Chapter 11

Migration in Europe: An overview of results from the 2008 immigrant module with implications for labour migration

Georges Lemaître
OECD

According to a new recent data source, it would appear that only a fraction of labour migrants in EU countries are actually recruited as labour migrants from abroad and that more high-skilled jobs are filled by migrants recruited in the country than those recruited from abroad. This same source suggests that retention rates for immigrants having the most favourable labour market outcomes tend to be lower and that half of highly skilled labour migrants are no longer in the same jobs for which they were initially recruited after five years.

These results suggest that shortage lists and labour market tests may not always be as relevant as generally considered as tools for regulating labour flows according to needs. Protection of domestic workers may best be ensured by seeing to it that wages and working conditions of first immigrant jobs are according to domestic standards.

In addition, ensuring greater retention, encouraging migrants to come with their families and inducing potential candidates to learn national languages will require more significant incentives than are currently offered. For this the right of permanent residence upon entry seems a likely candidate. Generally, the ability to obtain good employment and to demonstrate language proficiency needs to be rewarded far more than is currently the case in most countries.

It seems likely that the low levels of highly skilled labour migration in many European countries have less to do with low attractiveness than with the fact that employers are not recruiting significantly from abroad.

11.1. Introduction

International comparative analyses of the labour market outcomes of immigrants are based largely on labour force surveys (LFSs). This has advantages but it also has drawbacks which have, to a certain extent, retarded our understanding of international migration. Among the advantages are those inherent in any phenomenon captured through labour force surveys, namely a consistent picture over time based on common definitions and concepts. The downside is that such surveys do not identify one of the most important defining features of international migration, namely the reason for migration. We have learned from other sources, for example, that labour migrants have better labour market outcomes than family and humanitarian migrants, but we have no way of distinguishing between these various types of migration in labour force survey data and of examining their outcomes over time. We know that overall outcomes of immigrants tend to improve over time, but this clearly cannot be for labour migrants who arrive with a job, because integration for this group means that some of them will enter the ranks of the unemployed and of the inactive over time, so that their employment rates will decline. Our analyses based on labour force surveys tend to give a rudimentary and even distorting picture of labour market outcomes of immigrants, because they confound the various different types of movements. This is unfortunate because labour force surveys are our main comparative source of information on the labour market outcomes of international migrants.

We actually have singularly little cross-country information on the outcomes of the various types of migrants that are being admitted. As a result it is difficult to have a clear idea of the exact role which the various categories of migration (labour, family, humanitarian) play in the labour market with regard to satisfying skill needs. This is a critical point, because policy generally only has control over discretionary labour migration. Although governments do impose constraints on family and humanitarian migration, such as minimum income and lodging requirements or the need to satisfy the Geneva Convention criteria, these forms of migration cannot be stopped without calling into question commitment to basic human rights or without reneging on international treaties. Labour migration necessarily is conditional on the labour market role of these of other types of migrations, in the same way as it is conditional on the labour market role of native-born workers and previous migrants, but it is useful to know the role which all types of migration are playing, to have a better notion of the relative role of labour migration in particular.

Fortunately a recent (2008) data source makes it possible to examine the various categories of migration more closely. This is the ad-hoc immigrant module of the European Labour Force Survey. The analyses which follow are based largely on this data source and provide some insights into the nature of international migration in a number of European countries.

11.2. The data source

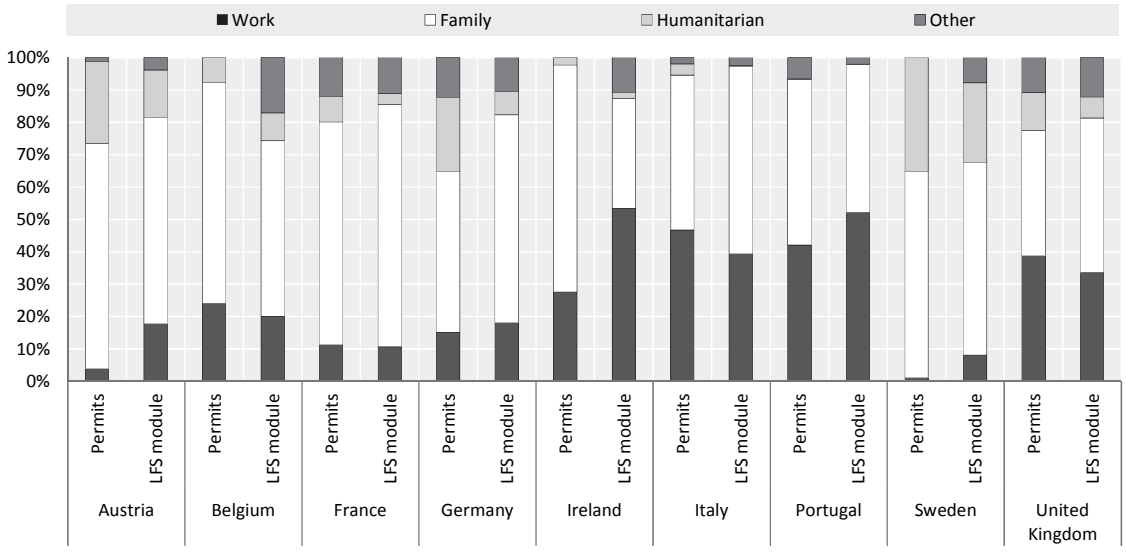
The 2008 ad-hoc module on international migration of the European Union Labour Force Survey was introduced in an attempt to obtain a more complete picture of international migration in Europe. It incorporated a number of questions of particular interest for our purposes, in particular one which asked the respondent the main reason for which he/she migrated. The responses were as follows:

- employment, intracorporate transfer
- employment, job found before arriving

- employment, no job found before arriving
- study
- international protection
- accompanying family/family reunification
- family formation
- other.

Ideally one would like to have information on the first permit granted upon entry or after arrival, because it is the data item which reflects immigration policy and the link between policy interventions and outcomes is of particular interest. However, since there may be significant numbers of respondents who may have arrived in an unauthorised fashion and were subsequently regularised and some who may still be unauthorised,[1] obtaining permit information on the first permit may be delicate, if not necessarily problematical. Notwithstanding the presence of unauthorised immigrants in the sample in some countries, the difference in the aggregate between the distribution of immigrants by reason for immigrating over the four years up to and including 2008 and the OECD standardised statistics for 2005-08 (non-EU migrants) is reasonably good[2,3] (see Figure 11.1) and the labour market outcomes, as will be seen, do generally correspond to what administrative data tell us about outcomes for the various categories of migration. This suggests that one can have some confidence in the module data,[4] even if the differences in the percentage of labour migrants between labour force survey data and administrative statistics is not insignificant for some countries (Austria, Ireland).

Figure 11.1. A comparison of labour force survey and of OECD standardised permit data (non-EU migrants), 2005-08 cumulative



Source: Eurostat Labour Force Survey ad-hoc immigrant module and OECD standardised immigration.

11.3. International migration by reason for migrating

Table 11.1 gives a breakdown of the reasons for migrating given by respondents by region of destination and EU/non-EU migrant.

Table 11.1. Distribution of immigrants for reason for migrating, region of destination and of origin, all immigrants and those entering in 1999-2008

		Employment, intracorporate transfer	Employment, job found before migrating	Employment, no job found before migrating	Study	International protection	Accompanying family/Family reunification	Family formation	Other	All reasons	Share of total migration
All immigrants											
Southern Europe	EU migrants	3	11	16	5	-	17	18	30	100	5
	Non-EU migrants	1	10	48	3	1	26	5	6	100	34
Northern and Western Europe	EU migrants	5	14	24	9	1	19	13	15	100	19
	Non-EU migrants	3	5	12	15	10	29	14	12	100	42
Recent migrants (1999-2008)											
Southern Europe	EU migrants	3	9	19	4	-	14	13	38	100	3
	Non-EU migrants	-	10	49	3	1	28	4	4	100	40
Northern and Western Europe	EU migrants	7	15	26	11	-	16	9	16	100	17
	Non-EU migrants	4	5	10	16	11	27	16	11	100	39

Note: Southern Europe comprises Greece, Italy, Portugal and Spain. Northern and Western Europe includes Austria, Belgium, Germany, France, Ireland, Lithuania, Luxembourg, Sweden and the United Kingdom.

Source: Eurostat Labour Force Survey ad-hoc immigrant module.

Before we comment on these results, a few words concerning the presentation of the data in this table and in other tables and figures in this chapter.

First of all, the sample sizes for the immigrant module are small, so one often needs to aggregate across countries of destination to obtain sufficient samples on which to draw conclusions. This is all the more the case here because the focus of the analysis is largely immigrants who entered in the ten years prior to 2008. We retained this restriction because we would like the results to reflect recent migration patterns, not those which were prevalent 20 to 40 years ago. As the results in Table 11.1 show, however, there does not appear to be much difference between recent migrants and all migrants in the distribution of migration by reason. We will nonetheless maintain the focus on recent migrants, because what may be true for the distribution of migrants by the reason for migrating may not be true in general for other characteristics. Since we wish to draw some implications for policy from the results, it is preferable that these be based on recent migration patterns as well as labour market outcomes.

In what follows country data have been aggregated into two groups, namely Southern Europe (SE) and Northern and Western Europe (NWE). The nature of migration to these two regions has been very different, with, in Southern Europe, few restrictions on occupational skill levels for which migration is allowed and a very high proportion of labour migrants, especially from non-EU countries (almost 60%, of all migrants – excluding intracorporate transfers – being labour migrants). The corresponding percentage for Northern and Western Europe is scarcely 15%.

Secondly, free circulation migration is clearly not subject to the same restrictions as that from so-called "third countries"; migrants moving under a free circulation regime are free to come and go as they please and in particular, do not need to have a prior job in order to be admitted as labour migrants. The results will thus generally be presented separately in what follows for EU migrants and non-EU migrants.

Despite the general agreement of LFS results with permit data mentioned earlier (modulo the coverage differences), there are a number of anomalies in the data which are difficult to explain *a priori*. The first concerns the percentage of persons who said they came for employment, but indicated that they did not have a pre-arranged job. In European countries, especially those in Northern and Western Europe, labour is generally demand-driven, with immigrants almost always required to have a job offer in principle before they can be admitted. However, it is almost certainly the case that employers are unlikely to hire a worker sight unseen, so some contact must exist before recruitment takes place, either directly through an interview or a prior contact or through an intermediary who can vouch for the recruit, which can be an existing worker, a recruitment agency, or through some other means. How labour migrants will respond if they are asked whether they had a job before arrival, when they were interviewed for their first job in the country of destination, is not entirely clear. One may conceive of such persons as arriving with a job, since the contact and interview request came while the candidate was abroad, but the hiring decision may have taken place while the candidate was in the country and this may be the determining element in their response to the LFS question. Finally in-country hiring may reflect unauthorised migrants who find work after arrival, or persons admitted under other statuses (including tourists) using these as expedients to enter the country to search for work.

Table 11.1 shows that that most non-EU self-declared labour migrants in both SE and NWE reported that they had arrived without a job in hand. The percentages are about 81% (48/59) in SE and about 60% in NWE. For recent migrants, those having arrived in the previous ten years, the results are similar. Of those who arrived with a job in NWE, about a third among EU migrants and a half among non-EU migrants were intracorporate transfers. If one excludes these, who properly speaking were not hired from abroad but merely transferred from an affiliate of the enterprise, the percentages are even higher. In other words, under migration regimes existing between 1998 and 2008, more labour immigrants were sourced from within the country than from outside; many labour migrants thus did not migrate in response to a precise recruitment effort by a domestic enterprise.

This is strongly at odds with the notion that recruitment of labour migrants from non-EU countries is occurring primarily from abroad. It is difficult to know how much of this may be due to labour migration, authorised or not, being recorded or having occurred under another status. Labour migrants arriving with and without jobs, for example, can be expected to differ in a number of respects. For example, one would expect that labour migrants negotiating a job from abroad would be less likely to take on work for which they perceive themselves to be overqualified, whereas those arriving without jobs may be willing to take on such work, in order to establish a foothold in the country of destination and to recoup the cost of their migration. We will examine this issue further below.

A second anomaly in the data concerns the "other" reasons reported by immigrants, which accounts for 30% of all EU migrants in Southern Europe and almost 40% of recent EU migrants in that region. Most of this (80-90%) consists of inactive EU15 migrants in Spain, but the age distribution does not suggest retirement migration, as one might have surmised. Other characteristics provide no clear indication, For Northern and Western Europe, there is no simple characterisation of this group. We will nonetheless include the "other" group in what follows, recognising that migrants characterised under this rubric remain something of an unknown.

The coverage of immigrants in the module is also uncertain. Certain immigrants may be excluded from interviews, for example, those remaining for short periods, and the interval between the drawing of the sample and the holding of the survey may means that some

immigrants may no longer be present when the survey is conducted. Response rates are also known to be lower among immigrants, because of both the possibility of language difficulties and because immigrants often belong to demographic groups who are harder to interview (e.g. young men).

Nonetheless, despite the anomalies and uncertain coverage, the data generally hold up well to scrutiny, as will be seen. In what follows, the two types of family migration will on occasion be grouped together and international protection aggregated with "other" reasons for migrating in presenting the results. The three employment categories will be kept separate, because it is these which will often be the focus of interest. The objective is to extract as much information from this data source about the nature of migration into EU countries, with a view to drawing out some implications for policy. This may involve making certain assumptions about the data, which the limitations of the data source and the small sample sizes make necessary.

11.4. The evolution of the distribution of reasons for migrating by years of residence

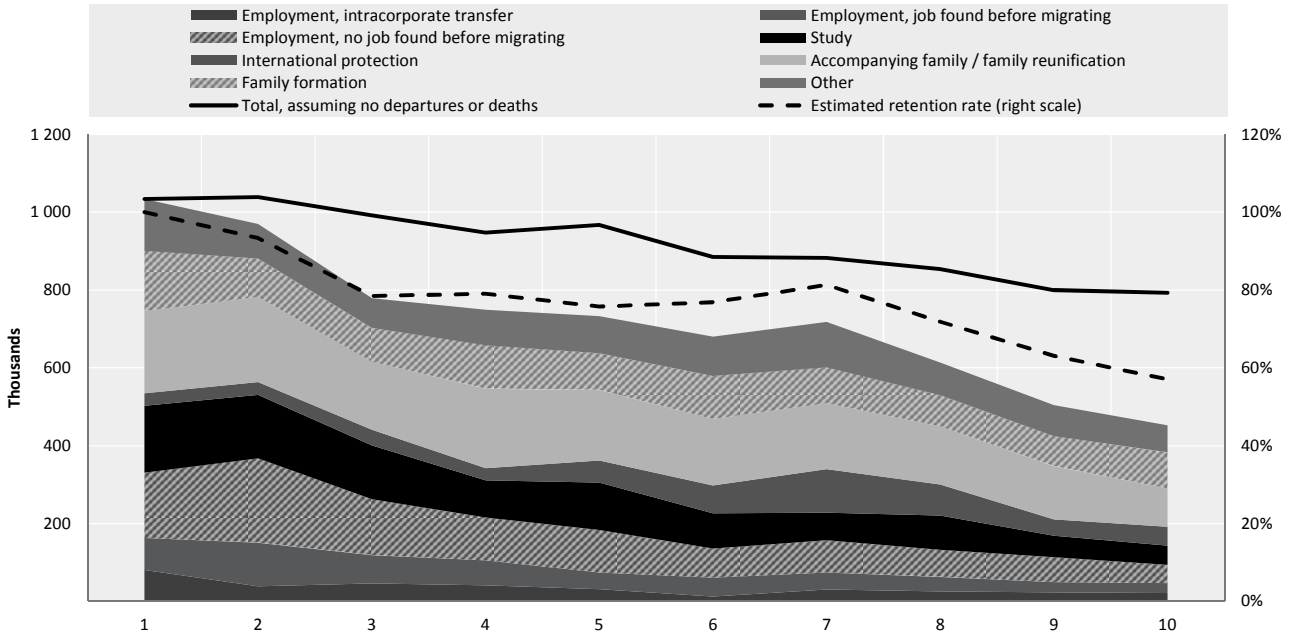
Not all immigrants who arrive in a country, even those granted the right of permanent residence upon entry, settle definitively. Some never intended to, but some may have done so but found that their expectations were not realised and, disappointed, return to their countries of origin. Still others, for example international students who complete their studies, may wish to stay but may not satisfy the conditions needed to do so, such as finding a job in the field in which they studied.

The immigrant module does not follow immigrants over time, but some indication of the evolution over time of the immigrant presence can be obtained by analysing differences in cohorts of different years of residence. One problem with this approach is that the cohorts are not all of the same size, so that variations in cohort size can confound analyses of the immigrant presence over time. For this reason, the cohort sizes have been adjusted in what follows using annual national data on inflows. This has been carried out for data for Northern and Western European countries only, however; the historical, official national inflow data for Southern Europe are subject to many undercoverage problems (due to high levels of unauthorised migration), making a plausible historical adjustment impossible.

Figure 11.2 shows the evolution, by years of residence, of immigration into Northern and Western Europe by category of migration. EU and non-EU migration have been grouped together for this analysis, because of sample size problems. The line at the top gives what the totals for the years of residence in question had been, if there had been no departures or deaths. The absolute numbers here should not be taken at face value; the trends reflect those observed in national inflow data, but the levels are those estimated in the labour force survey.

The data show the expected decline in the number of immigrants with years of residence; part of this decline, however, is attributable to the fact that immigrant numbers in past years were smaller. The topmost line gives the estimated cohort size for the entry year corresponding to the given year of residence. The ratio of the total observed number of immigrants still present to the cohort size for the year in question then provides a measure of the retention rate (modulo mortality); the estimate is approximately 75% after five years of residence and 57% after ten years. The figure also suggests that it is the employment and study components of international migration which have declined the most. Approximate estimates are that about 30-40% of persons migrating for employment or study reasons are still present 8-10 years after arrival, but about 55-60% of persons moving for family, international protection or other reasons Table 11.2).

Figure 11.2. Immigrants by reason for migrating and duration of residence (years), Northern and Western Europe, 2008



Note: The total curve is estimated using trends from national inflow statistics, *OECD Immigration Database*.

Source: Eurostat Labour Force Survey ad-hoc immigrant module.

Table 11.2. Estimated retention rates of recent immigrants after 4-6 and 8-10 years of presence, by reason for migrating, EU and non-EU migrants, Northern and Western Europe, 2008

Percentages

	4-6 years	8-10 years
Employment, intracorporate transfer	35	29
Employment, job found before migrating	63	37
Employment, no job found before migrating	59	36
Study	60	37
Accompanying family / family reunification	88	60
Family formation	68	54
Other	72	58
All reasons	**70**	**51**

Note: The observed LFS estimates have been adjusted to ensure that the trend for all reasons agrees with that observed in national inflow data.

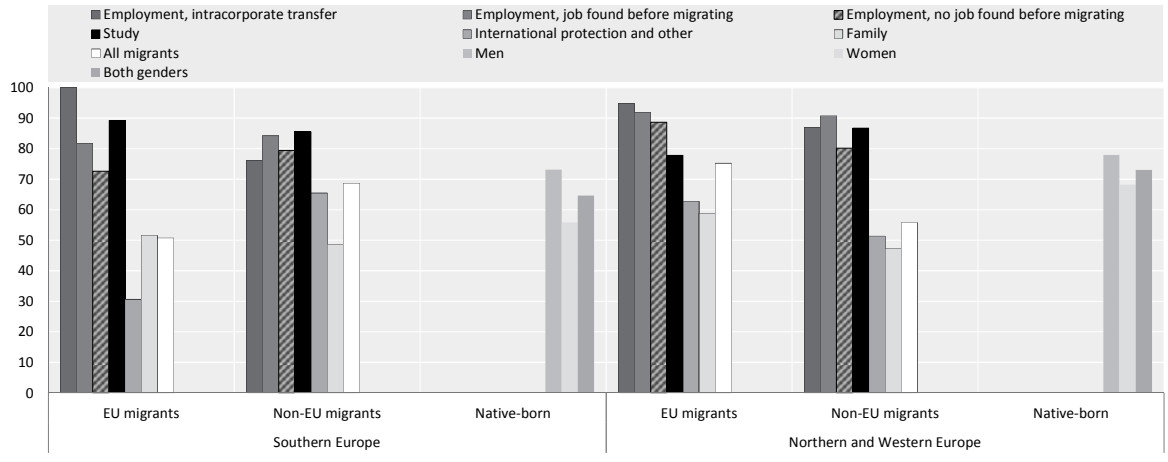
Source: Eurostat Labour Force Survey ad-hoc immigrant module.

11.5. Employment rates by category of entry and their evolution with years of residence

The requirement that migrants have a job before arrival would lead one to expect labour migrants to have very high employment rates in the early years of settlement compared to other migrants. The situation of persons declaring themselves to be labour migrants, but not having a prior job, is less certain, however.

The employment outcomes by self-declared reason for migration agree well with these expectations (Figure 11.3), with persons arriving with jobs showing the highest employment rates, generally close to or over 80%.[5] Those identifying themselves as migrating for work but without a prior job also show high rates of employment, more similar to those arriving with jobs than to family, international protection and other migrants (50% or more). The rates are, however, lower than those of persons arriving with jobs, so that there does appear to be a penalty associated with this kind of migration.

Figure 11.3. Employment rates of recent immigrants (10 years of residence or less) by reason for migration and of native-born persons of the same age distribution, 2008



Source: Eurostat Labour Force Survey ad-hoc immigrant module.

Persons arriving for study show relatively low employment rates as well, but this is attributable to not having completed their studies. The rates for persons in the country for ten years or less have been replaced by those in the country between 11 and 19 years in the figure. For these durations, they show employment rates comparable to those of persons migrating for employment.

Whether or not persons declaring themselves to be labour migrants actually entered as labour migrants, their labour market behaviour does tend to resemble that of other labour migrants. Thus it would seem that it is less having a job upon arrival than the reason for migrating that matters as far as labour market outcomes (measured through the employment rate) are concerned. Self-declared labour migrants without prior jobs attain much higher employment rates than family and humanitarian migrants and they do so relatively quickly.

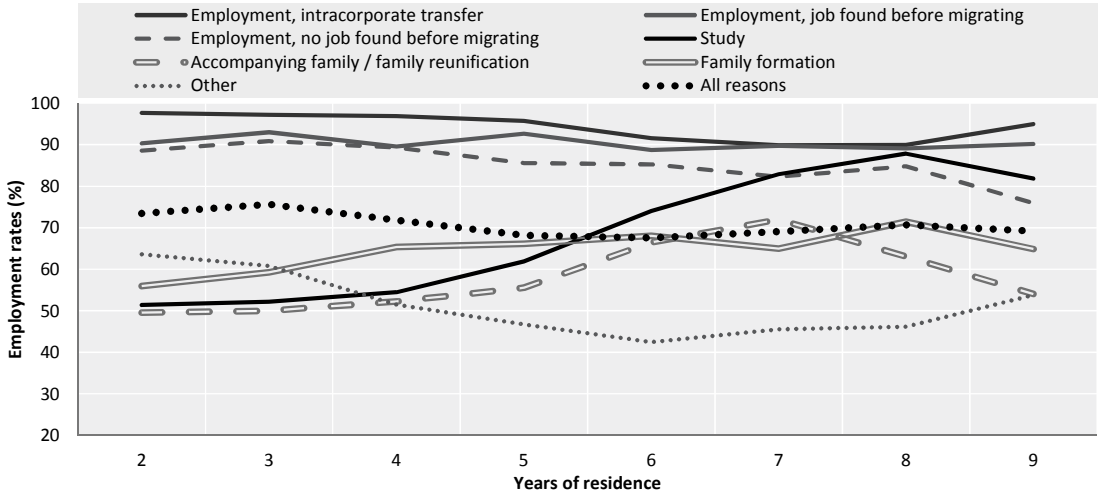
Figure 11.4a tracks employment rates for immigrants at different years of residence and reasons for migrating for both EU and non-EU migrants. To reduce sampling variability, the rates shown have been averaged over three years centered on the year of residence indicated. For the purpose of these figures, data for all European countries have been

pooled. The data show, for non-EU migrants, a slight deterioration in outcomes over time for persons entering for employment reasons and a significant increase for persons entering for family, international protection and other reasons as well as for persons who entered for study. The latter reflects, for many of them, the completion of studies and entry into the work force. Over all reasons for migrating, the progression is from about 50% in the second year of residence to close to 70% in the ninth year.

Figure 11.4a. Employment rates by reason for migrating and years of residence (three-year moving averages), non-EU migrants, EU countries, 2008

Figure 11.4b shows a similar picture for EU migrants arriving for employment reasons, but generally less improvement for immigrants entering for family and other reasons. Note, however, that the latter have much higher employment rates in the early years after arrival than do non-EU migrants. Overall, EU migrants, if anything, show a deterioration in employment rates over time from about the mid-1970s to about 70%.

Figure 11.4b. Employment rates by reason for migrating and years of residence (three-year moving averages), EU migrants, EU countries, 2008

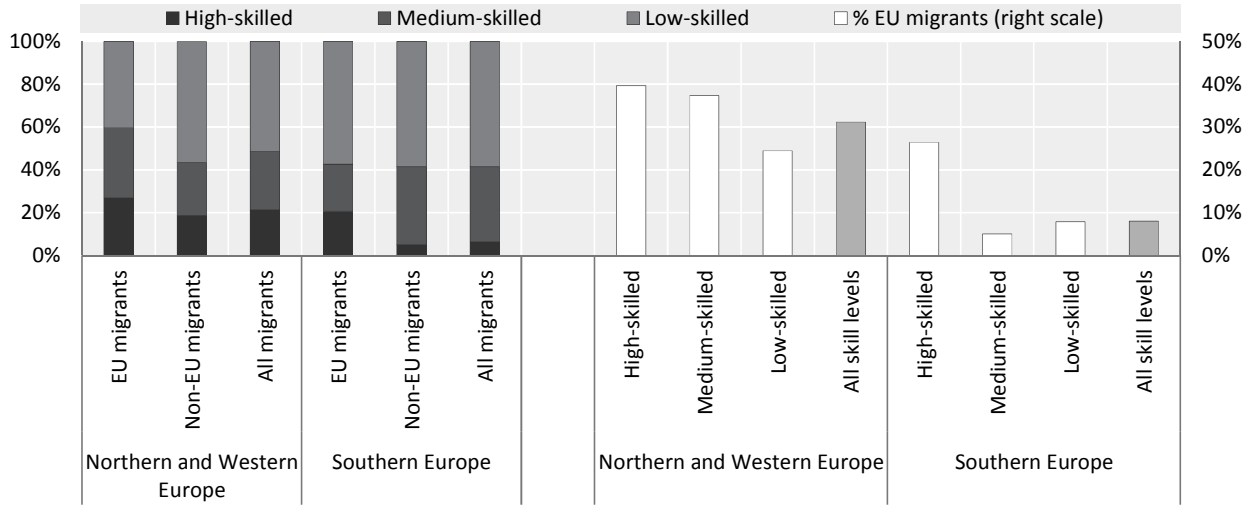


Source: Eurostat Labour Force Survey ad-hoc immigrant module.

11.6. Occupation skill levels of recent immigrants and overqualification

The distribution of skill levels of jobs held by EU and non-EU migrants are fairly similar (Figure 11.5), which suggests that the persons recruited from these two regions may be substitutable. In the short- and perhaps medium-term, the availability of labour from the new member states may have reduced the need for workers from non-EU countries, but as economic conditions improve in EU origin countries, the flows from EU countries are likely to decline and demand for workers from the non-EU side to expand.

Figure 11.5. Recent international migrant workers by skill level and region of origin and destination, 2008



Note: EU workers are a more significant component of the immigrant labour market in Northern and Western Europe (NWE) than in Southern Europe (SE), undoubtedly because of the higher wages there relative to those of Southern Europe.

Source: Eurostat Labour Force Survey ad-hoc immigrant module and OECD standardised immigration.

Table 11.3 gives a more complete picture of the distribution of occupation skill levels among persons specifying diverse reasons for migration. This is compared to the distribution for a native-born population with the same age distribution. Generally labour migrants who arrive with a job offer are in jobs which are more highly skilled than those of the corresponding native-born, except for non-EU migrants in Southern Europe. This is also the case for accompanying family/family reunification EU migrants in this region.

Over 70% of non-EU study migrants who have been in the country for 11-19 years are in high-skilled jobs, the highest percentage for non-EU migrants of any group. Generally less than 10% of recent non-EU family migrants and under 5% of persons entering for international protection are in high-skilled jobs, although one might expect that this average for all persons having arrived over the previous ten years would show some increase over time.

Table 11.3. Occupational skill levels of recent (10 years of residence or less) EU and non-EU migrants, by reason for migrating and region of destination, 2008

Percentage

Southern Europe		Job skill level			Total
		High-skilled	Medium-skilled	Low-skilled	
Employment, intracorporate transfer	EU migrants	88	12	-	100
	Non-EU migrants	35	24	41	100
Employment, job found before migrating	EU migrants	38	38	24	100
	Non-EU migrants	7	47	47	100
Employment, no job found before migrating	EU migrants	17	41	42	100
	Non-EU migrants	4	45	51	100
Study	EU migrants	16	7	77	100
	Non-EU migrants	71	16	13	100
Accompanying family / family reunification	EU migrants	49	27	25	100
	Non-EU migrants	3	28	70	100
Family formation	EU migrants	27	26	47	100
	Non-EU migrants	10	22	68	100
International protection	EU migrants	nr	nr	nr	100
	Non-EU migrants	4	38	58	100
Other	EU migrants	16	12	72	100
	Non-EU migrants	14	40	46	100
All reasons	EU migrants	25	23	52	100
	Non-EU migrants	5	39	56	100
Native-born	Men	25	43	32	100
	Women	23	27	49	100
	Both genders	24	35	41	100

Northern and Western Europe		Job skill level			Total
		High-skilled	Medium-skilled	Low-skilled	
Employment, intracorporate transfer	EU migrants	51	33	16	100
	Non-EU migrants	60	22	18	100
Employment, job found before migrating	EU migrants	38	37	25	100
	Non-EU migrants	55	27	17	100
Employment, no job found before migrating	EU migrants	19	44	38	100
	Non-EU migrants	23	37	40	100
Study	EU migrants	36	22	42	100
	Non-EU migrants	72	17	11	100
Accompanying family / family reunification	EU migrants	56	22	22	100
	Non-EU migrants	9	24	67	100
Family formation	EU migrants	22	29	49	100
	Non-EU migrants	12	26	63	100
International protection	EU migrants	5	21	74	100
	Non-EU migrants	6	23	70	100
Other	EU migrants	28	27	45	100
	Non-EU migrants	21	26	53	100
All reasons	EU migrants	31	33	36	100
	Non-EU migrants	18	26	56	100
Native-born	Men	34	38	28	100
	Women	31	32	37	100
	Both genders	32	35	32	100

ISCO: International Standard Classification of Occupations.

Note: High-skilled corresponds to ISCO 1-3, medium-skilled to ISCO 4-8 and low-skilled to ISCO 9.

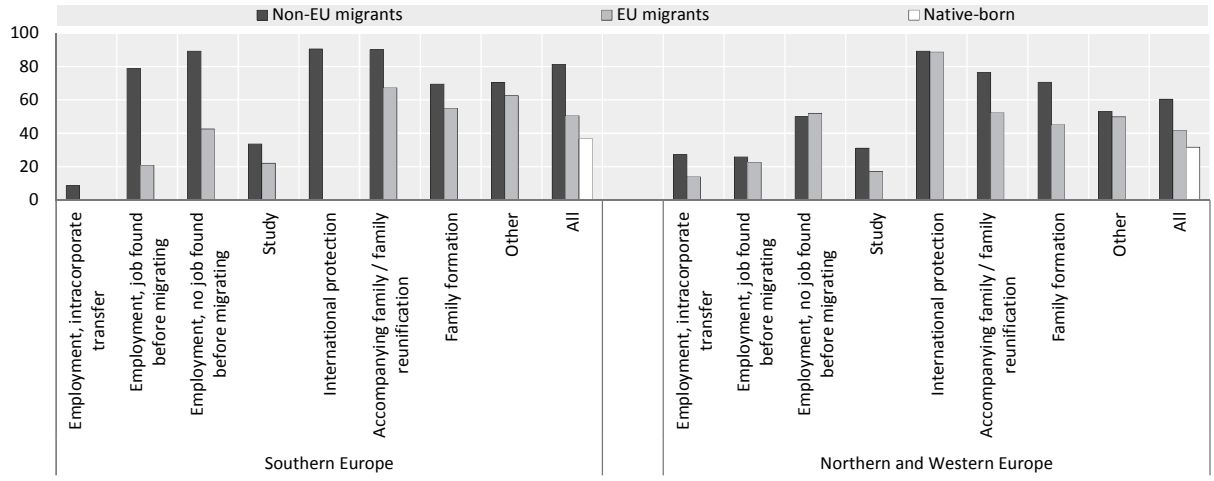
Source: Eurostat Labour Force Survey ad-hoc immigrant module.

The rather low percentage of immigrants in high-skilled jobs may reflect some overqualification problems and this is indeed what one finds (Figure 11.6). On average fully 80% of recent non-EU migrants in Southern Europe and 60% in Northern and Western Europe (NWE) are nominally overqualified for the jobs they occupy. For

EU migrants the corresponding overqualification rates are approximately 50% in SE and 40% in NWE. The figure for the native-born of the same age distribution is about 37% in Southern Europe and 32% in Northern and Western Europe. Migrants who migrated for labour (with a job upon arrival) and study show much lower overqualification rates in NWE but only for intracorporate transfers and study migrants in SE. Those moving for international protection have the highest overqualification rates of all. Non-EU migrants have overqualification rates which exceed those of EU migrants by some 10 to 30 percentage points depending on the category and the region of destination. Note that non-EU migrants who arrived without a job in NWE have much higher overqualification rates than those who arrived with a job and differ more from the latter than was the case for employment rates. This does suggest that they have had to "settle" for jobs after arrival and have not had the luxury to refuse jobs not commensurate with their educational attainment.

Figure 11.6. Overqualification rates of recent immigrants by reason for migrating and of native-born persons of same age distribution, 2008

Percentages



ISCO: International Standard Classification of Occupations.

Note: A worker is deemed to be overqualified if holding a tertiary degree and working in a job classified as medium or low-skilled (ISCO 4-9).

Source: Eurostat Labour Force Survey ad-hoc immigrant module.

Do the overqualification rates improve with years of residence? Table 11.4 provides some results on this and the picture is a complex one. First of all, persons who migrated for international study show large reductions in overqualification rates over time, for the obvious reason that they have gone from student jobs into regular employment after completion of studies. Family and other migrants do not generally show a decline in overqualification rates over time, except for EU migrants in NWE. Finally among labour migrants, highly educated EU migrants show the expected decline in overqualification rates with years of residence, but not non-EU migrants, who show no change in Southern Europe and a deterioration in Northern and Western Europe. Recall, however, that the two columns in the table represent different cohorts, so that one cannot be entirely certain that one would observe the same effect in the same cohort over time. In addition, certain migrants may have left the country and if those who left have tended to be less overqualified than those who remained, then their departure would mechanically increase the overqualification rates over time.

Table 11.4. Overqualification rates by years of presence in country, origin and destination countries and reasons for migrating, 2008

Percentages

		Reason for migrating	1-5 years	6-10 years
Northern and Western Europe	EU migrants	Employment	37	20
		Study	53	36
		Family and other	54	44
		All migrants	46	34
	Non-EU migrants	Employment	31	39
		Study	77	40
		Family and other	73	72
		All migrants	64	56
	All origins	Employment	34	32
		Study	72	39
		Family and other	67	66
		All migrants	57	50
Southern Europe	EU migrants	Employment	32	20
		Study	-	-
		Family and other	59	64
		All migrants	49	52
	Non-EU migrants	Employment	84	86
		Study	63	38
		Family and other	84	80
		All migrants	83	62
	All origins	Employment	76	80
		Study	59	41
		Family and other	78	76
		All migrants	76	76

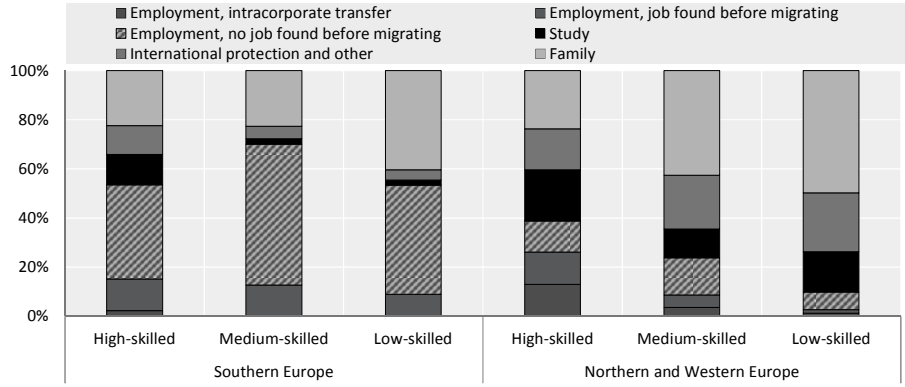
Source: Eurostat Labour Force Survey ad-hoc immigrant module and OECD standardised immigration.

11.7. Sources of skills

If labour migrants are largely the ones recruited from abroad to satisfy specific labour needs in the country, persons entering for other reasons also represent an important contribution to the work force. They may be significant sources of labour for high-skilled jobs and if many of them, as has been seen, are overqualified for the jobs which they occupy, they may be especially productive in these jobs. Indeed, studies have shown that overqualified persons have a wage premium in their jobs relative to other persons of lower educational attainment in the same occupations.

How important are labour migration channels for satisfying skill levels, and in particular, in meeting needs in high-skilled jobs? In Southern Europe, this is very much the case, with some 50 to 70% of recent immigrants in high-skilled jobs having come for employment reasons (Figure 11.7). For high-skilled jobs in Northern and Western Europe, the percentage is not quite 40%, and drops to about 25% for the medium-skilled and barely 10% for the low-skilled. Thus in NWE, family and other migration provide most of the labour for jobs at all skill levels, and more at lower than at higher skill levels. One question of interest then is whether high-skilled jobs which are filled by non-labour migrants are in any way different from those filled by labour migrants and, in particular, by those recruited from abroad. In other words, does recruitment from abroad, often in response to particular labour needs, translate into a manifestly different distribution of occupations held by immigrants recruited in this way, compared to immigrants recruited from within the country, many of whom did not even migrate for employment reasons?

Figure 11.7. Distribution of skill levels by reason for migrating, recent non-EU migrants, Southern Europe and Northern and Western Europe, 2008

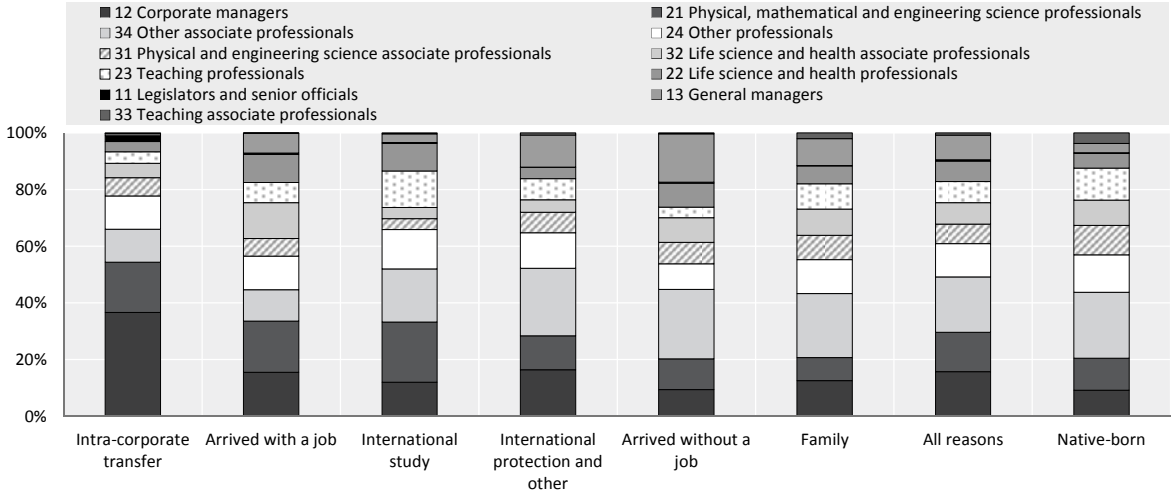


Note: The observed LFS estimates have been adjusted to ensure that the trend for all reasons agrees with that observed in national inflow data.

Source: Eurostat Labour Force Survey ad-hoc immigrant module.

We therefore look at the distribution of high-skilled jobs held by migrants, by reason for migration. A look at this (Figure 11.8a) shows that persons recruited from abroad (excluding intracorporate transfers) tend to be overrepresented among physical, mathematical and engineering science professionals as well as life science and health professionals and associate professionals. On the other hand, they are under-represented among other associate professionals, which include occupations such as business, legal and social science associate professionals, archivists and librarians, writer and other creative associate professionals and religious associate professionals. As expected, corporate managers are strongly overrepresented among intra-corporate transfers.

Figure 11.8a. Distribution of highly skilled occupations, by reason for migration, recent immigrants and native-born persons having completed their education over the previous ten years, 2008



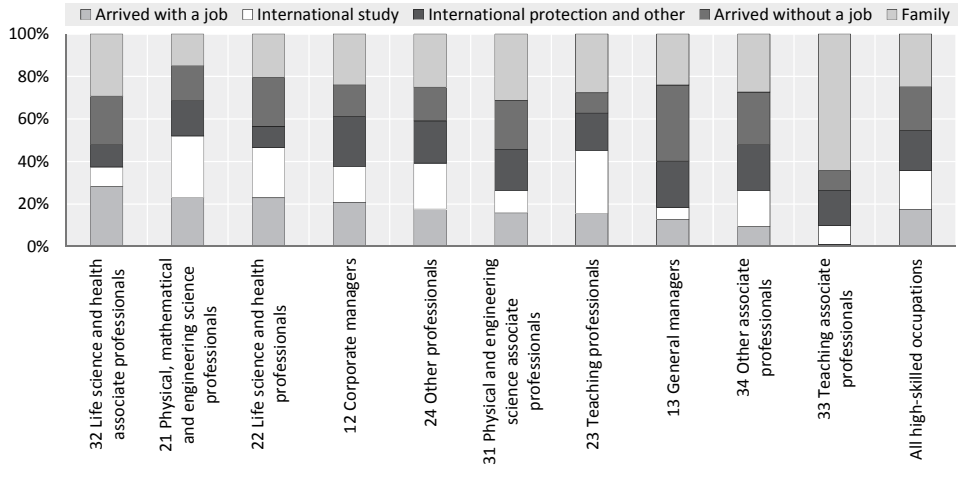
Source: Eurostat Labour Force Survey ad-hoc immigrant module and OECD standardised immigration.

Overall, however, the differences in the occupational distribution between migrants recruited from abroad and those recruited from within the country are not that large. Indeed it would take a reallocation of about 25% of labour migrants recruited from within the country and 20% of family migrants to make their occupational distributions coincide with that of persons recruited from abroad. Thus, at least at this level (two-digit occupation, which refers to the two-digit version of the International Standard Classification of Occupations), which is admittedly a crude one, the jobs for which immigrants were recruited directly by employers from abroad do not appear to differ substantially from those held by immigrants who found work in high-skilled jobs within the country.

By the same token it would take a reallocation of 26% of migrants recruited from abroad and a mere 11% of family migrants to make their distributions of high-skilled jobs by occupation coincide with that of the native-born who have completed their studies over the previous ten years prior to 2008. Indeed the differences in the distributions compared to that of the native-born is smaller for all groups recruited from within the country than it is for persons recruited from abroad. This does suggest a preference or need for certain occupations when recruiting from abroad, but one cannot say that differences are large compared to those recruited from within the country.

In addition, the percentage of high-skilled jobs held by migrants recruited from abroad is a relatively small fraction of all immigrants recruited into such jobs (Figure 11.8b) and this, for all high-skilled occupations (at the two-digit ISCO level).

Figure 11.8b. Distribution of immigrants in high-skilled occupations, by reasons for migrating (excluding intracorporate transfers), EU countries, recent immigrants, 2008



Source: Eurostat Labour Force Survey ad-hoc immigrant module and OECD standardised immigration.

Finally, there does not seem to be much evolution by years of presence in the country in the percentage of persons holding high-skilled jobs, with a few exceptions (Figure 11.9). There is naturally a large increase for persons in the country for study, but only two other groups show progression, namely persons moving for employment and arriving with a prior job in NWE and family formation migrants in SE. All other groups show scarcely any progress over time in the percentage of immigrants holding high-skilled jobs. Because many migrants do not stay on, however, it is difficult to decide whether this is a phenomenon associated with persons who stay on or reflects the effect of persons who have left and who may have held high-skilled jobs to a greater or lesser extent than those who stayed on.

Figure 11.9a. Percentage of persons in high-skilled jobs by reason for migration and years of residence (three-year moving averages), Northern and Western Europe, 2008

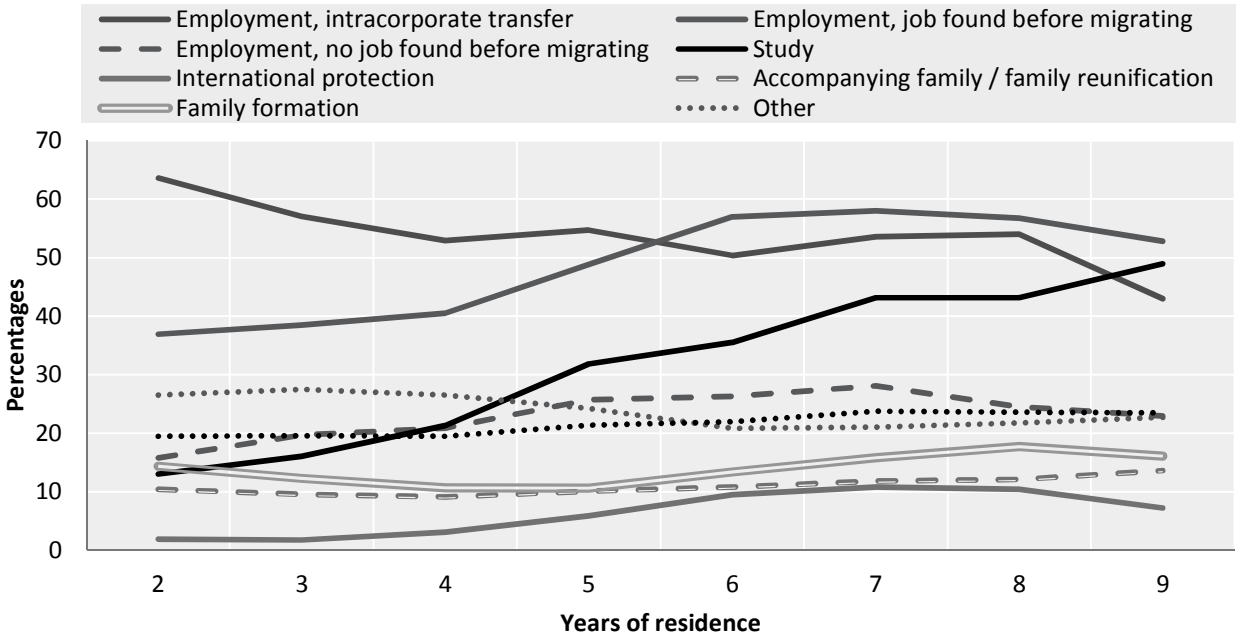
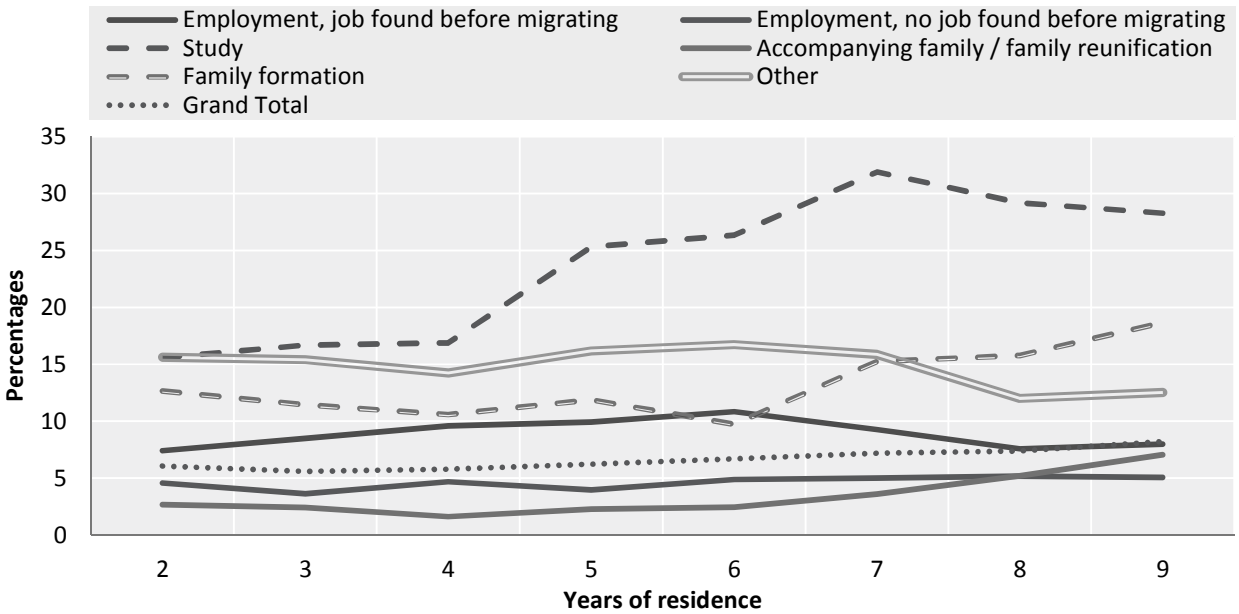


Figure 11.9b. Percentage of persons in high-skilled jobs by reason for migration and years of residence (three-year moving averages), Southern Europe, 2008



Source: Eurostat Labour Force Survey ad-hoc immigrant module and OECD standardised immigration.

11.8. Job-changing among recent international migrants

Many high-skilled labour migrants are in principle hired to fill specific labour needs that cannot be met in the domestic labour market. This may suggest that there is a tighter labour market in these occupations than in others and that immigrant workers may be able to look for and find different employment with better wages and working conditions after arrival, provided their work permit allows them to change employers. On the other hand, employers who have recruited them from abroad have an incentive to keep them, if for no other reason than to recoup the cost of their recruitment. What do the data show in practice with respect to job stability/permanence, by persons who stay on in the destination country?

In Southern Europe, some 60% of employed immigrants, five years after arrival, are still in the same job for which they were recruited or which they found soon after arrival (Figure 11.10). By contrast only 25% of employed native-born workers who completed their studies in the previous ten years are still in the same job they found in the year following the completion of studies.

The situation in Northern and Western Europe is rather different. First 35% of the native-born are in the same jobs five years after completion of their studies. Half of those arriving with jobs and still employed are in the same job as at arrival after five years, but only about 30% of those arriving without jobs have the same employment as the they had shortly after arrival. But the situation in Northern and Western Europe masks an underlying difference. When one looks at immigrants in medium- and low-skilled jobs, the same pattern as that observed in Southern Europe emerges, namely some 60% of immigrants are in the same jobs as at or shortly after arrival. Thus, contrary to what one might expect, immigrants in medium- and low-skilled jobs tend to keep the same jobs much more than those in high-skilled jobs.

These results are striking. They reveal much more mobility than one might have expected among labour migrants, especially if these have been recruited in response to specific labour needs. They suggest that the needs may sometimes be ephemeral or that the hiring conditions were such that the migrant could improve his/her situation by looking elsewhere.

Figure 11.10a. Percentage of workers in same job as in the year of arrival or as in the year after completion of studies (native-born), 2008, Southern Europe

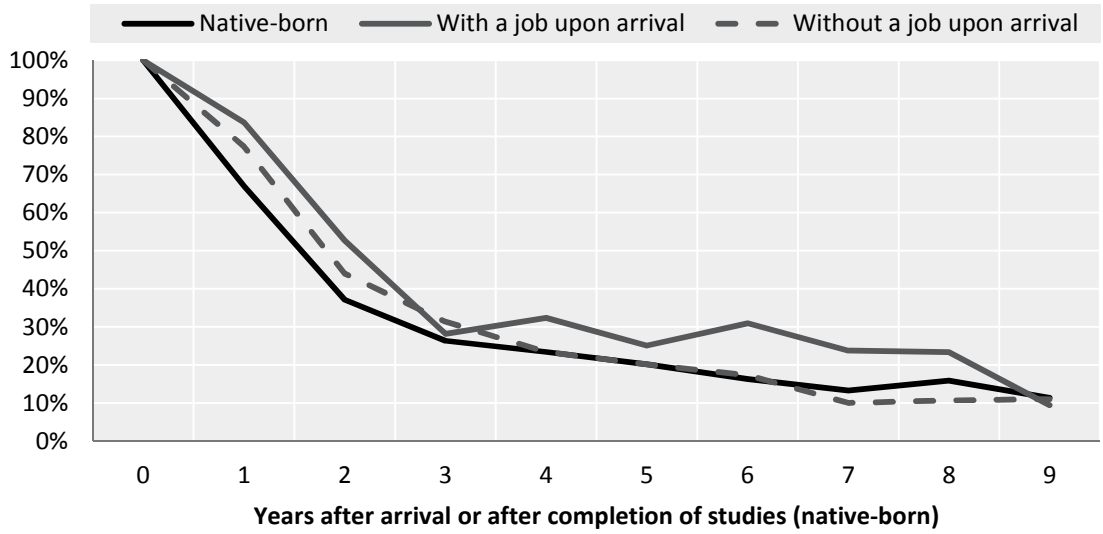


Figure 11.10b. Percentage of workers in same job as in the year of arrival or as in the year after completion of studies (native-born), 2008, Northern and Western Europe

Note: Covers workers 15-50 years of age.

Source: Eurostat Labour Force Survey ad-hoc immigrant module.

11.9. A recapitulation of results from the module

The 2008 immigrant module has been a rich source of information on the characteristics of migrants by reason for migrating and the evolution of their outcomes over time (as proxied by years of residence). It provides quite a number of useful points of reference

which we will recapitulate here. We recall first that these are results that refer to recent immigrants, namely those who arrived in the ten years prior to 2008.

First of all, there is little non-EU labour recruitment from abroad in EU countries, at best 5% of all migration in Northern and Western Europe, plus an additional 4% arriving as intracorporate transfers. In Southern Europe, the percentage of non-EU migrants who are recruited from abroad is about 10%. There is an additional group of self-declared labour migrants, namely those arriving without a job, who are several times more numerous than those recruited from abroad and are especially numerous in Southern Europe, where there have been high levels of unauthorised migration. The exact composition of this group is uncertain; it may consist in part of irregular migrants, former irregular immigrants who were regularised or even of persons who arrived in the country on another status (e.g. tourism, family visit), searched for and found work and stayed on.

The module confirms the far more favourable labour market outcomes of labour migrants, in terms of employment rates, compared to family and humanitarian migrants, whether they were transferred from abroad, arrived with a job or arrived without one. Those arriving without a job have employment rates which are somewhat lower than those arriving with, but there is a tendency for these to converge over time. International students who stay on and enter the labour market after study completion eventually reach employment rates comparable to those of labour migrants. Family and humanitarian migrants, on the other hand, have much lower employment rates which, even after ten years, remain some 15-20 percentage points below those of labour migrants.

One point distinguishes labour migrants recruited in the country from those transferred or recruited from abroad and that is their higher rates of overqualification, which in Northern and Western Europe are about midway between those of other labour migrants and family and humanitarian migrants. Family and humanitarian migrants have very high overqualification rates in general and the situation hardly improves with years of residence in the country. The rates of non-EU labour migrants in Northern and Western Europe actually deteriorate with years of residence, which suggest that job changes for this group are not necessarily towards better employment. International students, as one might expect, show significant progress in employment rates, as they move from student jobs into the regular labour market.

Labour migration is the source of a minority of recent immigrants in employment in Northern and Western Europe and this is as true of immigrants in highly skilled jobs as it is of those in low- and medium-skilled jobs. Persons arriving for international protection and for study each account for some 20-25% of recent immigrants in high-skilled jobs. However, the "yield" of persons in high-skilled jobs and its evolution over time differs considerably across reasons for migration. The only immigrants showing a high yield are those coming for work or study and those showing a significant improvement over time are those arriving for study as well as those who arrived with a job (in NWE). Persons arriving for other reasons show low percentages of persons in high-skilled jobs and little improvement with years of residence.

There do not appear to be large differences in the distribution of high-skilled occupations between persons recruited from abroad and other types of migrants. In other words, at the level at which one is measuring occupations here (two-digit ISCO), there is no strong skill specificity between migrants recruited from abroad and other types of migrants. The two observations one can make is that intracorporate transfers are more often corporate managers than other types of migrants and that persons recruited from abroad and persons who arrived for study are somewhat more often in STEM (Science, Technology,

Engineering and Math) and life science professional occupations and less often in social science-type professional occupations than those recruited in the country. In addition, for all high-skilled occupations without exception (two-digit ISCO level), there are far more recent immigrants recruited in the country into these occupations than from abroad.

In Southern Europe, 60% of labour migrants still present in the country, both those recruited from abroad and from within the country, are in the same job as when they were initially recruited some five years after arrival. This is in sharp contrast to native-born persons completing their studies, only about 25% of whom are in the same jobs they obtained after completing their studies five years before. In Northern and Western Europe, the situation is different. Among persons arriving without jobs and still present in the country and the native-born who have completed their studies, 35% are in the same jobs five years later; for persons arriving with jobs, it is 50%. If one looks at persons in low- and medium-skilled jobs, on the other hand, one observes the same result as for Southern Europe, namely some 60% of workers are in the same jobs as when they arrived five years before.

Finally retention rates after about 8-10 years of EU and non-EU labour and study migrants in Northern and Western Europe are from 30 to 40%, while those arriving for other reasons show retention rates between 55 and 60%.

11.10. Policy implications

Before we begin addressing these, there are a number of issues worth considering more closely.

With few exceptions, European countries have generally preferred an employer-driven approach to recruitment of immigrant workers from third countries, incorporating either facilitated procedures for occupations deemed to be in shortage or a test of the labour market in other cases. This ensures that immigrants arrive with a job and are active participants in the economy upon arrival. However, it does rely on the initiative of employers to recruit workers. In practice, as we have seen, recruitment of workers within the country outnumber those recruited from abroad both because many family and humanitarian migrants enter the labour market but also because there is a certain level of unauthorised migration in every country and many if not all persons in this situation manage to find jobs and to eventually become regularised.

Now one generally assumes that most employers will recruit from abroad if they need to maintain or expand their level of activity and cannot find employers in the domestic labour market. Expansion, however, may be optional for an enterprise and in the absence of needed workers or of workers with the right skills, employers could decide not to expand or to postpone hiring decisions. Indeed in employer surveys in both France and Germany, only a minority of employers (about 20%) indicated they expected to be hiring from abroad in the face of higher vacancies or recruitment difficulties.

Recruitment from abroad may not be the only option open to employers; they may be able to increase working hours of existing employees, subcontract, resort to technological solutions, delocalise, or train existing employees or new hires, although not all of these may be possible or affordable, especially for small businesses.[6]

The recruitment option also presupposes that employers have the contacts, the means and the knowledge to recruit from abroad. The hiring experience of most employers, however, is with candidates on the domestic labour market, most of whom have domestic qualifications and working experience and who, even if they do not, can be directly

interviewed.[7] Few employers will hire a candidate for employment sight unseen, or without some recommendation, whether this be from existing employees, employment agencies or other intermediaries.

In short, the existence of labour shortages does always imply that employers will recruit or attempt to recruit immigrant workers from abroad. The issue then is whether governments have an interest in ensuring that more foreign recruitment occurs and if so, what policies and incentives need to put in place which will induce more employers to do so. Why should governments act if market-based decisions by employers imply a decline in the size of the work force? One reason is that employer decisions do not necessarily take account of possible externalities, such as the effects on the broader economy of reduced hiring by employers. The key question then is whether a demand-driven international migration system alone will result in enough recruitment from abroad to fuel economic growth.

Current explanations for the low level of labour migration in Northern and Western Europe centre on two reasons, namely that Europe is not an attractive destination for highly skilled migrants or that demand is not yet strong enough for employers to have begun significant recruitment efforts. The first of these reasons contrasts the situation of Europe with that of the settlement countries (Australia, Canada and New Zealand) and the United States.

The argument of attractiveness, however, implies that employers are currently making substantial efforts to recruit from abroad and are not receiving any or enough applications. But there is no evidence that this is indeed the case. In addition, the mode of recruitment in the settlement countries is different. Historically, the Australian, Canadian and New Zealand permanent migration systems have been so-called "supply-driven" ones which have not required a job offer. If European countries were to put in place migration regimes of the kind which these countries have had, that is, in which each year it is announced that a certain number of international migrants will be admitted, that they will be selected on the basis of certain specified characteristics, that they need not have a job in order to be selected, that those selected will be admitted with their families with the right of permanent residence and that nationality for those admitted can be acquired within a relatively short period, it is difficult to believe that there would be a shortage of candidates.

There are two qualifications which one needs to make with regard to this statement, however, namely that the settlement countries have a widely spoken international language and have little trouble finding candidates who speak the language, although it is not always an absolute requirement if candidates have enough other favourable characteristics to amass the threshold number of points required for acceptance. In addition, the outcomes of *persons arriving without jobs* in these countries have deteriorated in parallel with the shift of origin countries from largely European ones to countries from outside the OECD area. As a result, all of these countries have strengthened their selection criteria, giving additional points for job offers while increasing possibilities for temporary labour migration and study and, as well, favouring transitions from temporary to permanent status.

Secondly, the comparison with the United States is not necessarily an accurate one, because the United States is perhaps one of the most restrictive country in the OECD with regard to permanent migration channels for highly skilled migrants. It allocates about 70 000 permanent migration spots per year to highly skilled migrants which, on a per capita basis, amounts to fewer permanent-type labour migrants than admits, for example, France. At the same time, however, its principal temporary high-skilled migration channel (essentially the H1B stream, with some 85 000 allocated spots per year, not counting those

for employment by universities and non-profit institutions, which are uncapped) tends to be strongly oversubscribed with spots taken up within a week of the beginning of the fiscal year. During the Great Recession, the take-up period lengthened to about seven months and during the economic recovery of 2002 and 2003, less than 120 000 of the 195 000 allocated spots for those years were actually taken up. In short, even in the United States, demand is not unlimited and failure to exhaust allotments or to reach high level of labour inflows does not necessarily reflect low attractiveness.

If the low level of labour migration in Europe does not then reflect a problem of attractiveness, can it be then that labour needs are not yet strong enough for employers to look beyond their own borders for prospects? There is evidence in a number of countries, however, of growing vacancies in a number of occupations, which are remaining unfilled (OECD, 2007). Even as liberal a migration regime as the new Swedish one has not resulted in a large increase of recruitment from abroad. A review of the situation for Sweden revealed that most recruitment from abroad was by multinationals or other businesses with prior contacts (ethnic businesses) and that recruitment by small and medium enterprises, which comprise the bulk of employment, was limited (OECD, 2007). The conclusion was that many enterprises had little experience with recruitment from abroad and may need assistance in filling labour requirements in this way.

Language may also be an issue. Multinationals often have English as the language of work, and ethnic businesses may require familiarity more with the language of the country of origin than with that of the destination country. In any event, evidence from Sweden suggests that most of the jobs recruited for by ethnic businesses are not generally highly skilled in nature (Pälermo et al., 2012).

It is difficult to imagine that employer language requirements will drop entirely in the face of stronger levels of labour needs. At best, proficiency requirements may weaken somewhat, but language will likely remain a significant obstacle to recruitment in many countries.

It is difficult to provide a definitive answer to whether or not it is insufficient demand, perhaps as a result of the economic crisis, which explains the continuing low levels of skilled labour migration in Europe. It is a question which we will put aside for now, while drawing on the empirical evidence accumulated from the 2008 LFS immigrant module.

The overall conclusions one can draw from these results is that with respect to high-skilled migration, the emphasis which most EU countries in Northern and Western Europe have put on off-shore recruitment and on finishing international students is the right one from the point of view of outcomes. But that retention of migrants in these categories is a significant problem. In addition, it is not certain that these categories of migration will yield enough in the way of volume and that there may be room for encouraging on-shore recruitment.

The results have shown that labour migrants hired from within the country have high employment rates compared to family and humanitarian migrants; in addition, their overqualification rates, although higher than those for off shore recruits, are nonetheless significantly lower than those of family and humanitarian migrants. The one complicating factor about results for this group is that one does not have a very clear idea of its composition. It may include many former or current unauthorised migrants and one would like to be able to draw conclusions regarding legal arrivals who have been hired from within the country, for example, as tourists.

The picture for family and humanitarian migrants remains a depressing one: low employment and high overqualification rates at arrival and shortly thereafter, some progress in employment rates but not enough and little improvement with regard to overqualification. One area where information is lacking is whether the subgroup of family members of favourable recruits (either labour or study) also have good outcomes. If so, then outcomes for family migrants will improve with the increase in the migration of labour migrants recruited from abroad and of study migrants.

The policy implications outlined below are preliminary in nature and focus on third country migration to the European Union. They are discussing the possibility to encourage the retention of successful labour migrants and to increase the volume of highly skilled migration.

11.11. Increasing retention

We address first of all the issue of retention, where we have seen that migrants with favourable outcomes are less likely to stay on than migrants arriving for other reasons.

Results (published in OECD, 2013) indicate that for Europe, relatively few migrants seem to arrive with their families. This was already suggested by the OECD's standardised migration statistics, which showed low levels of accompanying family migration in those European countries where one could measure this, compared to that observed in the settlement countries of Australia, Canada and New Zealand. One would expect accompanying family migration to be more common for highly educated migrants, but it is not clear that this is occurring in Europe; further family migration analysis at the OECD will examine this question more closely, among others.

Although there is admittedly as yet no data to confirm this, it would appear that migrants arriving as a family are more likely to stay on than labour migrants who arrive alone and then assess after arrival the desirability of bringing in their families. In addition, it has been shown that educational assessment results for children of immigrants are better the earlier they arrive in the destination country (OECD, 2012). This would argue in favour of accompanying family migration rather than later family reunification.

On the other hand, low accompanying family migration levels in Europe may be due to the fact that demand-driven systems generally have a shorter interval between acceptance and arrival and the later arrival of family members may simply reflect the time it takes to organise a move, with the worker arriving first and the family later, compared to situations where there is no job offer and there is no time constraint on the arrival of the worker.

In addition to the differences in the method of selection of highly skilled labour migrants by European countries versus settlement countries, there exists one major difference in the conditions of stay, namely the duration of the permit granted upon entry, which is permanent for the settlement countries with fairly rapid access to nationality, but generally corresponds to the duration of the employment contract in European countries.

This is worthy of note, because the message conveyed to migrants and their families in these two cases is clearly very different.

In the settlement countries, the message is that migrants are expected to settle for good and that their residence status does not depend on the vagaries of the labour market and their employment status. In European countries, the message is that labour migrants can stay provided they continue to hold a job, although there is admittedly some flexibility accorded in the event migrants do lose their jobs. The right of permanent residence is

obtained only after immigrants have, in a sense, proven themselves. Under these conditions, migrants may well decide to condition the migration of their family members on an assessment of the long-term prospects in the destination country in the years following arrival.

Although it seems likely that the right of permanent residence upon arrival can encourage families to arrive as a unit and their subsequent retention in the destination country, it is difficult to reconcile this right with a migration system in which a job offer is the principal requirement of entry. The reason is that it grants employers a very strong bargaining chip in the negotiation of wages and working conditions with candidates for migration. In settlement countries, the offer of a job grants applicants additional points, but the applicant must acquire most of his/her points on the basis of other characteristics (age, educational attainment, occupation, resources, etc.). The introduction of the right of permanent residence at entry in a demand-driven system would require a strong verification of wages and working conditions to ensure that they correspond to domestic standards and to avoid possible abuses.

The alternative would be a supply-driven system as exists in the settlement countries, however, more and more, places in such systems are going to persons already in the country on a temporary status or to persons who have prior job offers. In addition, the experience of the settlement countries in recent decades would argue against a system in which immigrants, even highly qualified ones, would be admitted without job offers, at least not without some strong selection criteria.[8] The wages of jobs obtained after arrival of immigrants arriving without jobs are much lower than was the case in the past in Canada, for example, and the percentage of immigrants living in poverty has risen considerably. The one saving grace is that educational outcomes of the children of immigrants continue to be highly favourable, despite the declining labour market outcomes of their parents compared to the past.

In the European countries where supply-driven programmes with no job offer requirement have been attempted in recent years, namely Tier 1 in the United Kingdom and the Danish "green card", the outcomes have not been especially good.

11.12. Increasing the volume of highly skilled migration

This section will address means to increase the volume of highly skilled migration. The section is based in part on the supposition that employers themselves will not necessarily be recruiting sufficiently from abroad by themselves and that the hiring experience of most employers is with job-seekers present in the domestic labour market. We will not be addressing the case of intracorporate transfers in what follows, because multinationals already have a privileged access to a foreign work force, compared to small and medium enterprises with a purely domestic presence.

Shortage lists and labour market tests

The first element to consider concerns restrictions on high-skilled occupations for which recruitment is allowed. The assumption is that these restrictions may in practice be limiting recruitment by some employers. In many countries, there are lists of occupations in shortage, which are used to limit recruitment or to facilitate procedures for recruitment in such occupations. But recruitment is not always restricted entirely to occupations on these lists; jobs in other occupations for which employers wish to recruit from abroad are subject to a labour market test, which may be more or less restrictive, and which involves some attestation or demonstration that domestic or European candidates are not available or

likely to be harmed by a foreign recruitment. In practice, however, the shortage lists appear to play a rather limited role. In the United Kingdom, which probably has the most extensive system for identifying occupations in shortage, only about 15% of work permits granted in 2011 were for occupations on the shortage list; in Denmark it was about 5%. The rest were for jobs in occupations subject to a labour market test (United Kingdom) or exceeding a wage threshold (Denmark).

In addition, for every high-skilled occupation (at the two-digit ISCO level) there were far more high-skilled jobs filled by migrants entering EU countries for other reasons than by migrants recruited into employment from abroad (Figure 11.8b). Finally, over 50% of labour migrants recruited from abroad and still present in the countries of destination were not in the same jobs as those for which they were hired five years after arrival (Figure 11.10). The notion that one is ensuring protection for the domestic labour market by limiting recruitment to occupations on a shortage list or subject to a labour market test would thus appear to be something of a polite fiction, at least when labour needs are measured at the occupational level cited here. What is the rational to restrict labour migration to certain occupations when migrants entering under other modalities are free to enter the labour market without any restrictions whatsoever and indeed, do so in large numbers?

It may be that shortages are more sensibly described at a detailed occupational level, but the limited resolution of data systems, on the one hand, and the ability of employers to adapt job descriptions, on the other, mean that an accurate identification of labour shortages that reflects the reality of the labour market and yields enforceable criteria for restricting recruitment may well be beyond reach.

A better protection for domestic workers would likely be ensured by requiring (and verifying) that wages and working conditions are according to domestic standards, as is (or should be) the case for persons recruited from within the country. How this in practice would be done remains to be determined. In Sweden, job offers are verified by unions, who can express a non-binding opinion on the wages and working conditions specified. No verification of the actual signed contract is carried out, however, so that there is no guarantee that the actual wages and working conditions correspond to those in the job offer. But a verification can be carried out at the time of work permit renewal, and sanctions can be made sufficiently onerous in the case of abuse to be dissuasive. In any event, highly educated workers are generally better placed to defend their rights than are less educated ones, so that a permit which allows workers to change jobs would help to limit abuse.

Controlling numbers

If the granting of skilled work permits is not made conditional on apparent labour market needs, what guarantee is there that employers will not recruit preferentially from abroad rather than hiring in the domestic market and that numbers will not explode?

As noted earlier, where shortage lists exist, recruitment is sometimes nonetheless allowed for occupations not on the shortage list which are then subject to a labour market test. In all countries without exception, however, the number of rejected requests for work permits is a fraction of the total number of work permits requested (OECD, 2007), with "labour market needs" being only one of the possible reasons for rejection. In other words, the number of requests is not substantially larger than the number of permits granted. Perhaps it is the labour market test requirement which discourages applications and numbers would be far higher without it. The Swedish labour migration regime, for which essentially the sole condition for recruitment is that the job offer should respect standard

Swedish wages and working conditions, illustrates that recruitment from abroad does not necessarily expand greatly when subject to these conditions.

The US H1B visa is another particularly instructive example, which although more bureaucratic, is similar in certain ways to the Swedish system, but restricted to highly skilled jobs. The first step in acquiring this visa is for the employer to obtain a labour certification for the position to be recruited for. In order to receive this, the employer must agree to the following:

1. *Wages*: to pay non-immigrants at least the local prevailing wage or the employer's actual wage, whichever is higher, and pay for non-productive time. Offer non-immigrants benefits on the same basis as offered to US workers.
2. *Working conditions*: to provide working conditions for non-immigrants which will not adversely affect the working conditions of workers similarly employed.
3. *Strike, lockout, or work stoppage*: to confirm that there is no strike, lockout, or work stoppage in the named occupation at the place of employment.
4. *Notice*: to affirm that notice to union or to workers has been or will be provided in the named occupation at the place of employment. A copy of this form will be provided to each non-immigrant worker employed pursuant to the application.

In practice, these conditions are in fact fairly similar to the Swedish requirement on wages and working conditions and includes the requirement of a notice to a union or to workers at the workplace. In practice, In recent years, there have been six to eight times more positions certified than they were H1B visas available, which would suggest a large potential for high-skilled immigration were the cap of 85 000 to be lifted. Indeed prior to the Great Recession, all visas were taken up within a week of their being made available. In recent years, however, despite the high number of certifications, it has taken several months (up to seven in 2011) for all visas to be taken up. Employers asking for labour certification thus do not seem to be following up systematically with a formal recruitment request, otherwise the visas would never last for as long as seven months. They seem to be using the certification procedure as just-in-case insurance. As noted earlier, in the early part of the 2000-10 decade when the numerical limit was much higher (195 000), this limit was never attained. H1Bs granted reached 161 000/118 000/107 000 visas, respectively, in the three years (2001-03) when the cap was at this level.

In short even under what would appear to be rather liberal migration conditions and a flexible labour market perceived as attractive by potential immigrants, demand is not unlimited when employers have to respect local wages and working conditions. Some verification of wages and working conditions is undoubtedly still necessary, however, to ensure that employers are honouring their stated commitments.

Finally, if the notion of labour market needs seems to be of questionable value as a criterion for limiting labour migration numbers when no such criterion applies to migrants who enter under other categories and who are a more important supply of highly skilled migrants, it nonetheless may have value in reassuring public opinion that labour migration movements are being regulated and under control.

International students

As we have seen, international students constitute a category of migration which attains relatively high employment rates and low overqualification rates following entry into the labour market after completion of studies. Most countries have already introduced measures

to facilitate job search by international students. Those finding jobs, which generally have to be in an occupation compatible with their field of study, can stay. Retention rates by this group of migrants are estimated to be about 37% after eight to ten years after arrival in Northern and Western Europe. The objective should be to increase this and for this, a further relaxing of the rules for stay should be envisaged.

Note first that overqualification and mismatches between fields of study and occupation are not uncommon even among persons born and entirely educated in the country. Thus for international students with domestic degrees, some flexibility could be allowed here, with no absolute necessity to find work in a field commensurate with their qualifications.

One handicap may be that many international students may be enrolled in English-language programmes, which do not prepare them for entry into the national labour market, except in workplaces where English is the language of work. They will undoubtedly pick up some rudiments of the language by virtue of their presence in the country, but this may not be enough to enable them to work at their level of competence in their chosen field.

Here there a number of policy interventions which might be envisaged? The policy of the Czech Republic of introducing tuition fees for English-language programmes but giving national treatment (US no or low tuition fees) to students studying in the national language is one possibility. The recent Danish experience with the introduction of tuition fees for international students suggests that falls in enrolment as a result of this are only temporary; in Denmark international student enrolment had returned to this previous level within two years.

Studying in the national language presupposes some knowledge of the language, which in many cases may not exist prior to enrolment. Governments would need to subsidise language learning by international students before their formal entry into tertiary education, as is done currently in the Czech Republic and Japan. Learning many of the European national languages, which are scarcely spoken outside their borders, represents a significant human capital investment for international students, so some significant incentives need to be introduced to induce students to go this route. Low or no tuition fees mentioned above are one possibility. The right of permanent residence for international students whose language proficiency exceeds a certain threshold is another. An international student with a national degree and a good command of the national language and undoubtedly some knowledge of the national labour market and work practices as a result of student jobs – there could hardly be a more ideal candidate for permanent migration and there seems little reason not to offer the major incentive which the right of permanent residence constitutes, without any other additional requirement, to persons in this situation.

In-country recruitment

We have seen earlier that labour migrants arriving without jobs tend to have high employment rates and overqualification rates which, although higher than those of other labour migrants, are substantially lower than those of immigrants arriving for other reasons. We have also seen that recruitment from abroad tends to be relatively uncommon and that most immigrants hired into high-skilled positions are recruited within the country.

These results argue in favour of encouraging in-country recruitment of highly educated persons present in the country for reasons other than international study, such as temporary work, exchange programmes, tourism or business visits, etc. In-country recruitment also addresses the problem that for most employers, the only recruitment they know of is that on the domestic labour market, where they can directly interview prospective candidates.

To avoid that numbers go out of control some restrictions are necessary. It might be sensible for example to apply criteria similar to those cited above for finishing international students. Job-seekers who find a job commensurate with their qualifications could obtain the right to stay. Generally one would expect employers would prefer a domestic candidate with domestic qualifications, language proficiency and knowledge of work practices and procedures, so that the hiring of an immigrant candidate should in principle reflect a real need.

For many European countries, finding candidates with adequate language capabilities is going to be a significant problem, so some strong incentives need to be introduced to develop a pool of candidates with the necessary language proficiency. Highly educated persons should be encourage to take language courses while in the country, with clear outcomes (see below) for those attaining minimum levels of proficiency, which should be high enough to make them interesting prospects for employers. These language courses should be publicly funded with candidates encouraged to learn the rudiments of the language before arrival to speed up post-arrival language learning.

Persons attaining a high level of proficiency could be granted the right of permanent residence without any other qualification. For persons with lower levels of proficiency, stay could be conditioned on finding a job within a reasonable time-frame, with the job not necessarily corresponding to their nominal level of educational qualification. Parallel training by prospective employers might be useful in preparing candidates for eventual jobs. As a stay incentive, easy access to permanent residence over a short time-frame could be envisaged.

11.13. Conclusion

The 2008 ad-hoc immigrant module of the European Union Labour Force Survey has turned out to be an invaluable data source for information about labour migration. It has shown, among others, that only a small fraction of migrants are actually recruited as labour migrants from abroad; that far more high-skilled jobs are filled by migrants recruited in the country than those recruited from abroad and this is true for every high-skilled occupation without exception; that retention rates for immigrants having the most favourable labour market outcomes tend to stay less; and that half of highly skilled labour migrants are no longer in the same jobs for which they were initially recruited after five years.

These results have a number of implications with regard to recruitment of the highly qualified. They suggest, first of all, that shortage lists and labour market tests may not be terribly relevant as tools for regulating flows according to needs, essentially because there are far more immigrants entering employment in all highly skilled occupations through other modalities of entry. Protection of domestic workers may best be ensured by seeing to it that wages and workers conditions of first immigrant jobs are according to domestic standards. Current migration regimes in a number of countries suggest that with these requirements, demand for highly skilled migrants will likely be largely self-regulating.

Ensuring greater retention, encouraging migrants to come with their families and inducing potential candidates to learn national languages will require much more significant incentives than are currently offered. For this the right of permanent residence upon entry seems a likely candidate. But its granting should not be indiscriminate. The most likely candidates would consist of immigrants recruited into a high-skilled job, international students completing their studies in the country with a good level of language proficiency and highly educated persons who have acquired a high level of language proficiency. More

generally, the ability to obtain good employment and to demonstrate language proficiency needs to be rewarded far more than is currently the case in most countries.

It seems likely that the low levels of highly skilled labour migration in many European countries have less to do with low attractiveness than with the fact that employers are not recruiting significantly from abroad. Indeed, the lack of suitable candidates for jobs may lead employers to adopt other strategies rather than to attempt to recruit from abroad, especially if they have little experience with this. This may lead to a situation in which recruitment may be suboptimal for the economy as a whole. Governments will need to foster more recruitment of persons already in the country for other reason whether this be international study, temporary work, exchange programmes or even may be tourism and business visits.

Notes

1. In some countries, the labour force survey sample is drawn from the population register and entry into the register is conditional on holding a valid permit. In these countries, the labour force survey sample would not in principle contain unauthorised migrants.

2. The countries covered are Austria, Belgium, Cyprus (see note 3 below), Germany, Spain, France, Greece, Ireland, Italy, Lithuania, Luxembourg, Portugal, Sweden, United Kingdom.

3. Note by Turkey: The information in this chapter with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the "Cyprus issue".

   Note by all the European Union Member States of the OECD and the European Union: The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this chapter relates to the area under the effective control of the Government of the Republic of Cyprus.

4. There are a number of coverage differences which might lead one to expect greater differences than are observed. The module data exclude persons under 15 and 75+. In addition Labour Force Survey data are known to underestimate recently arrived immigrants. Finally, the permit data include changes in status, that is, persons who entered the country under a temporary status, such as international students, and switched to permanent status.

5. Were the measurement to take place shortly after arrival, the employment rates would in principle be close to 100%; the measures here represent the employment situation of persons with up to ten years of residence. Many persons employed upon arrival may have lost or left their jobs thereafter; the measurement here is an average over all years of residence up to ten.

6. In the French Labour Needs Survey ("*Enquête Besoins en Main-d'oeuvre*"), 35% of employers said they would train existing employees, 61% that they would train persons hired from outside the firm and 34% that they would postpone hiring.

7. It was striking that there was no significant wage inflation nor other obvious signs of labour shortages prior to EU enlargement in countries (the United Kingdom and Ireland) which saw significant inflows of EU workers following 2004. Yet many workers from the new member states fanned out over the United Kingdom and Ireland and were able to find employment, many in lesser-skilled occupations for which they were overqualified but where they provided a welcome source of productive labour. In other words, hiring occurred when there was a readily available supply of labour in the labour market and employers saw a chance to capitalise on it.

8. Here it would be instructive to know if persons with proficiency in the language of the country but arriving without jobs are having better success than those with little to no proficiency. This seems very likely.

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