

There is heated debate in many OECD countries over what type of migrant, and how many of them, should be allowed to enter to work. Approaches vary enormously, reflecting the diversity of countries' economies and labour markets as well as the objectives of their migration policies. Yet understanding what other countries are achieving is important for policy making.

This edition of **Migration Policy Debates** looks at the latest developments in policies for managing labour migration and at how they can evolve to meet the complexities of today's migration landscape.

Who should be admitted as a labour migrant?

Every OECD country has some form of labour migration to meet skill needs – from high-level to low-level skills – and to support economic growth. Even so, there is often public concern over its impact on the domestic workforce and on incentives for firms to invest in native workers' education and training. Countries seek to meet these concerns through safeguard mechanisms, but getting these right is not always easy. One complication is that labour migration policies may have to respond to objectives that go well beyond labour markets. There is no perfect recipe for managing labour migration. Yet there are some clear lessons to draw from recent experience and from the evolution of policy in OECD countries.

Key policy principles for managing labour migration

Develop a clear framework for labour migration

Migration serves multiple goals, not just ensuring a supply of workers. Meeting these goals involves choices and trade-offs. Policy makers should communicate these clearly to the public. They should also ...

- *Take into account the effect of labour migration on domestic labour market, education and training.*
- *Ensure visa categories take account of the many ways that migrants can transition from temporary migration to permanent stay.*
- *Ensure labour migration objectives are based on the reality of changing labour demand. Also, build flexibility into tools.*

Assemble a policy toolbox with a range of instruments for different objectives

- *Design labour-market tests and shortage lists to reflect the reality of how vacancies are filled.*
- *Pilot job-search visas, but with the knowledge that not all would-be immigrants will find work and those who do not must leave.*
- *Introduce matching tools to complement the market for regions, occupations and employers.*
- *Work with potential origin countries to promote relevant language and vocational training.*
- *Curb illegal migration by considering legal recruitment channels – including bilateral agreements and post-entry follow-up – for occupations where illegal employment is a problem.*

Improve management of admission criteria and adopt a dynamic approach to migration management

- *Use skill thresholds for migration that take account of migrants' full spectrum of skills.*
- *Use salary thresholds as a proxy for skills where other means of verification are inadequate.*
- *Calibrate points-based systems based on hard evidence of what contributes to immigrant's success.*
- *Evaluate programmes to inform public debate and design better policies.*

Modernise service infrastructure

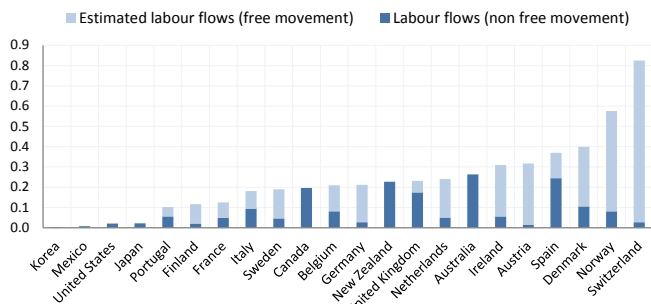
- *Rationalise procedures, focus delivery on the customer, ensure trained staff, and signpost information.*
- *Make pathways and chances of transition transparent and upfront for both migrants and employers.*
- *Deploy efficient online technologies to minimise burden on migrants and administrative staff.*
- *Impose proportionate costs on employers and migrants for client services and use revenues to improve capability for processing and decision making.*
- *Ensure compliance mechanisms are in place especially for employers dealing with vulnerable workers.*

All countries get labour migrants

At first glance, the numbers of people arriving in OECD countries with the intention of settling permanently to work can seem quite low. In 2012, they accounted for only 16% of total permanent flows, around 600 000 people.

Permanent immigration for work represents just a part of the inflow of migrants who come to OECD countries

Permanent immigration, for work and free movement for work, into selected OECD countries, % of the population, 2012



Note: Half of free movements are estimated to be employment related for EU countries. Exceptions where data are available: Sweden (52%), Denmark (65%), Switzerland (66%) and Norway (66%). For Australia and New Zealand, no estimates are available, and free movement is not shown.

However, the figure becomes much higher once employment-related **free movement** is included – in Europe, it even doubles. On this basis, total labour migration is estimated on average at above 0.2% of the total population of OECD European countries, and is higher still in Norway and Switzerland.

In addition to permanent migrants, there are also significant movements of **temporary labour migrants**, including seasonal workers, staff transferring within multinational companies, people on working holidays and researchers. In total temporary labour migration is estimated at roughly 2 million in 2012.

It is important to note that such temporary labour migrants often become permanent migrants. Most labour migrants start with a temporary authorisation for employment that eventually becomes permanent. This is known as **two-step migration** and is now the norm in most countries. This is true in Europe, where migrants' rights typically increase with duration of stay, but it is also increasingly true in the traditional settlement countries – Australia, Canada, New Zealand and the United States. In the United States, for example, around 89% of employment-based Green Cards in 2012 are issued to migrants already in the country.

Why is labour migration difficult to manage?

Managing labour migration is difficult because it operates in an area of constant change – both in the skills and characteristics of migrants themselves and in society and the wider economy. Complicating things still further is the need to make policy trade-offs between the various goals of migration policy and to take account of contradictions in the debate and discussion surrounding labour migration:

Changing face of migrants: The number of tertiary-educated immigrants increased by more than 70% in the past decade alone, and there are now 31 million such immigrants in the OECD. Countries of origin are also more diverse, with Asia gaining importance. In Europe in 2012, the number of people migrating between EU countries exceeded the number coming from outside the European Union for the first time. Migration is also becoming more feminised – more than half of migrants in OECD countries are now women.

Economic and other uncertainties: Migration movements can be affected by economic, environmental, geopolitical, security and public health crises. These crises can greatly complicate the task of managing migration in an orderly and safe manner.

Policy trade-offs: Migration policy must serve labour market needs, but it must also address other goals, some of which may prove to be contradictory. For example, allowing the hiring of highly skilled workers for specialised occupations may contradict efforts to reinforce domestic skills and training. Hence making the trade-offs and achieving policy coherence is as critical as it is difficult.

Recruitment paradoxes: Discussion around the hiring of labour migrants does not always match reality. For example, while there is much talk of global competition for talent, the reality is that most foreigners – even the highly skilled – are recruited from locally available migrants. Equally, while policy has focused largely on high-skilled workers, employers increasingly report demand for medium skills. More generally, despite the attention given by public opinion to labour migration, it only accounts for a small share of all migrants entering employment.

Public opinion: International migration is a sensitive issue. Yet, well-managed labour migration may find greater public support than other forms of migration, especially when framed as aiding economic growth. It was this sort of approach that allowed Spain, Sweden and Germany to implement policy changes favouring labour migration in the past decade.

There are many ways to select migrants

Managing labour migration is not merely a question of how much to open the door. Decisions must also be made on how best to safeguard local employees, who to admit and for which skill needs.

How to safeguard local employees? Migration policy must strike a balance between giving local workers a fair chance to fill vacancies and responding to employer needs. Countries have a range of responses. Most use some form of labour-market test, which requires employers to try to find a local worker to fill a post before recruiting from abroad. However, many balance this test with a skills-shortage list, which exempts certain kinds of job from the labour-market test. Countries also continue to use numerical limits, in the form of caps and quotas, to regulate the entry of migrant workers so that they do not crowd out local workers. When selection mostly passes through employers, governments can impose employer sponsorship requirements.

Who to pick? Typical criteria for selecting would-be immigrants include some standard of skills, qualifications and experience. But using educational criteria can be problematic because of the difficulty in evaluating or recognising foreign qualifications. As a result, alternative indicators are used, such as wages. The EU Blue Card is based on a threshold of 1.5 times the average national salary, with adjustments to take account of the fact that younger workers typically earn less.

Settlement countries, such as Australia, Canada or New-Zealand, typically use points-based systems to select skilled permanent migrants. This approach, first introduced by Canada in 1967, is now a feature of migration systems in around ten OECD countries. In itself, a points-based system is simply a way to apply multiple, variously weighted criteria, and is not a guarantee of selecting or favouring the most promising candidates. This is one of the reasons why today, points-based systems often prioritise job offers over other criteria.

Recently settlement countries have added a second layer to this selection process, the **Expression of Interest**. This invites candidates who pass the basic points test to apply to enter a pool of potential candidates. Since there is no obligation to process all requests, the system prevents backlogs. Criteria can be changed, so the Expression of Interest facilitates greater selectivity over the type of migrant and how many are chosen at any given time. These systems also reflect a greater shift towards a requirement for would-be migrants to have job offers. A further innovation is to link approved candidates to job vacancy registers for employers to choose from, as in the Australian SkillSelect system.

However, it is worth noting that some European countries are now also offering time-bound job-search visas to a limited number of qualified candidates.

Which skill needs? Not all labour migration targets solely high-skilled workers – some OECD countries have provisions for foreign workers in medium- and low-skilled occupations. Some do not even apply a skill threshold, and instead base admissions on employer demand balanced with safeguards like labour-market tests or numerical limits. Germany and Canada have recently developed provisions for medium-skill workers, especially for trades requiring apprenticeships, where shortages are expected.

Seasonal-work programmes, such as in agriculture and tourism, are usually designed with limits in light of the large potential supply abroad. **Bilateral agreements** appear especially effective to build compliance and worker protection into temporary seasonal work programmes that can admit vulnerable workers. Multi-year programmes in less skilled occupations, especially domestic work and eldercare, may also work better when bilateral agreements with origin countries are used for selection and management.

Temporary labour migration has also seen numerous changes, although in some countries more than others. Today's less skilled programmes are far from the guest-worker programmes of the past. Many origin countries have become active partners, and migrants themselves are better informed. The sectors of employment have changed as well, changing the nature of language and training requirements.

Ensuring a pool of potential skilled migrants

Not all countries have the luxury of picking from a large pool of potential skilled migrants. Not all employers are well connected to the global labour market.

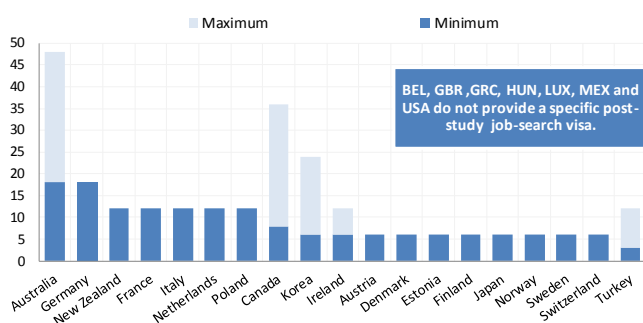
In labour migration programmes where a job-offer is required – i.e. the bulk of labour migration – **employers** are the gatekeeper. Where skills needs are going unmet due to employer unfamiliarity with labour migration channels, job matching, job fairs and similar services can play a role.

For many countries, language skills are the single largest barrier for businesses trying to draw on a global talent pool. In that case there is a space for public involvement in supporting language infrastructure in the country of origin and helping employers arrange workplace language training once migrants have arrived.

For certain skilled migrants, some countries “roll out **the red carpet**,” which can include easing the pathways to residence and family reunification.

Selecting labour migrants may even start before people enter the workforce. Selecting from **international students** has emerged as a new channel for potential labour migration. This makes sense as these students are likely to know the local language and there is no uncertainty regarding their qualifications. Almost all countries allow some level of participation in the labour market while studying and many support post-study job search – varying between 3 months to up to four years as in the case of doctoral students in Australia.

Many OECD countries now allow foreign students a window in which to try to find work after graduation
Minimum and maximum duration in months of job-search periods for post-graduate schemes, 2014



Yet policy frameworks and tools selection are not always keeping up

Yet despite these changes, policy tools are not always keeping up. This is unsurprising: In a number of OECD countries, the political debate on migration has become so heated that structural changes in labour migration policy are almost impossible. At best policies are adjusted without overturning the overall policy framework, resulting in inefficiencies that – paradoxically – may reinforce the public’s feeling that migration is not well managed.

Taking account of the economic and social costs, OECD countries can **ill-afford to get migration policy wrong**. With economic conditions and labour markets evolving rapidly, and against a backdrop of rapid demographic and geopolitical change, there is a real urgency for countries to clearly articulate their objectives, continuously monitor and evaluate priorities and outcomes and adjust policy tools and processes accordingly. As in other areas of government, modernisation of infrastructure, data management and customer service interfaces should not be neglected.

In short, **dynamic management** should be the standard for countries that want to manage labour migration sensibly with a view to attracting and retaining the migrants they wish for in a complex and competitive global environment.

References

OECD (2014), “Managing Labour Migration: Smart Policies to Support Economic Growth”, *International Migration Outlook 2014*, OECD Publishing, Paris, http://dx.doi.org/10.1787/migr_outlook-2014-en.

Contacts

Jean-Christophe Dumont (OECD International Migration Division)

Email: jean-christophe.dumont@oecd.org

Tel: +33 1 45 24 92 43

Jonathan Chaloff (OECD International Migration Division)

Email: jonathan.chaloff@oecd.org

Tel: +33 1 45 24 18 49

Sankar Ramasamy Kone (OECD International Migration Division)

Email: gunasankar.ramasamykone@oecd.org

Tel: +33 1 45 24 75 83)

Useful links

www.oecd.org/migration

This paper is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and the arguments employed herein do not necessarily reflect the official views of OECD member countries.