous role

in implementing immigration policy and developing the settlement and adaptation infrastructure. TRIEC has spawned a series of city-based employment councils that provide very useful bridging programmes and settlement services which can be tailored to meet local needs by local actors, for example. Continuing in that vein, local stakeholders are well positioned to provide advice on policy development, consult with government in new policies or current problems, and assist in delivering critical services to newcomers.

In addition to local stakeholders such as TRIEC playing a critical role in the development of services, devolution to sub-national governments has also shown significant potential to improve outcomes for immigrants, even when admitting immigrants with less education on average than the federal stream, as in the case of Manitoba's PNP. The non-profit sector has played a tremendously important role in the development of immigration policy and the delivery of vital services to immigrants.

#### **4.5. Maintain flexibility in regards to immigration policy**

Canada's immigration policy has considerable flexibility with respect to both the level of immigration to Canada, and the occupations targeted by Canada's immigration policy. Occupational targets, which were initially not included when the Immigrant and Refugee Protection Act was passed in 2002, are enshrined in ministerial instructions, which are much easier to change than legislation. This has made it relatively easy to expand and change the occupations which are targeted by the FSWP. Another source of flexibility is the PNP, which can more rapidly adapt to the needs of each province. Policy flexibility has made it significantly easier for the immigration strategy to adapt to Canada's changing needs.

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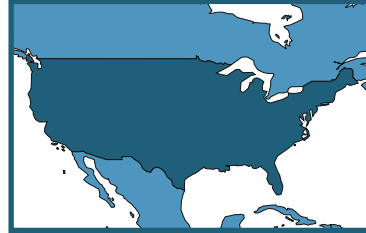
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# UNITED STATES OF AMERICA

Neeraj Kaushal<sup>156</sup>



## Abstract

*This report provides an overview of the United States labour migration system with a focus on the opportunities and challenges in different sectors as the economy emerges from the Great Recession. A few important trends for the medium-term emerge. One, the recent trend in polarization of occupational opportunities is likely to continue. This will result in greater opportunities for very high-skilled and low-skilled workers and fewer opportunities for workers with a medium level of skills, for example blue-collar manufacturing and production jobs, or white-collar jobs for persons with some college education. Two, if foreign-born workers are to fill the labour market needs in areas where demand is expected to grow the fastest, labour migration would have to be bi-modal: very highly educated immigrants meeting job requirements at the higher end of the skill distribution and very low-skilled immigrants meeting the requirements at the lower end of the skill distribution. Three, the United States economy will have to compete with emerging Asian economies and Europe for attracting highly skilled workers. And four, demographic and economic trends in emerging economies of Asia and Mexico suggest that emigration push from major sending countries would weaken.*

*The key policy recommendations that emerge from the overview of the US labour migration system are: one, the United States needs to create more visa categories, and increase the quota under existing categories, for the admittance of low-skilled temporary workers. This is essential to reduce the presence of undocumented workers in a sustainable fashion. Two, labour migration procedures for high-skilled workers should be simplified and the existing bias against the recruitment of migrant labour by small and medium-sized enterprises should be eliminated. Three, visa*

<sup>156</sup> Neeraj Kaushal is Associate Professor at the Columbia University, School of Social Work and Research Associate at the National Bureau of Economic Research and Visiting Scholar, Russell Sage Foundation 2012–2013.

*procedures for seasonal agriculture workers should be simplified and rationalized, and publicized in major sending countries for agriculture workers, such as Mexico. Finally, labour market information and rights of workers should be publicized on the websites of United States consulates so that international recruiters do not coerce or exploit migrant workers. Migrant-sending country governments should also warn/inform potential migrants about instances of exploitation by international recruiters.*

## 1. Introduction

Over the past four decades, the share of foreign-born persons in the United States workforce has tripled. As of 2010, every sixth worker in the country is foreign born. In certain occupations, across skill categories, foreign-born workers command an even larger slice of the US labour force (Kaushal and Fix, 2006; Brookings, 2012). Further, medium term forecasts envisage a high growth in occupations where foreign-born workers are over-represented suggesting that the demand for third-country nationals in the United States is likely to remain high in the next few decades (Bureau of Labor Statistics, 2012).

This report provides an overview of the US labour migration system with a focus on the opportunities and challenges in different sectors as the economy emerges from the Great Recession. Our objective is to study the various mechanisms that enable prospective migrants to connect with employers, including the role of migration networks and international recruiters, and whether and how the US migration policy facilitates these mechanisms. We will investigate the existing patterns of access and use of labour market information by employers and prospective migrants to study if there are information barriers to labour migration. The study will be informed by how effectively migration has responded to the labour market opportunities in the past and what can be done to reduce information barriers and simplify and rationalize procedures so that migration can be effectively and efficiently applied to meet labour needs of the US economy in the 21st century.

### ***1.1. United States labour market: characteristics, past trends, and forecast***

Over the past 50 years, the US labour force has more than doubled, outpacing population growth. Almost all of the increase has occurred in the service sector that now accounts for 83 per cent of the non-farm jobs in the country. The share of jobs in manufacturing has dwindled from a quarter in 1973 to about 10 per cent by 2007 (Lee and Mather, 2008). Within this broad industrial restructuring, from manufacturing to services, the labour market has undergone a polarization of opportunities. Since the late 1980s, employment and earnings have been rising in professional, technical, and managerial occupations that employ highly educated persons and in low-skilled occupations in food service, personal care, health care, and protective services industries that employ persons with a high-school or lower



education (Autor, 2011). At the same time, white-collar occupations that require a medium level of skills and blue-collar jobs in manufacturing and production have suffered a decline.

The dispersion of foreign-born workers across occupations is indicative of this polarization: they have filled jobs in the fastest growing sectors such that migrants are now over-represented in occupations that employ very highly educated persons as well as in occupations that employ persons with less than a high-school degree (Bean et al., 2012; Kaushal and Fix, 2006).

The historic expansion of the US workforce of the past half century had been driven by three key demographic forces: baby boomers' entrance into the workforce, expansion in women's labour force participation, and immigration. Born in the post-World War II population explosion that ended with the introduction of the birth pill in 1964, the 78 million baby boomers entered the labour market between the early 1960s and mid-1980s, leading to an unprecedented growth in the US workforce. The second source of expansion came from the continual increase in women's labour force participation – from 43 per cent in 1970 to 60 per cent by 1990 (Lee and Mather, 2008). In 2007, women represented 46 per cent of the US workforce, up from 19 per cent a century ago.

The final source of workforce expansion, and certainly the most dominant since the late 1980s, is immigration, adding annually about a million new foreign-born workers, who are permanent residents, and about twice as many temporary short-term legal or undocumented workers. During the period 1995–2010, foreign-born workers accounted for half the increase in labour force in the country, according to estimates based on the US Current Population Surveys.

The Great Recession has brought the labour market expansion to a halt (Toossi, 2012). Between December 2007 and March 2010, the US economy lost 8.2 million jobs as the unemployment rate doubled from 5 per cent to 9.7 per cent (Autor, 2010). While most economists believe that US employment will eventually rise to the pre-recession level as demand picks up, future growth in workforce is likely to remain tepid. Ironically, the same forces that led the workforce expansion are causing its slowdown. Baby boomers have begun to retire and the X generation that followed the boomers is simply not large enough to replace its predecessor. Women's labour force participation that started rising at the turn of the 20th century appears to have reached a plateau.

As to the inflow of foreign workers, since the beginning of the Great Recession, it is mostly stagnant. This might change as the US economy revives. However, future migration flows would depend on global economic and demographic trends as well as similar trends in major migrant sending countries. In the medium run, the United States will find itself competing with Asia and Europe for highly skilled international workers (Freeman, 2008, NAS, 2006). The advantage that the United States has enjoyed as the epicenter of higher education is likely to be challenged by Asian and European nations.

## **1.2. Medium-term occupational outlook: role of migrant labour**

A large number of factors including changes in demand for goods and services, technological change, and trends in globalization will determine occupational patterns over the next half century. The US Bureau of Labor Statistics projections assume full employment, thus discounting for any prediction errors due to the business cycle. According to their forecast, total employment during the period 2010–2020 will increase by 20.5 million. Most of the numerical increase would be at the low end of the skill distribution; however, proportional increase would be greater for jobs with a college degree than for jobs with less than a high-school education (Bureau of Labor Statistics, 2012).

In numerical terms, 5.2 million jobs are projected to arise in occupations that require less than a high-school degree, 7.5 million are projected to arise in occupations that require a high-school degree, 2.5 million in occupations with some college or associate degree, and five million in occupations that require a BA or higher degree. In terms of growth, jobs with a Masters, Doctoral or professional degree are likely to grow by more than 20 per cent; jobs with a high-school or less education by less than 14 per cent; and those with some college or a BA degree by 17 per cent to 18 per cent.

Demographic changes, in particular the projected rise in elderly population, are likely to propel demand for health care and personal care. Thus in service providing industries, health care and social assistance will provide the largest number of new jobs, about 5.7 million, followed by professional, scientific, technical, and educational services together providing for an additional 4 million jobs (BLS, 2012). Immigrants are over-represented in many of the occupations that are projected to grow fast over the next decade: in 2010, for instance, almost a quarter of the home health-care aides, nursing aides and personal care aides were foreign born (Brookings, 2012).

Clearly, the validity of these projections depends on the validity of the assumptions on which they are based. Automation in health care and service industry may be one factor that could challenge these assumptions. Of the top 20 occupations with the largest projected growth, four are in the office and administrative group; some of them could, and would, be outsourced (Table 12.1). For the remaining 16 occupations, the US labour market is likely to draw on the supply of potential migrant workers from other countries, mostly developing ones. At the domestic policy level, however, there will continue to be questions on whether immigration is the most effective tool in filling these jobs and how it would affect the opportunities of US-born workers (For recent literature on this issue see: Borjas, 2003; Card, 2006; Kaestner and Kaushal, 2012).

The broader pattern of the BLS projections suggests that if foreign-born workers were to fill the labour market needs in areas where demand is likely to grow the fastest, immigration would have to be bi-modal: very highly educated immigrants meeting job requirements at the higher end of the skill distribution and very low-skilled immigrants meeting the requirements at the lower end of the skill distribution. As

in the past, at least in the next couple of decades immigrants are likely to continue to be over-represented in the fastest growing industries and occupations in the United States. From a policy perspective, the key issue is: is the US immigration system equipped to meet the projected labour shortages? If not, would the government create new legal channels for immigration at the lower and upper ends of skill distribution? Or, as in the past, would it only create more channels for high-skilled immigration and allow irregular labour for unskilled jobs?

**Table 12.1: Occupations with the largest numeric growth, projected 2010–20**

Occupation	Number of new jobs added	Per cent change 2010–2020
Registered Nurses	711,900	26
Retail Salespersons	706,800	17
Home Health Aides	706,300	69
Personal Care Aides	607,000	70
Office Clerks, General	489,500	17
Combined Food Preparation and Serving Workers, Including Fast Food	398,000	15
Customer Service Representatives	338,400	15
Heavy and Tractor-Trailer Truck Drivers	330,100	21
Labourers and Freight, Stock, and Material Movers, Hand	319,100	15
Postsecondary Teachers	305,700	17
Nursing Aides, Orderlies, and Attendants	302,000	20
Childcare Workers	262,000	20
Bookkeeping, Accounting, and Auditing Clerks	259,000	14
Cashiers	250,200	7
Elementary School Teachers, Except Special Education	248,800	17
Receptionists and Information Clerks	248,500	24
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	246,400	11
Landscaping and Groundskeeping Workers	240,800	21
Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	223,400	16
Construction Labourers	212,400	21

*Source: BLS Occupational Employment Statistics and Division of Occupational Outlook, 2012.*

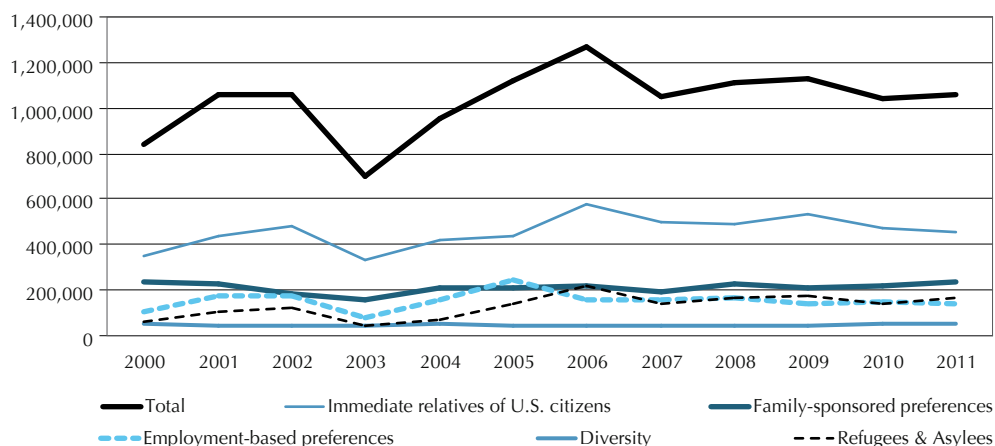
### **1.3. US labour migration: a mixed blend of supply- and demand-driven systems**

There are four legal avenues through which a foreign-born person can enter the United States on a permanent basis: family reunification, employment, humanitarian grounds as refugees or asylum-seekers, and via the diversity visa. Family reunification,

the largest of the four, accounts for two thirds of all permanent legal immigration. It has two broad sub-categories: (i) the immediate relatives of US citizens who are not subject to any numerical limit and (ii) other family members of US citizens and relatives of permanent residents with an annual numerical ceiling of about 280,000. Each year, during the period 2000–2011, about 670,000 foreign-born persons acquired permanent residency via the family reunification route.

Approximately 15 per cent – on average about 155,000 a year during the period 2000–2011 – of all legal immigrants became permanent residents via the employment route. A maximum of 50,000 individuals were selected for permanent residency via the diversity visa each year to promote national origin diversity in foreign inflows. In addition, approximately 130,000 have been admitted annually as refugees or asylees on humanitarian grounds (Figure 12.1).

**Figure 12.1: Persons obtaining legal permanent resident status**



Non-immigrants residing in the country are allowed to change their status from temporary to permanent residents using any of these routes. Typically, about 40 per cent of the permits for permanent residency, also called Green Cards, have been issued to new arrivals and the remaining 60 per cent to foreigners already living in the country.

Over the past quarter century, the US government has been granting permanent residence to approximately a million immigrants a year. By historical comparisons, this represents an unprecedented influx. From an employers’ perspective, however, the key question is: does the US immigration system allow sufficient inflow of foreign workers to meet their critical labour requirements? The answer, based on data on non-immigrant visas released by the US Citizenship and Immigration Services, is negative. In addition to those who come via the legal immigration channels, since 2000, the economy has absorbed close to 1 to 1.5 million workers who arrived on non-immigrant visas to work in the US, including intra-company transfers, and another half a million undocumented persons (USDHS, 2012).

The current US immigration system is based on the Immigration and Nationality Act of 1965 that abolished the national origins quota system and replaced it with a system of preference categories. The preference system was primarily concerned with reuniting family members of US citizens and permanent residents. It also allocated a maximum of 20 per cent of the numerical ceiling under family reunification – or 54,000 per year – for employment-based immigration.

The first major change in the preference system came with the Immigration Act of 1990 that more than doubled the employment based immigration ceiling to 120,120, plus any unfilled quota from family reunification to be transferred to the employment preference group. In addition, the 1990 law introduced new non-immigrant visa categories to allow highly skilled workers with employer sponsorship. Subsequent changes in non-immigration visas during the 1990s further increased inflows of highly skilled migrant workers to meet labour shortages in specific occupations.

As a result of these policy changes, the labour migration system in the United States has evolved into two distinct components: a primary component that is purely supply driven and a large supplemental demand-driven component. The supply-driven component comprises of immigrants who enter the country at their own initiative such as immigrants sponsored by family members, immigrants on diversity visas or the undocumented. Migration of workers in response to direct employer demand and initiatives, via the supplemental demand-driven component of migration policy, remains confined to a few occupations such as nursing, teaching, highly skilled professions in science, technology, engineering and maths, and seasonal agriculture and non-agriculture workers.

The demand-driven component of labour migration comprises of a number of legal routes via which foreigners can enter the country for a short-term temporary residency on grounds of employment. Most of these channels have been created to meet labour shortages in specific occupations, and in almost all cases, employers sponsor the foreign worker and submit the application for work visa. In many cases, there is an annual quota for specific visas. Often, annual applications far surpass the quota (Ruiz et al., 2011). Thus, immigrant inflows via the employment channel fail to fully cater to the demand for foreign workers even in the occupations for which the special visas have been designed. Foreign workers in these occupations, therefore, often enter the country via channels other than employment as students, tourists, or dependants (Pittman et al., 2012).

A series of H category visas are available to hire foreign workers on a temporary basis for a short term. These are:

- H-1B visas for temporary workers with “speciality” occupation
- H-1C visas for registered nurses participating in nursing relief in disadvantaged areas
- H-2A visas for seasonal agriculture workers
- H-2B visas for non-agriculture workers

- H-2R for returning H2B workers
- H-3 visas for trainees

In the H-category, the largest number of visas is issued under the H-1B visa for speciality occupations that require “theoretical and practical application of a body of highly specialized knowledge” (Ruiz et al., 2012). With the exception of fashion models, all H-1B visa recipients are required to have at least a BA degree or equivalent experience (Ruiz et al., 2012). The H-1B programme was introduced in the Immigration Act of 1990 with the intent to explicitly raise the importance of US economic needs for labour, especially high-skilled workers, in the nation’s immigration policy. The 1990 law imposed an annual cap of 65,000 on H-1B visas. In response to pressure from large IT corporations, the cap was raised to 195,000 during the period 2001–2003, and then lowered to 65,000 in 2004. From 2006 onwards, 20,000 additional visas are provided for workers with advanced degrees from US Universities. Further, the 2000 American Competitiveness Act in the Twenty First Century allowed a number of employers, classified as “institution(s) of higher education or related non-profit entity, non-profit research or government research entity”, to sponsor foreign-born persons for H-1B visas outside the numerical cap. Approximately 10 per cent of all H-1B visas are issued to applications submitted by employers exempted from caps (Ruiz et al., 2012). Further, O and P visas have been created for persons with extraordinary abilities.

In the 22 years of its existence, the demand for H-1B has always surpassed its quota. From 2001 to 2009, a period marked by two recessions, the average number of annual requests filed by US employers was 325,522, much above the cap. In 2001, when the cap was temporarily raised to 195,000, 56 per cent of the applicants received the visa; in 2008, when demand peaked only 21 per cent of the applicants acquired the visa (Ruiz et al., 2012). The demand for H-1B remained high during the recession and its aftermaths, even as unemployment in the United States remained above the 8 per cent mark. In June 2012, the USCIS announced that there will be no more new H-1B visas for the coming 15 months because all the visas for 2013 were depleted by the second week of June 2012 (Kaiser, 2012).

Besides the H category visas, a second category, the L-1 visas, has been applied extensively to allow foreign workers in the United States. The L-1 visas are issued for intra-company transfers and are predominantly used by large corporations. Since 2000, each year, approximately 100,000 to 160,000 visas have been issued to workers in multinational corporations as intra-company transfers and their family members, who are also allowed to work in the United States (USDHS, 2012). In 1980, the number of admissions for inter-company transfers (including spouse/children) was only 65,000.<sup>157</sup> This is considered the most employer friendly and least cumbersome visa category under the US labour migration system.

<sup>157</sup> Admissions numbers are often greater than the actual number of visas issued because they do not adjust for multiple entries.

The third non-immigrant visa category that has seen an impressive increase in recent years is J1. It is intended to enable foreign nationals to come to the United States to study, teach, conduct research, demonstrate special skills or receive on-the-job training for short periods. The visa is issued for a maximum of one year and can be renewed twice. Also called the Exchange Visitor Visa, the J-1 visa is provided under the following 14 programmes:

- Au Pair
- Camp counsellor
- College and university student
- Government visitor
- Intern
- International visitor
- Physician
- Professor and research scholar
- Secondary school student
- Short-term scholar
- Specialist
- Summer work travel
- Teacher
- Trainee

Thus, the J-1 visa is available to people with all sorts of skills, including professionals in highly skilled occupations such as physicians, professors, research scholars as well as secondary school students. Since 2000, each year 274,000 to 350,000 new visas have been issued to exchange visitors and spouses/children (J2 visas), up from 110,000 admissions in 1980<sup>158</sup>. Hiring workers on J-1 visa is highly beneficial for US employers as they do not have to pay social security taxes, Medicare taxes or unemployment taxes for these workers.

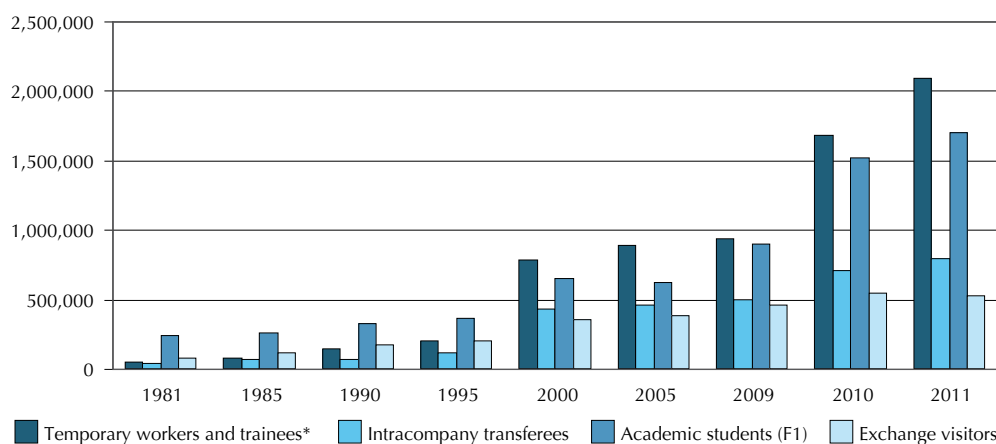
Yet another visa category that has witnessed a dramatic increase over the past three decades is of young people on student visas for higher education. A vast majority of foreign students stays in the United States upon completion of their education to work, and many eventually apply for permanent legal residence. Foreign-born students are a valuable source of US-trained future workforce. Besides, during their tenure as students, they are allowed to work up to 20 hours per week during semesters and full-time in the summer. Plus, upon completion of their degree, foreign students

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<sup>158</sup> Note that admissions numbers are not directly comparable to visas issued because admissions data do not adjust for multiple entries.

are allowed to hold temporary full-time employment under the Optional Practical Training Program (OPT) for up to 12 months. For students in STEM fields, the OPT programme is for a maximum of 29 months (Wasem 2012). Over the past three decades, the number of persons on student visas has also increased manifold. During the period 2000–2011, each year between 300,000 and 500,000 visas were issued to students (USDHS, 2012).

**Figure 12.2: Non-immigrant admissions**



Source: *Yearbooks of Immigration Statistics, 1997 and 2011.*

Note: \* Temporary workers and trainees exclude intra-company transfers, treaty traders and investors and representative of foreign information media.

Admissions data do not adjust for multiple entries into the US.

The US immigration policy has paid much less attention towards creating legal channels for less-skilled workers, even though immigrants have a critical presence in many low-skilled occupations and even though a majority of all foreign-born persons in the country have less than a high-school education. There are two primary categories under which visas are issued to less-skilled workers: H2A, for seasonal agriculture workers and H2B, for seasonal non-agriculture workers. In addition, it appears that in recent years the J-1 category has been applied to provide temporary visas to low-skilled workers (such as babysitters or domestic workers under the Au Pair programme) for short periods.

Three fourths of all agriculture workers in the country are foreign born, and a majority is without legal documents. In 1986, in response to the growing need for farm workers and a rising presence of the undocumented among farm workers, the US government created the H-2A temporary agriculture worker programme. This is the only immigration channel in the country to employ foreign-born agriculture workers and there is no limit on the number of persons who can receive the H-2A visa in a year. Yet until recently growers were reluctant to use this programme to hire foreign workers. Employers complain that H-2A procedures are too cumbersome to meet the demand for seasonal agriculture workers (Wainer, 2011). Foreign-born



farm workers also complain that employers do not comply with the provisions of H-2A visa and provide for sub-standard housing.

Recent initiatives to ensure immigration enforcement as well as attempts by US consulate offices in Mexico to advocate legal immigration has prompted growers to apply for H2-A visas to hire farm workers. As a result, the average number of H-2A visas issued annually during the period 2006–2010 was 55,000, three times the average annual visas issued during the period 1996–1999. However, even with the recent increase, almost 90 per cent of foreign-born farmers in the country are undocumented (Martin, 2011), as are a large number of unskilled workers in occupations such as landscaping, construction, and hotel and restaurant industries. The annual quota for seasonal non-agriculture workers under the H2B category is 66,000, which is a small proportion of the actual number of new migrants that low-skilled occupations absorb every year.

To sum up, while family unification is the primary logo of US immigration policy, since 1990 there has been a steady change in policy to allow third-country nationals on non-immigrant temporary visas to meet the economy's needs for highly skilled workers. Over the past two decades, annual inflows under non-immigrant temporary work visas have been greater than inflows via the traditional channels for immigration. Thus economic factors have steadily gained more importance in the US labour migration policy. However, little attention has been paid to the economy's needs for less-skilled workers, except for easing or tightening border controls to allow or restrict inflows of workers without documents.

## **2. Patterns of access, use, and perception of labour market information**

### ***2.1. Demand side (employers) issues***

#### ***Trends in recruitment of migrant workers***

Most non-immigrant visas for temporary workers are sponsored by US employers and issued for short-term stays generally varying from four months to three years, with the possibility for further extension in many cases. In 1996 approximately 400,000 new visas were issued to temporary workers. By 2007, the number had more than doubled to reach close to one million. It fell somewhat during the great recession, but by 2011, close to 800,000 new visas were issued to temporary workers and trainees including intra-company transfers and exchange visitors. This unprecedented growth in temporary legal migrant labour is a clear sign that the US labour policy acknowledges the significance of migrant labour in the economy and that in general US employers are well aware of the legal procedures to recruit third-country nationals.

Perhaps the most important source of information about procedures and channels for short-term non-immigrant visas is the USCIS website. In addition, a plethora of immigration lawyers across the country has websites detailing information

on legal procedures for immigration and work visas for temporary workers. Aggressive corporate lobbying over the past two decades has resulted in more visa categories for labour migration as well as in streamlining migration procedures. There does not seem to be any specific public initiative to facilitate legal migration except that over the years, sources of information for legal migration have become increasingly user-friendly, labour certification requirements (as discussed in detail below) have been selectively eased, and the number of visas issued under most non-immigration categories has increased manifold to meet the growing demand for migrant workers.

### ***Migration procedures***

Most non-immigrant visas for short-term employment involve a three-step process, as outlined by the US Citizenship and Immigration Services:

- Step 1: Employers file a petition with the US Department of Labor (DOL) to receive labour certification or approval. The petition is called Labor Condition Application (LCA). The objective of LCA is to ensure that the admission of foreign workers into the country on a permanent or temporary basis does not adversely affect the job opportunities, wages, and working conditions of US workers.
- Step 2: Upon receipt of the DOL-certified LCA, the employer files a petition (Form I-129) on behalf of a non-immigrant worker with the US Citizenship and Immigration Services. This is a time-consuming process, but the USCIS provides a Premium Processing Service that guarantees to process petitions in 15 calendar days at an additional charge of USD 1,225 per application.
- Step 3: Upon USCIS approval of Form I-129, prospective migrant workers who are outside the country apply for a temporary work visa at a US Embassy or Consulate office.

The three-step process can take between two and six months. To receive the DOL certification, in some cases, there is also a requirement to provide evidence of effort by the employer to recruit US citizens. The petition for a non-immigrant worker (Form I-129) involves a fee of USD 325. There is an additional visa fee that varies by visa category.

Third-country nationals in the US work in a wide range of occupations – in highly skilled occupations in science, technology, engineering and maths as well as in low-skilled occupations such as landscaping, childcare, low-end jobs in hospitality and accommodation industries. Overall, trends over the past three decades suggest a steady growth of foreign-born workers in the fastest growing industries and occupations, at the high and low ends of skill distribution (Bean et al. 2012; Kaushal and Fix, 2006). Yet, there is little in the US labour migration policy to allow for the entry of low-skilled workers even though many of the fastest growing job opportunities are at the tail end of the skill distribution (Table 12.1). These lower end occupations have been largely left to be filled by irregular labour.

Over the years, special interest groups have successfully lobbied for aggressive policies to create new visas for skilled foreign workers and as a result new channels have been established to recruit skilled workers from abroad. There is no similar effort to establish channels for the entry of low-skilled workers, except for seasonal agriculture workers. Unfortunately, growers find it too cumbersome to seek the Department of Labor's certification for hiring seasonal workers (Wainer, 2011). The H-2A programme requires employers (growers) to provide free housing to workers. Farm workers, however, prefer to get a housing allowance since growers do not often provide adequate and sanitary housing (Goldstein et al., 2010; Wainer, 2011).<sup>159</sup> Thus, both growers and migrant workers do not like to use the H-2A visa. As a result, 90 per cent of foreign-born seasonal farm workers in the country are undocumented.

Irregular migration in the United States is largely determined by economic factors (Hanson, 2007). There are no official estimates of irregular immigrants in the country. Estimates based on surveys suggest that their number steadily increased from the early 1990s up to the start of the Great Recession, followed by a marginal decline during the recession (Passel and Cohn, 2011). In 2008, there were an estimated 8.3 million irregular workers constituting 5.4 per cent of the workforce. In low-skilled occupations, their share is even higher: 25 per cent of farmers, 19 per cent of workers in building, grounds keeping, and maintenance, 17 per cent of construction workers, and 12 per cent of workers in food preparation and serving occupations are estimated to be irregular (Passel and Cohn 2009).

During the period 2000–2007, the population of irregular or undocumented persons is estimated to have increased by half a million a year; a majority of them working in low-skilled occupations. As mentioned above, in farming, the complexity of procedures as well as the requirement for providing housing is a factor why employers do not use the legal route for hiring farm workers. But in a majority of other low-skilled occupations, irregular immigration appears to be the only route for foreign workers as the visa quota for low-skilled workers is too small compared to the actual number of foreigners in those occupations.

### ***Recruitment mechanisms***

Employers have used three primary mechanisms to hire migrants from abroad: (i) social (migrant) networks, (ii) overseas subsidiaries, and (iii) international recruiters or staffing agencies. Migrant networks are created by individuals (family members, friends), institutions, and organizations, such as diaspora groups, government and non-governmental bodies, religious and cultural organizations, and employment agencies. They connect migrant workers in origin countries with employers at the destination country, and often help prospective migrants in the migration process. A large body of literature documents the importance of social networks in international migration (Massey et al, 1998).

<sup>159</sup> Oxfam America (Goldstein et al. 2010) reports several instances of violation of this policy. In 2007 for instance a judge found Ag-Mart, a tomato grower, to have intentionally violated federal laws that guarantee clean, safe, and licensed housing for 2000 farm workers.

In recent years, many multinational corporations have begun to use their overseas subsidiaries to hire workers abroad. Generally, they are hired to work at the overseas subsidiaries for a certain period before getting transferred to the United States office. In certain specialized occupations such as nursing, teaching, science, technology, and engineering, employers have been using the services of international recruiters or employment agencies. International recruiters commonly use web-based advertisement to attract third-country nationals. Although a growing business, international recruitment accounts for a small proportion of the overall recruitment of foreign workers in US businesses. For instance, a study by Academy Health estimated that in nursing, the number of US-based international nurse recruitment firms registered a seven-fold increase from 30 to 40 in the late 1990s to 267 in 2007 (Pittman et al., 2007). Yet, close to 60 per cent of all foreign-trained nurses arrive in the country on other types of visas, as tourists, students, or dependants (Pittman et al., 2007). Once in the country, foreign-trained nurses apply for licensing and immigration. Thus, even in an occupation like nursing where there is a vast network of international recruiters, direct overseas recruitment is not the primary source of hiring foreign-trained workers. Similarly, a substantial number of H-1B visas in science, technology, engineering, and maths go to foreign-born students graduating from US universities (Wasem, 2012).

In general, the relatively modest level of direct international recruitment is not on account of insufficient knowledge about legal migration, but because migrant workers find it cheaper and easier to enter the United States through other channels. International recruiters have been found to be exploitative at times, both in low- and high-skilled occupations (Collins, 2010, Goldstein et al., 2010, Hernandez, 2011). It is also less expensive and less risky for employers to hire foreign workers already in the United States. The Academy Health study cited above found that typically recruiters charged hospitals and nursing homes a standard fee of USD 15,000–25,000 per foreign-trained nurse (Pittman et al., 2007).

### ***Large versus small and medium-sized enterprises***

Compared to small and medium-sized enterprises (SMEs), large corporations have a few advantages in hiring migrant workers. They have the scale advantage that SMEs do not. In addition, large corporations have the financial resources to hire immigration lawyers to help them through the recruitment process. It typically takes three to six months to process visa applications. Employers wanting to use migrant workers to fill critical labour shortages need advance planning, and large corporations are better suited with resources for such long-term planning. Finally, as detailed below, the US labour migration programmes are biased towards large corporations.

United States businesses that have offices abroad such as subsidiaries, affiliates, or a foreign parent often use the L-1 visa for “intra-company transfers.” This is the most employer-friendly visa allowed under the US immigration policy. Because they rarely have foreign offices abroad, SMEs mostly do not qualify to apply for

L-1 visas.<sup>160</sup> Certain large corporations with at least 1,000 employees in their US offices and annual sales of at least USD 25 million receive a blanket L-certification provided they obtained at least 10 L-1 visas during the past one year. Once granted, the blanket L-certification allows a company to bypass the USCIS petition process. The L-1A visas for intra-company transfers of executives or managers do not even require a labour certification. This is a distinct advantage over most other employment visas that require labour certification, which is a cumbersome and time-consuming process.

SMEs also have certain advantages over large corporations in recruiting third-country nationals. Immigrants own a majority of SMEs that hire migrant workers (Fiscal Policy Institute 2012; Fairlie, 2012). For instance, in the leisure and hospitality industries, immigrants make up 47 per cent of hotel and motel owners and 37 per cent of restaurant owners; in taxi service firms, 65 per cent of owners and in dry cleaning and laundry services, 54 per cent of owners are immigrants. Approximately half the gas service stations and grocery stores in the country are owned by immigrants. (Table 12.2). These immigrant SME employers use well-established social networks that allow them to identify the skills they need to hire migrant workers. Being migrants themselves, they are also familiar with the legal and irregular channels of hiring migrant workers.

**Table 12.2: Share of immigrant small business owners, by industry**

	per cent share
Taxi and limousine service	65
Dry cleaning and laundry services	54
Gasoline stations	53
Grocery stores	49
Miscellaneous general merchandise stores	47
Cut and sew apparel manufacturing	45
Apparel, fabrics, and notions merchant wholesalers	44
Traveller accommodation	43
Beer, wine, and liquor stores	42
Bakeries, except retail	41
Nail salons and other personal care services	37
Restaurants and other food services	37
All other	15
Total	17

*Source: FPI analysis of 2010 ACS 5-year estimate, Fiscal Policy Institute(2012).*

Note: These data are for industries where immigrants make up more than double their average concentration, and where there are at least 1,000 immigrant small business owners.

<sup>160</sup> L-1 visa is also allowed for company executives or managers of corporations seeking to establish an office in the United States. But for that the company has to establish that they have secured sufficient physical premises for the new office.

One major difference between large firms and SMEs is in the type of migrants they hire: legal versus irregular. Again, the primary reason why SMEs in the United States end up hiring more irregular workers is not because they are unfamiliar with the legal avenues for hiring third-country nationals. It is because the US immigration policy discourages migration of low-skilled workers, who are more likely to be hired by SMEs. Large corporations also come under greater governmental scrutiny and are liable to pay penalties for hiring the undocumented.

The federal government's attitude towards undocumented immigrants over the past few decades has been mostly indifferent. In 1986, the Immigration Regulation and Control Act, while legalizing 3.2 million undocumented persons, decided to impose a penalty on employers who hired the irregulars. However, the policy was largely dormant in the first 15 years of its existence: the federal government ignored it and employers kept hiring the undocumented as they had been for decades. Even now most activism on the Employment Eligibility Verification of IRCA is at the state level. During the great recession, the federal government did step in and deported a record number of irregular workers and their families at a time when it was expected that the demand for foreign workers would decline.

Overall, however, lack of policy for low-skilled migration has not been without cost and most of it is borne by irregular immigrants. In addition to paying large sums to coyotes for facilitating their illegal entry to the United States, the undocumented take huge risks, including risk to life, while trying to cross into the United States (Eschbach, Hagan and Rodriguez, 2003, Rodriguez, 2004). Those who succeed risk deportation if found out. Due to their undocumented status, they have no job security and often receive less than the market wage (Kaushal, 2006).

### ***Role of private intermediation agencies and the public sector***

There appears to be little evidence of public employment services helping to hire foreign workers unless they are being hired for a governmental organization.

## ***2.2. Supply side (prospective migrants) issues***

### ***Information channels for prospective migrants***

There are many sources of information on the labour market opportunities in the United States as well as procedures for legal immigration and short-term temporary visas. The Occupational Outlook Handbook of the US Bureau of Labor Statistics provides detailed data on job prospects in 538 occupations, including entry-level education, work experience, length of on-the-job training if needed, median income, number of jobs in 2010, and the projected job growth during the period 2010–2020. The Handbook is available on the BLS website. In addition, State Labor Departments provide corresponding state level data at their websites. Presumably, prospective migrants can use these data to acquire appropriate skills, if there are training schools available in sending countries. In certain occupations, such as nursing and teaching, prospective workers indeed do make such investments.

There are no surveys or data, however, on whether prospective migrants use these information channels to learn about opportunities abroad. For low-skilled jobs, such as childcare, farming and landscaping, it is more likely that third-country nationals receive information on employment opportunities in the United States via social networks or from friends or family members.

The US Citizenship and Immigration Services website contains detailed information on what employers and workers need to do to acquire non-immigrant visas for the latter. Many of these services are now available online. The United States consulate offices in various countries advertise many of the short-term temporary migration programmes. They make information on visa procedures available via Youtube and some consulates have even provided live web-chats or web-seminars on visa procedures.

One widely publicized programme is the Summer Work Travel programme under the J-1 Visa. These visas are for four months with a provision of reapplication. Hiring workers on the J-1 visa is highly beneficial for US employers as they do not have to pay social security taxes, Medicare taxes or unemployment taxes for these workers (Costa, 2011).<sup>161</sup> Thus, the Summer Work Travel programme provides a good source of inexperienced workers with relatively low skills.<sup>162</sup> Participants in the programme are required to be enrolled full-time at an accredited post-secondary educational institution in their country. To ensure that they have a high stake in returning to their country, these students are required to have completed at least one semester of post-secondary education. Thus participants have a relatively low probability of becoming irregulars when their visa expires, which is partly why USCIS enthusiastically promotes this programme.

Technological and communication developments in the past few decades have made it much easier for prospective migrants to learn about opportunities abroad. However, access to information varies within and across countries. Regions and populations that are better connected via the Internet have greater access. Those that are not, depend on migrant networks. Overall, populations with established networks or migration histories with the United States have greater access to information about opportunities. Similarly, prospective migrants with English language proficiency are likely to be better informed.

News reports and surveys point to the presence of a fundamental power imbalance between workers recruited from low-income versus high-income countries, with the former being more likely to be exploited (Pittman et al., 2012; American federation of Teachers, 2009). There is also imbalance at the level of hiring highly skilled versus medium- or low-skilled workers and the latter are less likely to be fully informed and more likely to be exploited. Part of the imbalance is created by the US immigration system that provides few visas for low-skilled workers even as the economy continues

<sup>161</sup> According to estimates cited in Costa (2011), if an employer hired five workers for 40 hours at USD 8 an hour for four months, he/she would save USD 2,317 in taxes.

<sup>162</sup> Workers unions have been very critical of this programme as it makes US-born low-skilled workers less competitive compared to foreign workers on J-1 visas (Costa, 2011, Department of Professional Employees 2009).

to absorb an ever increasing number of low-skilled foreign nationals. In addition, the US immigration process is biased against low-skilled persons because they pose a higher risk of becoming dependent on state welfare (Kaushal, 2005). Prospective migrants applying for visas are expected to provide supportive documents, such as bank statements and evidence of other assets, to guarantee that they would not become dependent on safety net programmes in the United States. Because the less-skilled are less likely to provide sufficient proof, they are less likely to be cleared through the screening process by the US consulates. Together, these factors result in fewer less-skilled persons receiving, and even applying for, work visas, and in a large number of low-skilled persons entering the country without documents or over-staying their temporary visa time limits.

In general, low-educated persons are less likely to have a thorough understanding of US immigration laws and more likely to be exploited by employers. In low-skilled occupations, personal and informal networks are the primary channels through which individuals living in foreign countries learn about employment opportunities in the United States. The downside of these personal and informal networks is that they may restrict migrant workers to ethnic enclaves and thus result in slower acquisition of US-specific skills that are key to successful assimilation in the US economy (Kaushal, 2011).

### **3. Information-related barriers to recruitment of migrants residing in the United States**

Clearly, employers who hire third-country nationals from overseas do so at the risk of not fully knowing whether the migrants have the required skills. Migrants, educated and trained in foreign countries, may also not be fully equipped to accomplish certain tasks that involve culture-specific skills, especially in health care, teaching, personal service occupations. There is indeed a growing debate among health-care professionals in the United States on whether foreign-trained nurses provide quality patient care (Glaessel-Brown, 1998; Trucios-Haynes, 2002; Brush et al., 2004; Lovell, 2006; Aiken et al., 2001; Flynn and Aiken, 2002). Similar concerns have been raised by the American Federation of Teachers about the effect of foreign-trained teachers on teacher quality (American Federation of Teachers, 2009).

Some risks are considerably reduced when hiring third-country nationals who are already in the United States. For instance, the employers can have several face-to-face meetings with migrant workers to determine their skill appropriateness. Certain skills, acquired abroad especially in developing countries, are difficult to measure, resulting in over- or under-estimation of their value. Studies document that US-educated foreign-born workers in the United States enjoy an earnings premium over similar foreign-educated foreign-born workers (Kaushal, 2011). The risk is much reduced in case of foreign-born persons who arrived at younger ages and have better knowledge of the United States labour market, greater English language proficiency, and finer networking abilities than later arrivals. Whereas some skill-related differences decline as workers gain US work experience, others continue to prevail for years.



Migrant workers on temporary work visas, however, may be at a disadvantage not merely due to their lack of US-specific skills but because their residency in the United States is contingent on employer sponsorship. To ensure that employers do not exploit migrant workers by paying them lower wages, for certain work visa categories, such as H1-B visas, employers are required to pay at least the prevailing wage for those occupations. However, even in high-tech occupations wage discrimination against foreign-born workers is not an uncommon phenomenon and it is practised without openly violating H1-B visa requirements (Malos, 2011).

There are no national programmes sponsored by the US government that provide subsidy for hiring foreign workers already in the United States. Such programmes are politically undesirable because they are likely to make similarly skilled US workers less competitive. They are also likely to create market inefficiencies. While lack of US-specific skills, poor English language proficiency and cultural differences may cause work place discrimination and a lower wage for foreign workers than is warranted by their poorer skills, wage subsidy for foreign workers is not the appropriate policy response. Such a policy is likely to be construed as discrimination against native workers and therefore politically not viable in the United States.

There are few state-sponsored programmes in the United States that are specifically designed to train migrant workers. However, migrant workers are eligible for, and benefit from, a number of training programmes that are designed for migrant and US-born workers.

The most important nationwide programme for integrating immigrants is instruction of English as Second Language (ESL). According to the United States census data, nearly half of the immigrant workforce in the country does not speak English “very well.” Thus, while the programme is not exclusively designed for immigrant workers, a majority of the beneficiaries happen to be foreign-born. A large number of federal programmes provide free English language instruction. Similar programmes are also provided by private employers, non-profit and for-profit organizations. Due to lack of coordination between these programmes, there is no data on the overall demand for ESL and how many people, US-born or foreign-born, benefit from it (GAO, 2009). Migrant workers are also eligible for training under Title I of the Workforce Investment Act of 1998 that provides training to adults, youth, and dislocated workers. To what extent they use such programmes is unknown. Irregular workers, who are most likely to benefit from such programmes, are least likely to use them due to fears of deportation; they are more likely to participate in programmes offered by co-ethnic networks.

## 4. Conclusions and recommendations

Our overview of the US labour market and migration system suggests a few important trends for the medium-term. One, the recent trend in polarization of occupational opportunities is likely to continue. This will result in greater opportunities for very

high-skilled and low-skilled workers and fewer opportunities for workers with medium-level of skills, for example blue-collar manufacturing and production jobs or white-collar jobs for persons with some college. Two, if foreign-born workers are to fill the labour market needs in areas where demand is expected to grow the fastest, labour migration would have to be bi-modal: very highly educated immigrants meeting job requirements at the higher end of the skill distribution and very low-skilled immigrants meeting the requirements at the lower end of the skill distribution. Three, the US economy will have to compete with emerging Asian economies and Europe for highly skilled workers. And four, demographic and economic trends in emerging economies of Asia and Mexico suggest that the emigration push from major sending countries would weaken.

In light of these trends, our study of the US labour migration system makes a number of policy recommendations that would help connect migrant labour to the needs of US employers:

1. Create more categories, and increase the quota under existing categories, for the admittance of low-skilled temporary workers.
2. Institute a process for the legalization of irregular workers.
3. Simplify and rationalize the visa process for seasonal agriculture workers. Publicize the H-2A programme in major sending countries for agriculture workers, such as Mexico.
4. In cooperation with the sending country governments, the United States consulate offices should inform prospective migrants about the legal channels for migration.
5. Publicize labour market information on the websites of United States consulates so that international recruiters do not coerce or exploit migrant workers. Migrant-sending country governments should warn/inform potential migrants about the exploitative practices of recruiters.
6. Make it mandatory for employers to provide health insurance to short-term migrant workers to minimize health risks for foreign workers who are not often informed about the high cost of private health care in the United States.
7. With the cooperation of major sending country governments, the US government should create pre-departure programmes to train prospective migrants. Such programmes should be subsidized to lower the cost of brain drain from developing countries.
8. The United States should have cooperation agreements with major immigrant sending countries to improve access to information for potential migrant workers.
9. Simplify labour migration for high-skilled workers and eliminate bias against labour migration by small and medium-sized enterprises.

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# LINET PUBLICATIONS OVERVIEW

## **2009-2010**

Migration and Economic Crisis: Implications for Policies in the European Union

Migration, Employment and Outcomes of Labour Market Integration Policies since 2000:

- Volume 1: Analysis of data
- Volume 2: Labour market integration policies

## **2010-2011**

Migration, Employment and Labour Market Integration Policies in the European Union (2010)

Identification of Labour Shortages in the Context of Migration and Employment Policies

Labour Market Inclusion of Less-Skilled Migrants

## **2012-2013**

Migration, Employment and Labour Market Integration Policies in the European Union (2011)

Recognition of Qualifications and Competences of Migrants

Improving Access to Labour Market Information for Migrants and Employers

Summary Brief on LINET key findings for 2009-2013

The International Organization for Migration (IOM) study *Access to Labour Market Information for Migrants and Employers* (2013) investigates information strategies and channels most commonly used for employment matching through migration in selected EU Member States and non-EU settlement countries. The study identifies the main information-related obstacles facing respectively, employers willing to hire migrant workers – both from abroad and inside the country – and prospective and resident migrants looking for available job opportunities. It proposes appropriate policy responses, including at the pre-departure stage, to overcome those obstacles and enhance the potential of international migration to address labour and skill shortages.

This study has been commissioned and funded by the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission in the framework of the IOM Independent Network of Labour Migration and Integration Experts (LINET). The Network unites academics and professionals from all European Union Member States as well as Croatia, Norway, Turkey, Canada, Australia and the United States. LINET has been providing expert analysis and advice on economic migration and labour market integration of non-EU nationals since 2008.

The full text of this publication is available for free download online at:  
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International Organization for Migration  
Regional Office for EU, EEA and NATO  
40 Rue Montoyer  
1000 Brussels  
Belgium  
Tel.: +32 2 287 70 00  
E-mail: [ROBrussels@iom.int](mailto:ROBrussels@iom.int)  
Website: <http://labourmigration.eu>