

Managing labour migration is a central element of migration policy in all OECD countries. Labour migration is the migration channel most closely linked to the economic priorities of the destination country, and is also the channel over which governments have the most control in deciding whom to admit, under what conditions and for how long.

No single model of labour migration management dominates. Most OECD countries have seen their policies grow more complex and diversified in recent decades, with different programmes and tools coming into use providing temporary and permanent streams serving a wide variety of economic goals. This continuous innovation aims to improve outcomes, adapt to changing environments, address new issues and even respond to policy changes adopted by other countries.

This Migration Policy Debate outlines a number of innovations in labour migration management as well as their implementation scope. It identifies emerging challenges and provides examples of policies that can address them. It aims to support policy makers in analysing, developing and applying their own innovative approaches to managing labour migration.

How to make Labour Migration Management Future-Ready?

Labour migration programmes need to be flexible and respond to specific needs

National programmes need to serve diverse labour needs in particular sectors, occupations or regions. General programmes may include regional shortage occupation lists or local labour market tests but sometimes need to be complemented by more targeted programmes.

Pilot programmes can test sector-specific solutions and account for temporary needs

Experimentation to cover new groups can take the form of time-limited pilot programmes. Ireland introduced a temporary pilot scheme for workers in the Agri-food sector, while Canada recently announced a pilot programme for the same sector. In the United Kingdom, a two-year pilot Seasonal Workers scheme allows for 2 500 workers annually in seasonal agricultural work lasting up to six months.

Focusing on local communities can diffuse costs and share benefits

Some programmes are allowed in certain sub-regions where needs are greatest, the environment is most conducive to economic integration, or where capacity and interest are high. For example, Japan has authorised certain National Strategic Special Zones to sponsor promising migrant start-up entrepreneurs. Labour migrants may also be offered incentives to enter or remain in rural regions. Korea has a labour migration programme for seasonal workers in rural areas sponsored by municipalities. In Canada, a community-driven programme is aimed at selected economic immigrants in eastern and northern regions of the country. Australia provides incentives to encourage some labour migrants to stay for extended periods in a rural area before they can move to other parts of the country.

New pathways for entrepreneurs

Start-up programmes often require little more than a convincing idea and no income or record of accomplishment to allow individuals to work in the country. Their founders would usually not qualify for an employment-based visa. About half of OECD countries have introduced visas for start-up founders in the last years. In Australia and Canada, start-up entrepreneurs with innovative ideas who secured funding qualify for permanent residency immediately – irrespective of what happens to their company. Poland started offering in 2018 a “Poland Prize” pilot to attract foreign start-up and innovative firms. France now vies to offer the most attractive package with a lump sum for selected nominees and facilitations for family members and staff.

Box 1. How will automation impact demand for labour migration?

Future demand for labour migrants is likely to be concentrated in certain sectors and occupations. This includes a range of jobs, not only at the high-skilled end; caretaking is one example, due to an increasing old-age dependency ratio and a shortage of qualified native-born workers. In domestic services however, robotics and new technologies might partly replace immigrant workers.

Automation in the long run will lead to a stronger demand for high-skilled labour. In the short and medium-term however, as young entrants in the labour market are moving away from occupation at risk of automation, recruitment needs for lower-skilled immigrant workers may actually increase. How fast will this happen? How long is the transition period? Will machines ever replace some types of work? Should recruitment levels and conditions be adjusted? Countries need to ask these questions in order to not merely navigate but design the future.

As mobility increases so does competition between countries to attract talent

Mobile individuals are picking and choosing countries in which to study, work and invest based partly on how favourable the policies are regarding family members and longer-term settlement. Although employment conditions are key to attract talents, migration policies do make a difference. The OECD Talent Attractiveness Indicators show that many countries could improve their ranking by more favourable migration policies for highly-qualified labour migrants.

Reaching out actively to potential labour migrants is important

Most OECD countries have begun to market themselves to globally mobile individuals. An online presence that previously only explained and presented the legislation now undertakes promotion. Websites like Make it in Germany and Workindenmark, and similar websites in Estonia, Sweden and New Zealand, include English-language chat functions and service hotlines, indicating a willingness to invest in marketing. Some countries such as Canada go a step further to market their immigration programmes on social media channels and provide rapid individual responses to specific questions. The Talent Boost programme in Finland includes country brand communications and personalised marketing.

Job-search visas allow qualified talent to search on the ground

A number of OECD countries, such as Germany, the Netherlands and Norway, have or are introducing job search visas that allow particular groups of potential labour migrants to come to the country to search for work. Chile, for example, has created a 12-month visa for graduates of top global universities to seek work, renewable once. If they find a job, they can stay.

Governments may directly subsidise foreign recruitment

When attracting foreign talent is seen as essential, some countries step in to subsidise employers. In Estonia, Enterprise Estonia subsidises firms hiring foreign specialists who had not previously resided in Estonia. The subsidy defrays recruitment and integration costs. Korea introduced various reduced tax rates for foreign high-skilled workers and allows for an optional flat rate on earned income in Korea applied for up to five years from arrival for certain high-skilled foreigners in selected firms.

Ease of status change and retention of a qualified labour force plays a role

Most OECD countries offer extended possibilities to former international students to stay and work in the country upon graduation. This is a key element of the 2016 EU directive on Students and researchers (to allow recent graduates to stay at least nine months to look for a job). A number of points-based selection systems such as Australia, Canada and Korea grant additional points for host-country study experience. In most European countries, years of residence as a student count fully or partially towards residence requirements for naturalisation. To improve retention of labour migrants outside of metropolitan areas, some governments support a whole-of-family approach for settlement, including spousal welcome services.

Future skills needs become less definable

Future selection of labour immigrants may require new forms of assessment of their skills. Today most OECD countries have labour migration systems that select labour migrants based on employer demand (job offers) subject to basic criteria (salary, occupation or education). Admitting migrants on the basis of fixed categories of occupation code and educational certificates have already been giving way to other means of assessing those skills which best predict economic contribution over time.

Flexible selection grids are a start

Points systems, which grant points for different skills, experiences and characteristics, and their interaction, are a current example of a multifactor screening tool. For example, the points system in Canada considers the positive interaction of higher educational degrees with different levels of language skills. To keep these grids effective, an interactive feedback loop between research, evaluation and parametrisation of the labour migration management system also needs to be put in place.

Salary can be an additional indicator

Wage can function as an additional indicator of skills and salary thresholds can substitute complex selection grids. A number of countries run programmes that use salary thresholds as the main proxy for skill needs. One example is the EU Blue Card, where the threshold may be lower when a job is on a shortage occupation list; such lists have been introduced in Germany, Latvia and Luxembourg, among others. New Zealand's Skilled Migrant Category (SMC) uses salary thresholds to supplement the assessment of 'skilled employment' levels. The capacity to quickly adapt this sort of criteria to rapidly changing economic realities is key to success.

Licensing and recognition issues can be addressed prior to selection

Many labour migrants selected for their skills are nonetheless unable to practise in an occupation due to difficulty in professional licensing. One trend has been to shift this process before selection. Policies such as specific temporary visas, as offered by Germany, allow for licensing and qualification recognition in the country prior to finding employment.

Skill development (for origin and destination country) can occur in parallel

To address skill needs notably at middle skill levels, some countries participate in skills development of potential migrants. When destination-country private and public actors step in to support training to meet their own needs, it becomes a partnership. Different cost-sharing structures can support skills development in origin countries ensuring migrants have the skills needed by employers abroad and at home. Such "Skills Mobility Partnerships" might even support return migration or extend training to a group including some who never migrate, benefiting the home country skills pools. Some of these partnerships (e.g. New Zealand and Australia) target temporary migration. Italy has provisions in place to ensure that participants in such partnerships are ensured priority access to a work permit.

Migration policies can contribute to human capital development of the receiving country

Attracting skilled migrants is one means to bring skills and better link countries into a global circulation of ideas and innovation. Knowledge transfer underlies many short-term programmes to attract international talent, such as Korea's Research Fellowships and Brain Korea 21 Programme.

To avoid discouraging employers from investing in their own employees or reducing investment in local training, some countries like New Zealand require training efforts prior to recruitment. Canada requires employers to invest in skill development of the native/resident workforce as part of hiring foreign high-skilled workers. A further approach is to impose a skills levy on recruitment of foreign skilled workers. In the United States and Australia, funds from such levies are devoted to training resident workers.

New technologies can improve matching and transparency but need careful balancing

Current migration systems are designed to deal with a certain type of matching: principally, full time dependent employment by a sponsoring firm. New data technology allows for more transparency in hiring and matching foreign labour to present needs – at least in theory.

Automatic matching platforms to facilitate international recruitments

A number of OECD countries, such as Australia, Canada, the Czech Republic, Denmark, Estonia, Germany, Netherlands, and Sweden, as well as the EU, have in recent years experimented with public web-based portals for job matching, in addition to existing private platforms such as Monster and LinkedIn. New Zealand runs a matching platform (SkillFinder) for people who wish to work in New Zealand. Candidates are filtered by the government and their details shared with employers or recruiters in response to vacancies. When the job-matching platform is linked to the migration management and selection system, governments can assure employers that foreign-born candidates are indeed eligible for immigration. Canada operates an automatic matching tool on its national employment and job-advertising platform (Job Bank). Employers recruiting for positions subject to labour market testing must advertise their position on this platform and invite matched candidates from within Canada to apply for their position.

Simplifying procedures and modernizing infrastructure helps

Modern labour migration systems can do away with paper-based applications and processing. The Employment Permits Online System (EPOS) of Ireland allows applying for work permits online or via a mobile app. It includes functions to submit supporting documentation and pay fees. Similarly, Australia aimed at a clearer and faster online migration processing. In New Zealand, applications submitted for permanent residence on paper include a higher fee than those submitted only digitally. Chile has already eliminated paper applications for permanent residence permits.

Expectations of speed and efficiency are ever increasing

Customer service expectations are high in the digital age. Timing is important: those attracted and selected need to be able to arrive in the country quickly. Employers' needs often arise on short notice and labour migrants can choose to go elsewhere if they face uncertain waiting times to pass migration procedures. Employers may renounce recruitment when the process is long.

Pool-based two-step systems eliminate application backlogs

One increasingly popular approach to reducing processing backlogs is the two-step so-called Expression-of-Interest (EOI) system. An EOI-system builds a pool of candidates who meet eligibility criteria from which the highest ranked labour migrants are picked in regular intervals. This also eliminates backlogs as the government can decide the number of candidates it invites to submit their final application.

Accrediting sponsors and employers allows for fast-track-channels but be mindful of SMEs

To address employers' time constraints, many OECD countries (for example, Hungary, Ireland, the United Kingdom, and Spain) have established a fast-track system for employers and other sponsors that have passed a previous certification process. In Slovenia, a fast track procedure allows registered high-value-added or start-up companies faster recruitment of foreigners. Lithuania runs a list of approved sponsors who may recruit directly without submitting certain documents, including the work permit, to the Migration Department.

Platforms operating one-stop-shops can connect multiple stakeholders

A clearinghouse where multiple stakeholders including governmental agencies, training institutions, employers and labour migrants can meet (physically and virtually) supports matching of supply and demand. Lithuania

offers a one-stop shop for highly qualified immigrants and entrepreneurs for temporary residence permits. France has started a similar one-stop process and priority visa service for international students. The International House in Ülemiste City in Estonia provides foreign specialists with all necessary information and various public services for migration and integration.

Box 2. Will future workers have to migrate?

The entire current labour migration framework is predicated on a concept of residence and regulation of residence status. Non-standard forms of employment such as remote and virtual work are increasing, and this requires adjusted policies not only for attracting labour migrants but also in a range of linked policies such as taxation. What defines work – and 'labour migrant' – is thus becoming more fluid. For example, there is a growing number of "digital nomads", who perform their work in countries other than where they are fiscally resident. If digital nomads are working from one country's co-working space, should they be considered labour migrants? If services are mostly provided by digital nomads or service providers abroad, should the latter have work permits? Should new types of residence permits be considered to accommodate foreigners employed in a third country? Countries need to evaluate what new set-ups are required to regulate migration under such new non-standard forms of employment.

Increasingly complex systems become harder to evaluate and explain

Labour migration systems have to balance many different objectives and keep up with increasingly differentiating labour market needs. Countries often respond to this challenge by creating different sub-classes and tiers of admission. However, this risks creating a confusing patchwork of permits and visas. In addition, instruments available for labour migration management have never been more sophisticated and complex to implement and evaluate.

Safeguard against, and watch out for, possible negative effects

The main benchmark for the success of labour migration programmes – besides the performance of migrants – is that they provide labour and human resources without negative effects on resident workers. While most systems have several layers of safeguards for resident workers, the ability to capture any negative effects allows governments to adjust policy settings. Such effects go beyond wage and employment opportunity

effects, and include whether education and training are still offered, and whether access to labour discourages firms from investing in improved productivity.

Robust infrastructure allows cost-efficient monitoring of outcomes

The Nordic countries have long had the possibility to monitor labour migrant outcomes and impact. Governments are able to link several databases such as immigration and firm-level employment files and conduct longitudinal analysis, to understand what effects migrants can have and what characteristics favour long-term success. Once such a comprehensive infrastructure exists, maintenance becomes easier. Countries have to weigh the advantages of such systems against possible downsides, such as concerns about data protection and the cost of data management.

Information sharing and inter-ministerial co-ordination are key

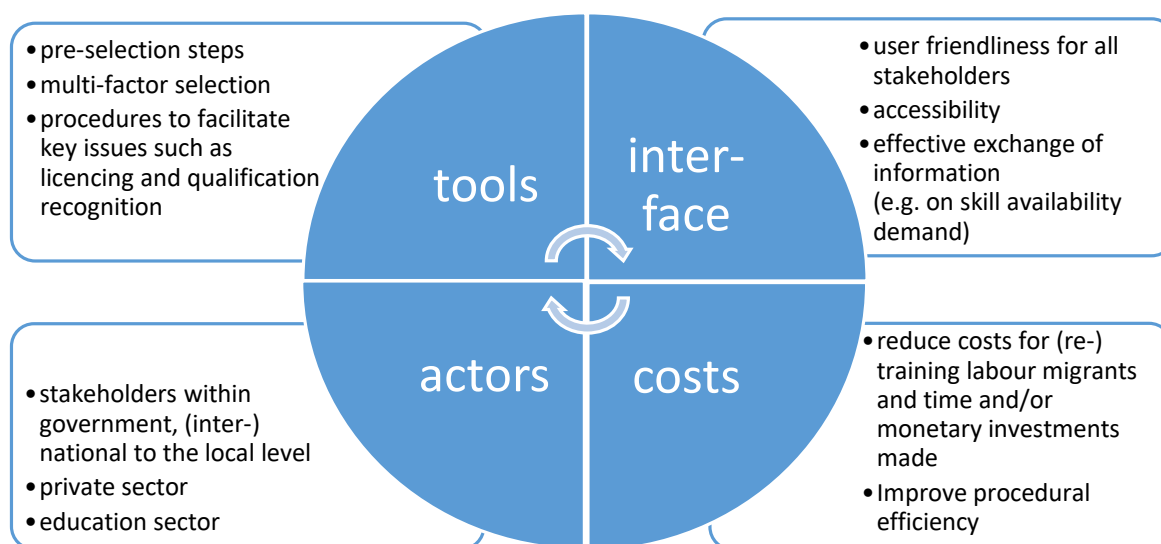
Not all OECD countries have a single ministry in charge of migration policy. While some countries established such a ministry in recent years (Greece had one for about five years), others have extended competencies and upgraded existing bureaus such as in the case of Japan.

Even when there is one ministry in charge, labour migration often involves further jurisdictions, including Ministries of Employment or Foreign Affairs and those responsible for the economy, education and science and innovation. Policy coherence is thus crucial. It requires outlining responsibilities and goals, ensuring commitment at the highest level and providing possibilities for co-ordination and information exchange. In some cases, an inter-ministerial government working group, strategy or plan was developed. This is the case of Korea’s Basic Plan for Immigration Policy, published on a five-year basis and including annual implementation commitments.

Taking inventory of innovation in labour migration management

Taking into account the multiple intentions of labour migration policy, many of the approaches identified in this brief as innovative cut across several parameters. They may affect the tools, interface, actors and cost arrangements. Figure 1 indicates where much of the innovation has occurred.

Figure 1. Where innovation can occur in labour migration management



Conclusion

Changing demography and a very different world of work will change the type of skills OECD countries demand and might call the legislative framework for labour migration into question. With increasing mobility, attracting and selecting the right labour migrant becomes more challenging. At the same time, a growing number of non-standard forms of employment and a rise in temporary migration call for innovative solutions.

Making labour migration systems future-ready requires new and stronger partnerships. Skills Mobility Partnerships with origin countries is one approach. Involving actors at the local level – to spread the benefits and costs of migration throughout the country – and strategically including employers (firms), trade unions and higher learning institutions is another. Partnerships with local authorities can foster retention of labour migrants and their families.

New funding models and monetary incentives such as tax reductions can attract individuals; special grants can compensate costs employers face after hiring labour from abroad. Costs for providing migrants with the right skills can be shared between origin and destination countries, and allow for skill development in the country of origin, under public-private sponsorship.

The one thing certain about the future is change. Making migration systems future-ready, regarding changing supply, demand, unknown skill needs and new policy priorities, means investing in their adaptability. Many of the policy responses identified in this brief allow continuous adjustment and incorporation of innovative practices in order to ensure that labour migration can be effectively managed through future evolution.

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