Chapter 6

Evaluating the new Swedish labour migration policy

The Swedish labour migration policy seems to effectively meet labour market needs without adverse effects. Almost half of the labour migrants coming to Sweden went into occupations that were in shortage. Chief among these is the IT sector, which attracts a large number of short-term labour migrants, including intra-corporate transfers. Recruitment from abroad is only a small part of total hiring in Sweden, and does not closely correspond to total job openings.

The new system is providing skilled workers in occupations in shortage, but also an increasing number of workers in low-skill occupations. The faith in employers appears to be largely justified until now, although some vulnerability in the system could be addressed, especially in monitoring workplaces not covered by collective bargaining, and marginal businesses.

Fees associated with a work permit are low in international comparison, and processing times are shorter than in other countries, although they rose as more applications were filed. The refusal rate, low in international comparison, also rose, suggesting closer scrutiny of applications, or more marginal applications, especially those for low-skill occupations and in small businesses.

The evaluation of the Swedish policy is based on the questions presented at the outset of the review: whether labour migration policy is *effective* in meeting labour market needs without adverse effects, and whether the policy is *efficient*. The question of whether there are adequate *safeguards* will also be covered.

Effectiveness

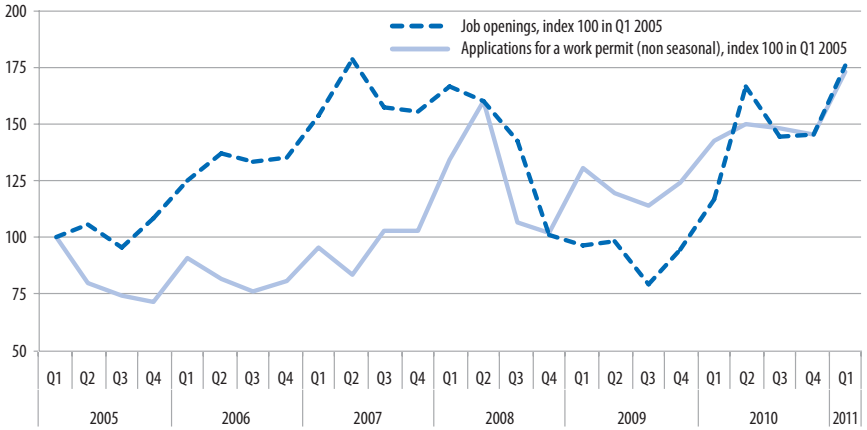
In order to answer the question of effectiveness, this section examines whether demand for workers from abroad follows demand in the Swedish labour market, as measured through private sector job openings; which occupations recruit labour migrants, and whether these are in shortage; and the contribution of labour migrants to employment in these occupations.

Does demand for workers from abroad reflect demand in the labour market?

Figure 6.1 plots the quarterly number of private-sector job openings and applications for a first work permit from non-EU/EFTA foreigners. Under the prior system, employers were able to recruit only for occupations which were approved after a strict review by trade unions. The relationship between applications and job openings is not a direct correspondence, although a positive correlation is suggested. To some extent, applications to recruit do not follow the trend in job openings until 2008. From 2009, the demand increases as the new system is introduced in the midst of a jobs crisis, and then starts to follow the vacancy trend more closely.[1]

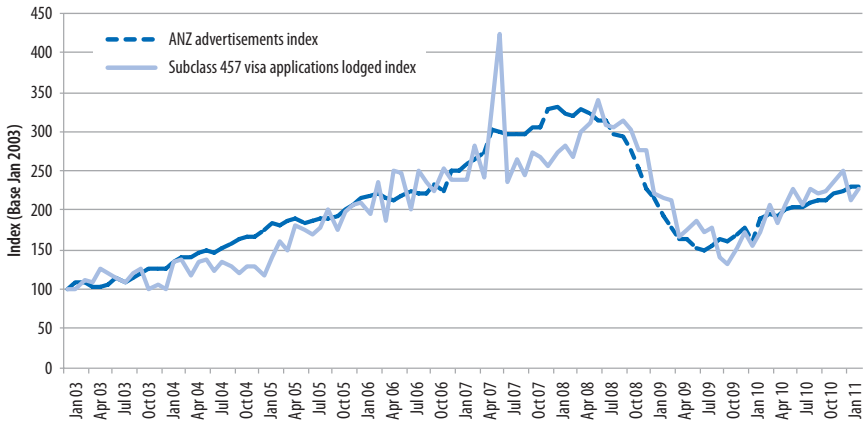
For comparison, figures for vacancies and requests for temporary foreign workers in Australia show a close correlation between the two (Figure 6.2). With the exception of a spike due to programme changes, applications reflect trends in the labour market. One noteworthy difference is that Australian employers perceive the temporary work programme as one of the standard channels for meeting labour demand, in contrast to Sweden where, except for a few employers and occupations, recruitment from abroad was not a typical response to labour shortage in the past.

Figure 6.1. **Private sector job openings and applications for first non-seasonal work permit, Sweden, Q1/2005-Q1/2011**



Source: Swedish Migration Board (SMB) permit database, SCB (private sector job openings). Figures for Q2 in 2005-08 are corrected to remove seasonal workers (from SMB published data). Figures for 2009-10 exclude seasonal workers (by occupation SSYK 921).

Figure 6.2. **Australia: vacancies, and applications to hire foreign workers, January 2003-December 2010**



Note: The Subclass 457 Visa Applications are for skilled temporary work. The ANZ advertisement index tracks job vacancies. The spike in mid-2007 is due to the imposition of stricter eligibility criteria, which led some employers to anticipate their applications.

Source: Department of Immigration and Citizenship Australia.

Occupations of labour migrants under the new system

While no occupational information is available in the Swedish Migration Board permit database prior to 2009, restrictions on the characteristics of labour migrants largely limited admission to skilled occupations. Since the reform lifted what amounted to a ban on recruitment for lower-skilled jobs, an increasing number of workers have been admitted with these occupations (Table 6.1). From 9% in 2009, the proportion of workers in elementary occupations has risen to 16%; the proportion of medium-skill occupations increased from 26% to 38%.

The main group remains "labourers in agriculture, horticulture, forestry and fishing". This corresponds largely to seasonal berry-pickers and other agricultural workers. In 2009, 95% of all permits in this occupation were issued for less than 102 days. These workers were admitted as seasonal workers under the old system.

Computer specialists are the main group after seasonal workers, and largely reflect the use of short-term workers from outside the European Union on projects, within a multinational corporation, through a contract service provider, or by a Swedish employer. Engineers, fourth and seventh on the list, also often fall into this category. The number of skilled professionals recruited remained steady between 2009 and 2010.

Occupations for which a growing number of foreign workers are being recruited, and which were restricted under the pre-reform system, include housekeeping and restaurants, cleaners, and kitchen/restaurant helpers. The top-4 low-skilled service professions saw an increase in work permits of about 60% between 2009 and 2010.

Skilled industrial workers accounted for about 8% of workers admitted. The health sector is less represented, covering only 2.5% of all occupations, largely in less-skilled caretaking positions.[2]

Have labour migrants filled labour shortages?

To what extent have entries under the new system been recruited into shortage occupations? An analysis can be conducted using the official shortage list for migration by means of status changes (see Box 6.1). It uses a four-digit occupation code (using the SSYK classification). The data currently available for the occupation of workers recruited from abroad do not always match this level of detail, so it is not possible to assess exactly how many workers have been admitted for shortage occupations. Still, using the available occupation data, occupations on the shortage list do figure prominently among the occupations of admitted workers. Many of the main occupations admitted include "Computer systems designers, analysts and programmers", architects, civil engineers, and cooks and chefs.

Table 6.1. **Top occupational group (SSYK3) of recipients of work permits, 2009-11**

Code	Occupational group	2009	2010	1 Jan 2011-25 May 2011	Total
1-3	Skilled occupations	64.3%	52.5%	46.2%	55.0%
4-8	Medium skilled occupations	26.4%	33.5%	38.0%	32.2%
9	Elementary occupations	9.3%	14.0%	15.8%	12.8%
213	Computing professionals	3 069	3 006	1 562	7 637
512	Housekeeping and restaurant services workers	1 021	1 294	832	3 147
347	Artistic, entertainment & sports assoc. profession	897	760	453	2 110
214	Architects, engineers and related professionals	812	726	396	1 934
912	Helpers and cleaners	405	670	485	1 560
913	Helpers in restaurants	267	604	483	1 354
311	Physical and engineering science technicians	615	475	207	1 297
241	Business professionals	281	287	180	748
712	Building frame and related trades workers	225	263	227	715
741	Food processing and related trades workers	146	364	200	710
611	Market gardeners and crop growers	184	241	224	649
245	Writers and creative or performing artists	283	202	69	554
513	Personal care and related workers	145	239	154	538
341	Finance and sales associate professionals	138	193	154	485
123	Other specialist managers	167	180	110	457
514	Other personal services workers	90	146	129	365
522	Shop and stall salespersons and demonstrators	61	128	123	312
131	Managers of small enterprises	57	93	129	279
723	Machinery mechanics and fitters	82	119	76	277
914	Doorkeepers, newspaper & parking deliverers, etc.	71	107	87	265
413	Stores and transport clerks	57	110	80	247
614	Forestry and related workers	63	56	115	234
713	Building finishers and related trades workers	76	90	60	226
231	College, university and higher education teaching professionals	59	105	39	203
721	Metal moulders, welders, sheet-metal workers, etc.	44	100	46	190
222	Health professionals (except nursing)	65	73	51	189
613	Crop and animal producers	31	79	70	180
312	Computer associate professionals	77	54	42	173
	Other	*1 008*	*1 277*	*821*	*3 106*
	Total	10 496	12 041	7 604	30 141
921	Agricultural, fishery and related labourers	7 267	4 531	97	11 895
	Total	17 763	16 572	7 701	42 036

Source: Swedish Migration Board (SMB) permit database, 25 May 2011. Figures cover only permits for which occupational data was available. Seasonal workers (921) are excluded from the skill distribution analysis at the top of the table.

Box 6.1. **The shortage list in Sweden**

In accordance with the Aliens Ordinance (Chap. 5 §12) since 2008 the Swedish public employment service (PES) is required to compile a list of occupations in which there is great demand for labour. The PES must give associations of employers and employees the opportunity to comment on this list. The list is then forwarded to the Swedish Migration Board (SMB). The SMB uses the list to issue work permits to third country nationals in Sweden as visitors, who would otherwise have to return home and apply at the Swedish representation in their home country, but the list plays no other role in determining the right to obtain a work permit in Sweden.

The PES uses a pre-existing and long-standing methodology and list, the "Occupational Barometer", for the list provided to the SMB. The Barometer covers all of Sweden and is updated twice a year. The Barometer maps about 200 frequently-occurring occupations on the Swedish labour market, covering about 80% of total employment. The specific occupations have been selected to serve as a basis for occupational guidance in the PES, and change over time, with a small number of occupations added or removed with each review. Because the Barometer is meant for career guidance, very few elementary occupations are included.

The Occupational Barometer identifies recruitment problems and surpluses of jobseekers in each occupation, using the four-digit occupation (SSYK) code, through a survey sent to all Swedish PES branches. For occupations relevant in the local area covered, the branches indicate the degree of surplus or shortage expected in one year (six-point scale), and the expected change in recruitment needs in one year (a five-point scale from increasing to same to decreasing). The list, then, is compiled not on the basis of vacancy and unemployment data, but is based on the collective judgments by each local PES. The PES recalculates responses and produces a weighted national average of surplus or shortage for each occupation, using a five-point scale (1=huge surplus, 5=huge shortage). These are then informally discussed by the social partners and experts.

The list supplied to the SMB consists of the occupations that have a labour shortage of at least 3.3 (between *shortage* and *severe shortage*) in the Occupational Barometer. The only difference between the Occupational Barometer and the list provided to the SMB is that additional comments received from the social partners are taken into account for the latter list. Social partners have commented occasionally, and their requests to strike several occupations from the list were accepted, although no objections were raised in the most recent (April 2011) consultation.

The number of occupations on the SMB shortage list varies over time. The first list (winter 2008) contained 77 occupations, cut to 34 in Spring 2009. The numbers have since risen, to 43 in autumn 2009, and 64 in Spring 2010, which represented 24% of total employment (2009) in Sweden. There are 72 occupations on the current list (May 2011). The shortage list is published, in English, on the Swedish Institute's "Working in Sweden" website.

While the official Swedish shortage list – used for status changes but subject to many restrictions – brings few (0.4%) labour migrants into Sweden, overall, about 43-48% of the labour migrants entering Sweden were recruited into shortage-list occupations (Table 6.2). Compared with Swedish-born workers, then, labour migrants are disproportionately employed in shortage occupations, although there appears to be a small decline in the percentage in 2011. However, the average duration of stay for skilled workers, such as those on the shortage list, is much shorter than for elementary occupations not included on the list: while two out of three workers in elementary occupations received a permit for the maximum possible duration, two years, less than 20% of professionals and technicians received a two-year permit, with most holding a permit valid for less than a year.

Table 6.2. **First non-seasonal permits delivered under the shortage list, 2009 to 25 May 2011**

Year	Missing occupation data	Occupations not on the shortage list	Occupations on the shortage list	% of occupations on the shortage list	Total
2009	973	4 256	4 008	48%	9 237
2010	1 395	5 085	4 651	48%	11 131
2011 (up to 25 May)	831	3 449	2 565	43%	6 845
Total	3 199	12 790	11 224	47%	27 213

Note: Includes occupations for which full SSYK4 code was available and recoded occupations from SSYK3 to SSYK4 based on intra-occupational distribution (i.e. the distribution of SSYK4 occupations within an SSYK3 category). Shortage list used is the April 2011 list.

Source: Swedish Migration Board (SMB) permit database, 25 May 2011.

This analysis follows, in a certain sense, the reverse of the methodology used to determine shortage lists. Shortage lists based on objective criteria are generally based on vacancy rates (OECD, 2008). In France, the shortage list is based on jobs for which the ratio of unemployed to vacancies is 0.9 or less for at least one year. A similar formula is used in Spain, although the list is then discussed with the social partners. In the United Kingdom, the Migration Advisory Committee (MAC) uses a more detailed algorithm, with 12 indicators of vacancies, wages and employment as parameters. The MAC identifies occupations where labour migration is presumed not to have a negative effect on labour market conditions. The MAC then, like the Swedish Occupational Barometer, also takes into account softer evidence ranging from training data to stakeholder claims. Shortage lists in other countries – used for other purposes – tend to be more restrictive. The MAC list in 2008 covered occupations which represented only 2.5% of employment, while the Spanish and French lists in

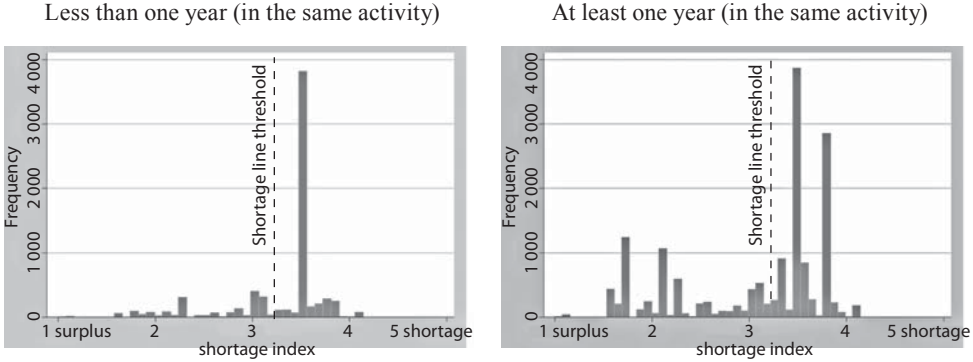
the same period covered occupations with even less share of employment. Any expanded use of the Swedish shortage list should involve a review of the restrictiveness of the shortage list.

The Occupational Barometer (see Box 6.1) allows for an analysis of the occupations of labour migrants according to the degree of surplus and shortage. However, many elementary and medium skilled occupations in which labour migrants are employed (see *e.g.* Table F.2) are not ranked in the Barometer, and their exclusion from consideration suggests that they are not in shortage. These occupations account for about one-third of labour migration.

The distribution of occupations which are ranked on the Barometer indicates that most of the remaining labour migration is into occupations which are not in severe surplus (Figure 6.3). Most of the labour migrants are employed in occupations just above the cut-off (3.3) for the shortage list. However, for those labour migrants with permits valid for longer stays, including renewals, there are a much greater number of occupations in surplus, including many with a clear surplus. For shorter stays, almost half (48%) of occupations were unranked; this reflects the relative importance of unranked entertainment and sports occupations. For longer-term stays, 28% were unranked, largely in elementary occupations.

Figure 6.3. **Distribution of occupations of labour migrants, 2009-11, by shortage ranking**

for occupations included on the Barometer and duration of total permit validity in that occupation



Note: Arbetsförmedlingen. Rankings are for the Spring 2010 or most recent Occupational Barometer. Where multiple rankings are provided for the same SSYK4 code, the main occupation is used. Excludes seasonal workers (by occupation SSYK 921). Excludes occupations not ranked by the Occupational Barometer (48% of short stays and 28% of longer stays).

Source: Swedish Migration Board (SMB) permit database, 25 May 2011.

Contribution of labour migrants to employment by occupation

Labour migration flows can be measured against total employment, as in Table 6.3 to provide a benchmark for the magnitude of flows and their potential contribution to total employment. As noted, the best measurement of labour migration flows would be against entries into the occupation, or turnover, but this analysis is not possible due to lack of available data. As a substitute, and to provide a context for understanding the inflow by occupation of labour migrants, flows can be measured relative to the stock of total employment in occupations. Table 6.3 compares inflows by occupation to total employment in Sweden, for the top-12 non-seasonal occupations of labour migrants by three-digit (a) code. The analysis is also done for four-digit occupations (Table F.3).

Recruitment from abroad to Sweden is not evenly distributed among occupations, but is highly concentrated in a few occupations. The top-5 occupations account for 53% of inflows but 8% of total employment in Sweden. The top-12 occupations account for 75% of labour migrants and 30% of Swedish employment.

The inflows relative to total employment are low. The annualised number of all labour migrants holding permits between January 2009 and May 2011 was equivalent to 0.3% of total employment – or 1.3% for the top-12 occupations. Even for those occupations attracting the most inflows, the relative size was limited. For computing professionals, annual inflow was equivalent to 3.5% of total employment in 2009. In housekeeping/restaurant services, it was 2.5%, and in food processing, 5.8%.

This comparison overestimates the contribution of labour migrants in these occupations, since many labour migrants are in Sweden on short-term permits, and flows are not equivalent to new additions to the workforce. To provide a rough indication of the full-year equivalent of these inflows, by occupation, of labour migrants, the permit durations for each occupation were summed for the period 1 January 2009-25 May 2011 and annualised. The resulting full-year equivalent (FYE) estimate is shown in the last column of Table 6.3. For computer professionals, the FYE was less than half the annual number of permits. For the lower skilled occupations, the FYE is somewhat closer to the number of entries, reflecting the longer permit duration. Workers recruited for less skilled occupations stay for longer, so the flows more accurately reflect the contribution to employment in that occupation.

Inflow relative to employment is significantly and positively correlated with the shortage ranking of occupations on the Occupational Barometer (Figure 6.4), although this excludes occupations not ranked on the Barometer (38% of the total). As noted above, entries are small relative to total employment. In most occupations where there is a surplus in the labour market, labour migrants

are not entering in large numbers relative to total occupation. However, those in surplus occupations tend to have longer permit durations and therefore contribute more to employment in these occupations.

The reform has clearly increased the number of labour migrants entering less skilled occupations. This is evident from the STATIV data. Although occupation information is missing for many labour migrants, especially in 2009, available data show a shift in the composition of labour migrants from 2007-08 to 2009, from 76% high-skilled to 48% high-skilled, and 7% low-skilled to 18% low-skilled. According to permits issued, the trend towards more elementary occupations continued.

The entry of labour migrants for elementary occupations in which there is a surplus is a possible point of concern, since there may be a risk of migrants substituting for less educated natives or prior immigrants in these jobs. Some of

Table 6.3. **Inflow by occupation 2009-11, relative to total employment in 2009 (SSYK3)**

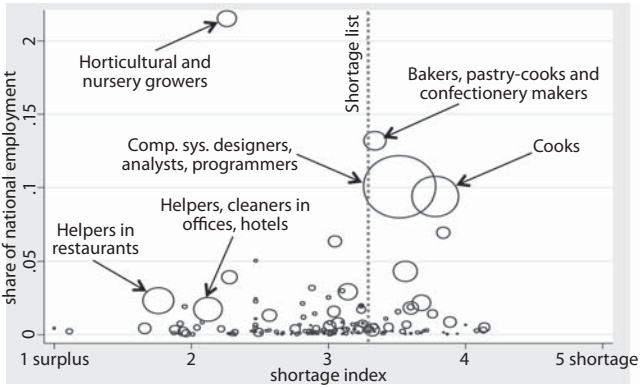
SSYK3 Code	Occupation	Total employment 2009	Average annual entries 2009-25 May 2011	Average annual entries as % of total employment	Full-year equivalent (FYE)
213	Computing professionals	92 280	3 189	3.5%	1 465
512	Housekeeping/restaurant svc workers	53 285	1 314	2.5%	912
347	Artistic, entertainment, sports ass. prof.	15 081	881	5.8%	203
214	Architects, engineers & rel. prof.	76 471	808	1.1%	335
912	Helpers and cleaners	67 589	651	1.0%	480
913	Helpers in restaurants	57 574	565	1.0%	384
311	Physical and eng. science technicians	117 600	542	0.5%	230
241	Business professionals	100 205	312	0.3%	158
712	Building frame and rel. trades workers	91 427	299	0.3%	173
741	Food processing/related trades workers	9 331	297	3.2%	211
611	Market gardeners and crop growers	16 175	271	1.7%	102
245	Writers and creative/performing artists	38 142	231	0.6%	48
	Subtotal	*735 160*	*9 361*	*1.3%*	*4 701*
	Other	*3 190 605*	*3 227*	*0.1%*	*2 469*
	Total	3 925 765	12 587	0.3%	7 170

Note: Total employment is measured as at least four hours worked in the occupation by an individual in November 2009, so there is a seasonal effect. FYE: Full-year equivalent – the duration of validity of permits issued by occupation, for 1 January 2009 to 25 May 2011, annualised.

Source: Swedish Migration Board (SMB) and Swedish Statistical Office (SCB).

Figure 6.4. **Occupations of labour migrants, by cumulative entries 2009-11 relative to total employment 2009, according to surplus/shortage ranking on the Occupational Barometer**

The size of the circle represents the number of entries



Note: Excludes seasonal workers (by occupation SSYK 921). Covers only occupations included on the Barometer (62% of occupations). Rankings are for the Spring 2010 or most recent Occupational Barometer. Where multiple rankings are provided for the same SSYK4 code, the main occupation is used.

Source: Swedish Migration Board (SMB) permit database, 25 May 2011; Swedish Statistical Office (SCB) total employment by occupation, 2009; Swedish PES (*Arbetsförmedlingen*) Occupational Barometer.

these occupations are taken up by rejected asylum seekers. On the other hand, if these occupations are in businesses where Swedish workers are unlikely to be employed – especially ethnic restaurants or businesses, where low-skilled Swedish workers are not perfect substitutes for immigrants – then labour migration into surplus elementary occupations may reflect the evolution and expansion of ethnic enterprises. The question then becomes whether expansion in the future will continue to be biased in favour of low-skilled jobs, a trend which is at odds with that of the economy as a whole.

Do occupations for which there are numerous recruits from abroad have a large retiring cohort?

Information on exits (to retirement, unemployment or other) from occupations might provide one indicator of demand. Since these data were not available for this analysis, another possibility is to look at age cohorts within the top occupations into which labour migrants are recruited, to see if retiring cohorts are large. In Sweden, the age distribution is skewed towards younger workers in the top-5 occupations into which labour migrants are recruited (Figure F.1). Only *helpers in restaurants* is not skewed towards younger workers (Figure F.1,

Panel E). These do not seem to be occupations where retiring cohorts are driving demand for new workers. However, particularly for lesser-skilled jobs, immigrants may be recruited into occupations which are being vacated by *younger* workers or are less attractive to them.

This is even clearer when the four-digit occupations are examined (Figure F.2). For cleaners, and to some extent for cooks, there are large older cohorts in the occupation, but for the other occupations the age distribution skews towards younger workers.

Focus on IT specialists and comparison with other countries

The main occupation for which Sweden recruits from abroad – excluding seasonal work – is computer programmers. This occupation also represents a significant part of flows in other OECD countries. The United States Government Accountability Office (US GAO, 2011) conducted a similar analysis for the principal occupations for H-1B temporary skilled employment visa holders. The GAO found that H-1B flows added a substantial part to the IT workforce (an average of 3% from 2004-08). Some of these were short stays, but most H-1B holders stay for an extended period. Given the limited entries into the domestic IT workforce (which is largely composed of older workers), H-1B inflows represent a significant part of annual entries into the sector.

In 2009, in Sweden, there were about 92 000 "Computer professionals".[3] About 2 200 computer specialists entered Sweden as labour migrants in that year, equivalent to about 2.4% of total employment in the occupation. However, entries may be for short-term employment. Nonetheless, Table 6.4 gives a rough idea of the extent to which labour migration is providing labour to the IT industry in Sweden and several other countries for which similar data are available.

The inflow rate of IT specialists in Nordic countries and in the United States, countries for which roughly comparable data are available, is much smaller than total employment (1.4-2.6% in 2009). Comparing inflows of foreign workers with the stock of employment, however, conceals the extent to which labour migration is providing *entries* into the occupation. While it is not possible to obtain inflow data, foreign workers represent a much larger proportion of new entries into the occupation. The flows in Table 6.4 do not distinguish between short-term and long-term stays, so it is impossible to measure the total contribution of foreign workers to employment. In the Nordic countries, many stays are short-term, so the inflows do not contribute much to the permanent workforce in the occupation. In Sweden, some IT workers may stay for a longer period. Of those who arrived in early 2009, for example, about 30% still held a valid work permit in the occupation after two years. If this is indicative of the stay rate, labour migrants will represent a significant part of new entries into IT occupations in Sweden.

Table 6.4. **Inflow of IT specialists/Computer experts**

	2008	2009	2010	As a percentage of total employment in the occupation (2009)
Sweden		2 202	2 208	2.4%
Denmark	568	1 096	911	2.5%
Norway	1 274	955	616	1.5%
United States (H-1B) (FY)	58 074	29 793		1.4%

Note: Norway: inflows in "Consulting related to ICT". Denmark: inflows of IT specialists, stock employed in codes 213, 312. Statistics Denmark occupation codes 213, 312. Sweden: total employment from SCB using SSYK3 codes 213,312. United States: FY, H1B flows. The GAO (2010) compares flows to "Systems analysts, programmers and other computer workers". Using the corresponding BLS code (15-1000), the figure for 2008 is 1.7% (2.8% according to GAO which does not report the classification used).

Source: National statistics.

A better method to evaluate the relative importance of labour migration for specific occupations is to measure it against forecasts job creation and replacement. Some indication of this is possible in the United States, where the Bureau of Labor Statistics (BLS) provides a forecast of demand. For the computer-related workers in Table 6.4, the BLS forecasts an average annual need for about 60 000 new workers between 2009 and 2018. This suggests that the H-1B visa has been bringing foreign workers equivalent to between half and all of the demand for new employment in computers.

One reason for which the BLS forecasts this level of demand in the profession is the relatively high age of workers in the occupational category. The same is not true in Sweden, where the age distribution of computing professionals is skewed towards younger workers (Figures F.1 and F.2). Inflow into this occupation through labour migration does not seem to be driven by replacement of retiring cohorts. Still, the Swedish employment service forecasts that departures from this occupation will rise from about 1 100 to 1 400 annually in the next few years (no forecasts on entries are made). The short average duration of stay by computer professionals – about six months – and the prevalence of intra-corporate transfers may reflect that labour migration in this occupation is meeting specific and occasional demands for technical services by businesses in Sweden and for just-in-time specialised skills by multinational enterprises, rather than long-term employment needs. On the other hand, it may reflect rotation of lower cost programmers from abroad. Recruitment patterns and salaries – for foreign workers and for residents – in this occupation should be monitored more closely to understand what is driving this mobility.

Do small businesses have equal access to recruitment from abroad?

As mentioned above, one challenge in labour migration systems is ensuring that all employers have equal access to recruitment from abroad and this may be a particular challenge for small firms. The reform in Sweden has increased the number of small firms hiring labour migrants, and increased the number of firms using the system to apply for small numbers of workers. This reflects in part the greater number of "ethnic" restaurants recruiting migrants. It is less clear if small businesses outside the hospitality sector are able to access recruitment, and if small businesses owned by Swedish employers without access to an immigrant network are equally able to find workers abroad.

Efficiency: procedures in practice

The openness of a migration policy is not measured only in terms of the possibility to recruit, but also in terms of the chance that an application will be approved, the duration of the process, and the direct and indirect costs of applying. The next section examines the Swedish procedures and compares them to those in other OECD countries.

Rejection rate

Rejection rates are low in Sweden. The rejection rate of first-permit applications over the 2009-11 period was less than 11% (Table 6.5). In 2009-10, with the introduction of the new system and an economic downturn in Sweden, the rejection rate rose above 7% (or 10.8% if seasonal work permits are excluded). The rejection rate, excluding seasonal permits, has remained at 9-10% in 2010-11. However, this represents a substantial increase compared with the 5-6% average rejection rate observed in the two years before the reform was introduced.

Table 6.5. **Acceptance and refusal of permit applications, first permits (primary and family), 2005-11**

Decision	2005	2006	2007	2008	2009	2010	2011 (to 25 May)	Total
Granted	7 338	7 965	11 131	16 282	12 906	16 174	10 563	82 359
Refused	623	680	688	896	1 560	1 608	1 149	7 204
Total	7 961	8 645	11 819	17 178	14 466	17 782	11 712	89 563
Refusal rate	7.8%	7.9%	5.8%	5.2%	10.8%	9.0%	9.8%	8.0%

Source: Swedish Migration Board (SMB). Seasonal workers, for whom the refusal rate is almost 0%, are excluded in 2009-11.

The increase in the rejection rate following the change in the Swedish system is not easy to explain. Because no occupation data are available for rejected applications, it is not possible to examine the rejection rate by occupation. An examination of employer names, however, suggests that a significant part of the increase was due to applications from a limited number of employers – cultural or social organisations, or small enterprises in services – filing bundles of applications together, and having all the requests rejected as not credible. Such applications, as well as those by small businesses employing workers in less skilled jobs, were not often filed under the old system, which discouraged such attempts.

Between 2005 and 2009, the rejection rate for those resubmitting an application after their first application was refused was 44%. For those who were accepted, renewals were easier: the rejection rate for subsequent applications – returns, renewals and extensions – was only 1.2%.

On-line filing since the reform was used in 38% of the cases, a slight increase compared to the past. The acceptance rate for on-line applications (96%) is slightly higher than for those filed on paper (90%).

The SMB provided the reason for rejecting permit applications for a subset (about half) of the rejected applications post-2009 (Table 6.6). The

Table 6.6. **Rejection of permit applications in 2009-25 May 2011, by reason**

Method	Code	Number	%
Deficient employment conditions	Z1	633	28.7
Overall assessment	Z4	631	28.6
Other reasons	Ö	369	16.7
Employer not completed on form	Z6	318	14.4
Community preference not fulfilled	Z2	139	6.3
Missing passport	Z5	48	2.2
More than two grounds	U	43	2.0
Unclear identity	OI	12	0.5
Lack of higher education credits	Z3	6	0.3
Conditions of conduct not fulfilled	V	2	0.1
Age conditions not fulfilled	Å	2	0.1
Other reasons + Unclear identity	ÖI	1	0.1
	Total	2 204	100
Unknown reason for refusal		*2 165*	
Total		4 369	

Source: Swedish Migration Board (SMB) permit database, 25 May 2011.

main reasons were insufficient contractual conditions – *i.e.* insufficient wages for the occupation or insufficient hours to meet the minimum standard – and overall assessment – *i.e.* a general evaluation which found the application patently unfounded. Each of these represented 29% of the rejections for which the motivation was reported.

The rejection rate for large businesses is much lower than those for small businesses. Using the employer name database, it is possible to estimate rejection rates for applications filed. Large Swedish multinationals have a rejection rate of less than 1% prior to the reform, and even lower after. Well-known IT consultancies also had rejection rates of less than 1%. Most of the rejected applications were sponsored by small businesses, associations and individuals. While the nationality and country of birth of the owner of the sponsoring business is unknown, it appears from the names of the business that rejections are concentrated in small businesses often operated by immigrants: restaurants, cleaners, newspaper kiosks. Small restaurants had a rejection rate of about 15% under the old system, and about 11% under the new system. Massage parlours had a rejection rate of about 15%. The rejection rate is also high for religious groups, associations, clubs and NGOs. Individuals also had a higher-than-average rejection rate.

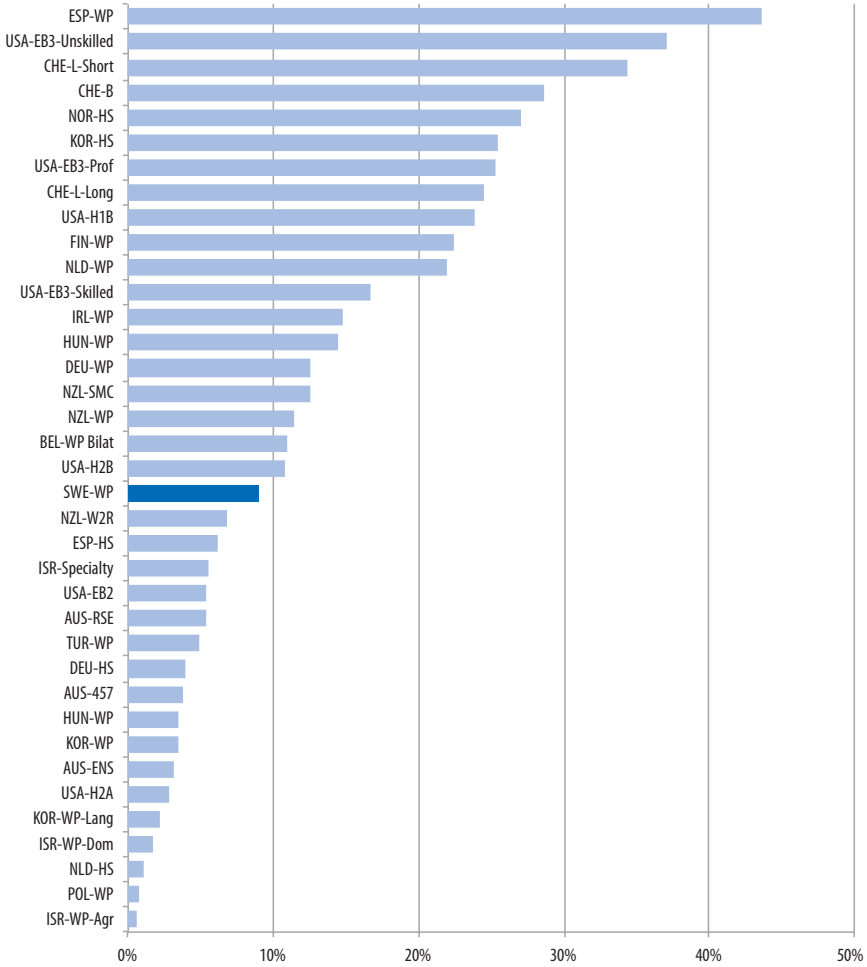
Rejection rates: an international comparison

One indicator of the openness of labour migration systems is the acceptance and rejection rate for applications. This is quite variable among permit categories and between countries (Figure 6.5). These figures, however, mask whether employers are discouraged from applying in the first place. A high rejection rate may also reflect a low threshold for application (*e.g.* simple applications and no or low fees), or it may reflect unclear regulations. Economic circumstances will also affect rejection rates; the high rejection rate in Spain, for example, is related to the poor employment situation in 2010. Sweden, where the rejection rate is on average about 9% for non-seasonal work, is around the average.

Processing time and costs

The average processing time for an application is around three to four weeks. All parties involved in the process acknowledge an increased efficiency and reduced processing time post-2008 compared with the previous system, at least until 2010. A rise in the number of applications in 2010 and early 2011, on the other hand, led to an increase in processing time, from a median of 30 days in 2010 to 42 days in 2011 (Figure 6.6). More significantly, in 2011 one in four first work-permit applications took more than 100 days to be processed. Processing times for permits for family members of workers are longer.

Figure 6.5. **Rejection rates for different work visas/permits, 2010**

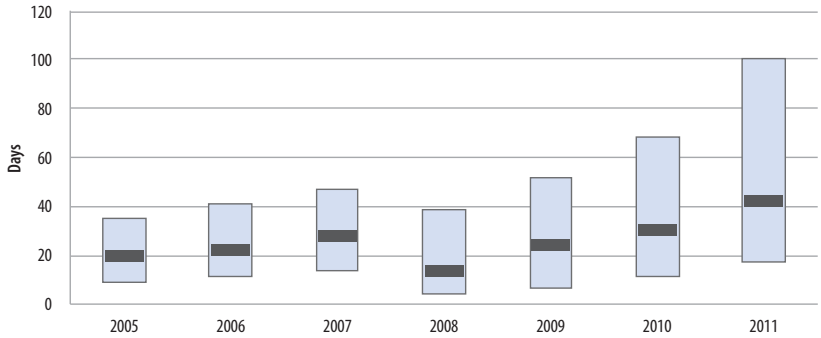


Note: Figures for the Netherlands and Sweden are for 2009. Sweden excludes agricultural labourers (for whom the rejection rate is less than 1%). HS: High Skilled. WP: Work Permit. GC: "Green Card". Dom: Domestic. SM: Skilled Migrant. WTR: Work to Residence. RSE: Regional Sponsor. EB2/3: Permanent Residence for Employment. Hungary: first permits and renewals. Germany: rejection rate for first permits and renewals, only at Employment Agency, effective rate for work permits is much higher.

Source: National authorities.

Figure 6.6. **Distribution of processing time, applications for first work permits, 2005-11**

The box shows the range in which *the middle 50%* of applications are processed. The thick line indicates the median.



Note: Data exclude seasonal permits in 2009-11.

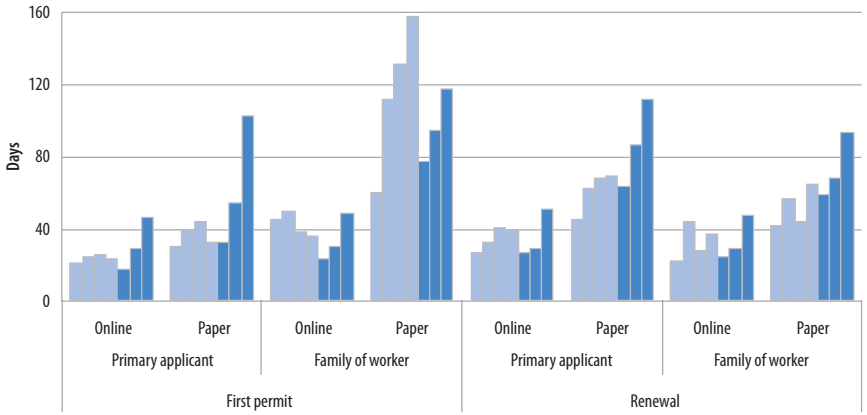
Source: Swedish Migration Board (SMB), 25 May 2011.

A large number of permits are processed very quickly: in 2009, one in four permits was issued in less than seven days. In 2010, a quarter of applications were processed in less than 11 days. In the first half of 2011, this rose to 17 days. Processing time can be reduced either through the use of immigration consultants – private agencies handling procedures – or by large enterprises with frequent recourse to foreign workers. In both cases, applications are pre-screened by the agency and employer, and bundled for faster processing. These consultants and enterprises also enjoy direct contacts with the SMB office processing the application which provides more rapid turn-around and a channel to quickly resolve questions or supply missing documents.

There is a significant difference in processing time according to how the application is filed – whether on-line or with a paper application – and the category of application. If all the documents are in order and the online application system has been used, processing times in 2009-10 were just 3-4 weeks (Figure 6.7), although this rose to more than 40 days in 2011. Paper filing takes much longer, at least twice as long for work applications and as much as four times as long for applications for a permit by family members of primary applicants.

Figure 6.7. **Average processing time by permit and application types, 2005-11, in days**

Light bars indicate 2005-08; dark bars indicate 2009-11



Source: Swedish Migration Board (SMB), 25 May 2011.

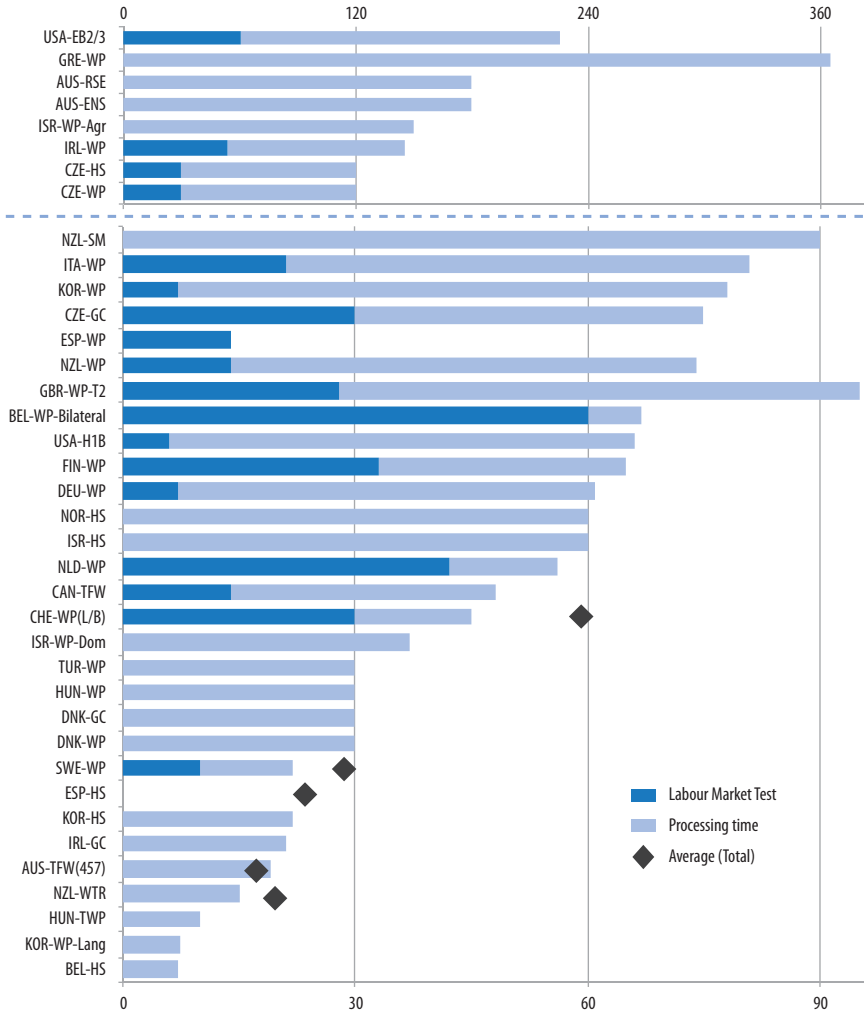
Processing times: a comparative analysis

In additional to other obstacles, hiring a worker from abroad implies extra time for processing the application and approval and often the payment of fees. While the time to process an employer's application to recruit a worker from abroad in Sweden is lower than that in most other countries (Figure 6.8), for Swedish employers it does add a month to the hiring time compared with hiring locally. The labour market test (LMT) in Sweden, at ten working days, is one of the shorter LMT periods imposed, although many countries do not impose a LMT at all. The longest LMT is in the United States for applications for permanent residence, although most applicants are already in the United States under a different visa – often the H-1B visa – and employed by their sponsor.

The figure does not capture the total time an employer is likely to have to wait in many countries. Sweden, like most countries without a cap, allows continuous applications throughout the year. For a number of countries in Figure 6.9, however, there are calendar constraints on applications, as mentioned above, with a cap which may run out in a matter of weeks, as was the case for H-1B visas in the United States in the mid-2000s, or in a matter of seconds, as was the case in Italy in 2011. In these countries, wait times will be longer than processing times for many employers, as they must delay their applications until quotas are opened.

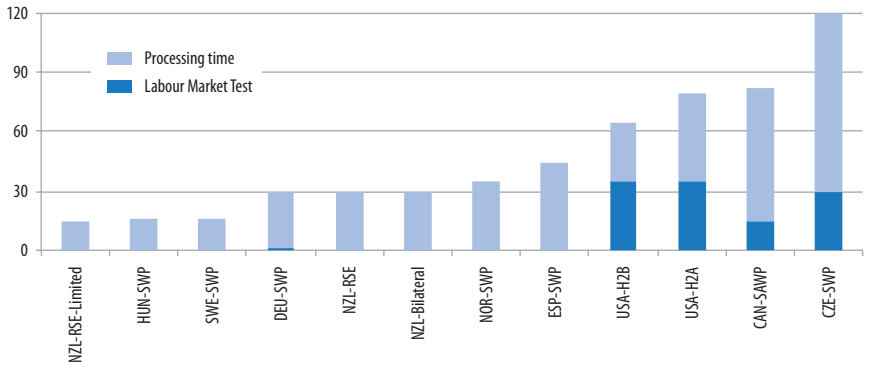
In general, the processing time for seasonal workers is less than for other workers (Figure 6.9).

Figure 6.8. **Minimum processing time, in days, work permits with a job offer, selected OECD countries, 2010**



Note: HS: High Skilled. WP: Work Permit. GC: "Green Card". Dom: Domestic. SM: Skilled Migrant. WT: Work to Residence. RSE: Regional Sponsor. EB2/3: Permanent Residence for Employment. TFW: Temporary foreign worker. Sweden: 75% of permits are processed in more than the "minimum" time. United Kingdom: time for processing 65% of applications (commitment). New Zealand: 63% are processed by the time shown. Australia: Median processing time. "Average (Total)" refers to average processing time, where available.

Figure 6.9. **Minimum processing time, in days, seasonal work permits, selected OECD countries, 2010**



Note: SWP: Seasonal Work Permit. RSE: Registered Seasonal Employer. Sweden and Spain are the average processing time.

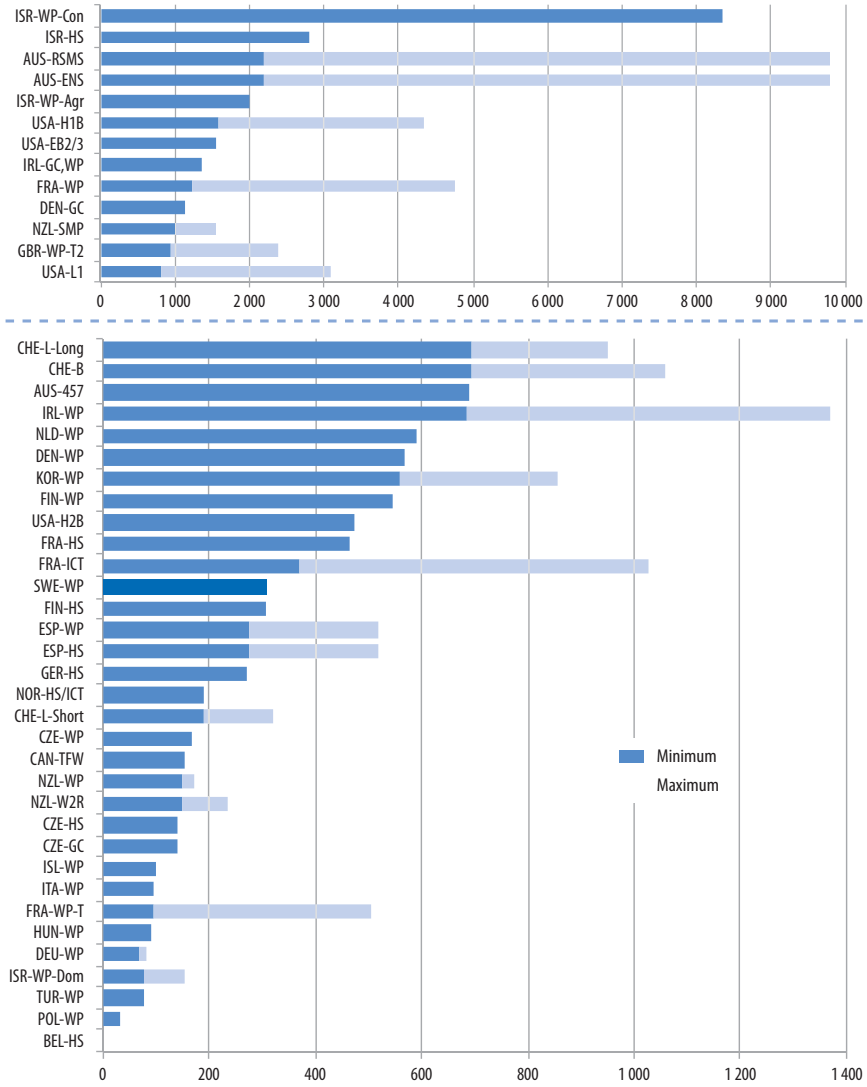
Fees: a comparative analysis

Another potential obstacle to recruitment lies in the fees levied by governments, whether paid by the worker or by the employer. Where fees are imposed on –and effectively borne by – the employer, these may represent a disincentive to hiring from abroad. High fees on applicants may make the country less attractive to workers.

The cost of obtaining a work permit varies across the OECD and according to the type of work permit (Figure 6.10). In many OECD countries, fees are applied on a cost-recovery basis, and are intended to cover the operating costs related to administering immigration services and enforcement. In most cases, fees are below USD 700, a fraction of the annual salary to be earned by the worker, and do not represent a major disincentive to long-term recruitment.

Most fees, whether for workers or employers, do not depend on the salary paid. France and Israel are the only OECD countries in which the fee is related to wages. For salaried workers, France imposes a fee of EUR 70 on the worker and an employer levy equivalent to 60% of one month's salary, up to 2.5 times the minimum wage; the maximum a French employer has to pay is about USD 4 500, for a worker earning more than USD 7 700 monthly. In Israel, fees on employers are meant to discourage hiring construction and agricultural workers from abroad, and are consequently very onerous: for the former, the entry fee is about USD 4 900, and a 15% levy on gross wages is taken every month. For agricultural workers, the fee is USD 450 for entry, and the levy is 10% of gross wages per month. Israel has increased fees in

Figure 6.10. **Comparative permit costs, non-seasonal work permits/visas, by type, 2010**
In USD



Note: HS: High Skilled. WP: Work Permit. GC: "Green Card". Dom: Domestic. SM: Skilled Migrant. WTR: Work to Residence. RSMS: Regional Sponsor. EB2/3: Permanent Residence for Employment. TFW: Temporary foreign worker. For most countries, consular visa fees are not included (*e.g.* for European Schengen countries, the EUR 60 standard visa fee is not included, nor are consular visa fees for Australia and New Zealand). France: calculated range using 2011 SMIC. Israel: calculated using 2009 average wage in agriculture and construction.

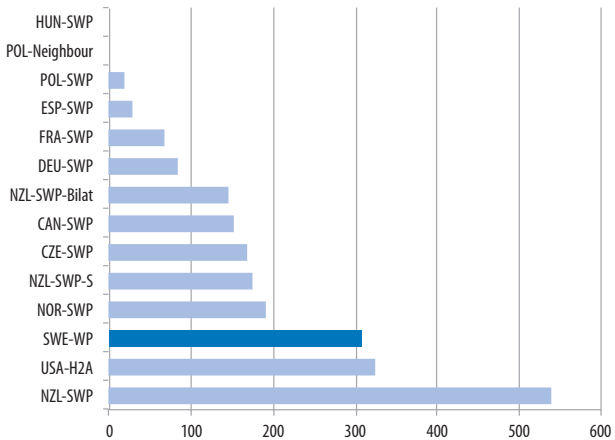
an attempt to encourage employers to hire domestically, but the main effect has been to push employers to recover their costs through illegal employment practices (OECD, 2011). The only other OECD country where fees are used to discourage the hiring of foreign workers is the United States with respect to the H-1B and L1 visas. Businesses which are considered "dependent" on these visas pay a higher fee than other applicants.[4] The United States also charges a levy to employers using the H-1B programme – between USD 750 and 1 500 – specifically to subsidise training courses for US workers and offset supposed negative effects.

In Australia, employer-nominated and regional-sponsored migrants, who are selected on the basis of a job offer in a skilled occupation or by a region based on their occupation, pay fees according to their English skills. Those who do not speak English pay about USD 7 230 more than those who are proficient in English; dependents with poor English skills also pay an additional fee. Other countries with high fees charge them for high-wage jobs (Ireland's Green Card) or job-search visas for the skilled (Denmark's Green Card).

Sweden's fee of SEK 2000, about USD 315, places it among the countries charging lower fees. It is paid by the worker on applying. As such, it is certainly not a factor discouraging employers from hiring from abroad. Sweden applies the same fee for seasonal workers; here, it is in the upper range of seasonal permit fees (Figure 6.11), even if the season is no longer – and often shorter – than in other countries.

Figure 6.11. **Comparative permit costs for seasonal workers, by type, 2010**

In USD



Note: SWP: Seasonal Work Permit. SWP-Bilat refers to costs under bilateral agreements. SWP-S: Special Employer. Germany: Croatian workers only. If not indicated here, seasonal costs are usually identical to those for standard work permits.

In conclusion, if there are obstacles to recruitment from abroad in Sweden, they are not to be found in the administrative costs or duration of processing of applications, or in the likelihood of approval. Sweden's system is relatively quick and inexpensive, although performance has deteriorated in early 2011 in response to more applications. As the Swedish system is based on an assumption that Swedish employers will generally prefer to hire locally rather than recruit from abroad, because of higher costs and delays, it does not place major procedural obstacles to recruitment from abroad. Other obstacles outside the scope of action of the authorities may be much more important: for example, the difficulty in identifying suitable candidates abroad; the absence of workers with Swedish language skills; problems in the recognition of foreign qualifications.

Are sufficient safeguards in place?

A final point is whether safeguards are in place against abuse and exploitation of labour migrants. These would consist in verification, before and after arrival, of the legitimacy of the offer and the respect of the conditions of employment.

Post-arrival verification mechanisms

Apart from the verification carried out in connection with the renewal of a work permit there is no formal post-arrival verification mechanism. The system has been criticised by the trade unions arguing that the terms in the offer of employment which is reviewed by the trade union may not be the same terms that apply when the worker arrives in Sweden and takes up employment. Workers have little incentive to report such cases, as it may result in their permit being revoked. While they may be able to contest non-payment of wages in Swedish court, this will not protect them from losing their permit if there are such grounds. The employer is of course expected to follow through on the submitted offer of employment. A work contract can, however, under Swedish law, be renegotiated at any time.

After entry, the inspection system in Sweden is based on trade union oversight. There is no labour inspectorate in Sweden that ensures respect of labour laws. Although Swedish workers are highly unionised (about 68% trade union membership), it is difficult for trade unions to play a role in monitoring employers and workplaces not covered by collective contracts. There is no formal mechanism for oversight, a difficulty recognised by both employers and the trade unions. Under the prior system, trade unions were very restrictive in the applications they approved. The informal veto they formerly held was used to block recruitment by firms in which they had little oversight. Trade unions do attempt to monitor hiring of foreign workers

by employers outside collective contracts; many small employers in hotels and restaurants, gardening, agriculture, forestry and subcontracting to local government are outside of collective contracts. Unions may use high turnover as an indicator of possible poor working conditions, but they have no direct oversight of non-union worksites.

Intra-corporate transfers – a special case

Intra-corporate transfers are held to salary requirements under collective contracts or prevailing wages in the occupation. While the employee is not required to be paid under a Swedish contract, the total compensation package (salary and benefits) be at least equal to the minimum collective agreement, or what is customary within the profession/sector, and must enable the worker to earn his/her own living (in practice at least SEK 13 000 per month).

Most intra-corporate transfers are brought to Sweden for a short duration and receive a salary from their home country. For Indians and other ICTs coming from low-salary countries, for example, the home-country salary is less than the SEK 13 000 in practice required for labour migrants in order to earn their own living, and certainly below the salary required under the Swedish collective contract in the relevant occupation.

Protection against brain waste of qualified immigrants

One recurring issue in the labour market integration of immigrants is overqualification. Immigrants – and those with an immigrant background – tend to have more difficulty finding an appropriate job, and this tends to be more common for the more qualified.

Sweden continues to have a problem with overqualification of its foreign-born population. In 2009, about 38% of employed foreign-born university-educated immigrants were employed in low- or medium-skill jobs, which is 2.2 times the overqualification rate for the native-born (Table 6.7). A recent survey of qualified Swedes of immigrant background (Jusek, 2011) found that 45% of those employed were working in occupations where their skills were not used, or in occupations which did not match their skills. This is not the case for labour migrants who – at least, prior to the reform – had a lower overqualification rate than native-born Swedes. Labour migrants can select among job offers and need not apply for or accept jobs that do not recognise or reward their qualifications.

Workers recruited from abroad may not face the same overqualification issue since they are brought to fill specific positions. A recent audit by the Swedish Auditing Office (Riksrevisionen, 2011) found that recognition of qualifications obtained abroad was a lengthy process (150-170 days, on

Table 6.7. **Proportion of employed highly-qualified individuals in low- and medium-skilled jobs in Sweden, by citizenship and migration category (non-EU), 2009**

		Percentage	Ratio compared to native-born
Country of birth	Native-born	16.9%	-
	Foreign-born	37.7%	2.2
Citizenship	Swedish	19.0%	1.1
	EU	28.6%	1.7
	Non-EU	47.0%	2.8
Migrant type (non-EU)	Labour	14.1%	0.8
	Family	63.3%	3.7
	Asylum	78.3%	4.6
	Study	34.3%	2.0
	Other	46.4%	2.7

Source: STATIV database, Statistics Sweden, 2009. Highly-qualified individuals have education level ISCED (5/6). Low and medium skilled jobs correspond to occupations 4 to 9 (SSYK one-digit classification).

average) and could be significantly improved. This is certainly a barrier to the employment of professionals (physicians and any other regulated profession), but less of a barrier to international recruitment of skilled workers in unregulated trades. Most skilled workers hired from abroad in Sweden are in fact in unregulated professions.

The situation may be different for foreign graduates from Swedish universities, however, who must quickly find work – in any occupation, as long as it meets the basic requirements in terms of salary and conditions – in order to remain in Sweden. The pressure to find employment may push foreign graduates into the first job they find, rather than the most appropriate match. More than 40% of Swedish graduates have not started working in the six months following graduation;[5] foreign graduates would have to leave in such a situation. A degree from a Swedish university may not mean language proficiency, and this too would have an effect on employment opportunities.[6]

The large number of students acquiring work permits for low-skilled jobs should raise questions about this channel. Changes in the tuition scheme for third-country nationals may also affect this channel in the future.

Notes

1. If job listings with the PES are infrequent, mandatory PES job advertisement prior to recruitment from abroad may, if recruitment is significant, inflate vacancy data based on PES job listings, with job listings reflect employer intention to recruit from abroad rather than vacancies in general. In the Swedish case, however, the scale of job vacancies is about 50-100 times greater than the number of permit applications, eliminating any such effect,
2. Analysis by more detailed occupational group (Table F.2) confirms the above analysis. Computer systems designers, analysts and programmers are the main group recruited, followed by cooks and helpers in the hospitality industry. Bakers, home-care workers, and hairdressers are all on the increase, while engineers are less often recruited.
3. This is based on the occupational register, and reflects anyone, including foreigners with a permit for at least one year, who worked at least one hour in SSYK3 occupation code 213 in the month of November 2009. The total thus excludes foreign-workers with permits valid for less than 1 year.
4. The higher fee (additional USD 2 000 for each H-1B and 2 250 for each L-1) applies to companies with 50 or more employees in the United States, with more than 50% of their workers in the United States in H-1B or L non-immigrant status.
5. The figures are for 2003, as reported in Statistics Sweden, Focus on Business and Labour Market, Spring 2011, p. 18
6. While the scientific literature in most Swedish university courses includes many English-language texts, most international students are in courses which are nominally taught in Swedish. Still, some courses may be accessible even without Swedish skills, and students may finish their studies with limited Swedish-language skills.

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From:
Recruiting Immigrant Workers: Sweden 2011

Access the complete publication at:
https://doi.org/10.1787/9789264167216-en

Please cite this chapter as:

OECD (2011), "Evaluating the new Swedish labour migration policy", in *Recruiting Immigrant Workers: Sweden 2011*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/9789264167216-10-en