



Satisfying Labour Demands in Mid- and Low-Skilled Occupations through Immigration

Dr Katerina-Marina Kyriari, Lecturer, EIPA Maastricht
Eleni Roidou, external Research Assistant to the IOM LINET study

37

The purpose of this article is to explain the importance and necessity of satisfying labour demands through the migration of less-skilled workers. It will also argue that more work is needed to anticipate labour and skill shortages and will examine ways of better identifying the role of mid- and low-skilled migration in filling such shortages.



Introduction*

The regulation of labour migration is one of the most controversial public policy issues. Although there is a general consensus on the benefits gained from highly-skilled immigrants, policies concerning the admission and stay of semi-skilled and especially low-skilled immigrants continue to provoke disagreement in the academic and political world. Subsequently, current national immigration models seem to be built around a strict distinction between attracting highly-skilled workers for eventual permanent settlement, and treating less skilled immigration as a purely temporary phenomenon.

However, in most European Union (EU) countries the majority of the migrant population is employed in low- and mid-skilled occupations. It is striking that in Spain, the percentage of third-country nationals (TCNs) in low-skilled occupations is well above 50%¹. Regarding migrants in mid-skilled occupations, Lithuania is the country with the largest share of TCNs in these types of occupations (80.5)². In absolute numbers, Germany holds the lead since 1,054,000 TCNs work in mid-skilled jobs³. In Ireland (51.9%)⁴, Malta (51.5%)⁵, Austria (46.5%)⁶, Luxembourg (49.3%)⁷, Italy (55.2%)⁸ and the Netherlands (49.7%)⁹, approximately 50% of employed TCNs hold mid-skilled occupations.

At the same time, some types of work are predominately carried out by migrant workers. In Ireland, non-Irish nationals constituted 32% of all chefs in the country and 38.6% of those working in food preparation trades in 2010¹⁰. They also made up 18.9% of all travel and flight attendants, 15.5% of plasterers, 14.8% of care assistants, and 20.9% of childcare workers¹¹. In Slovenia, almost half of all migrant workers are employed in construction (41%)¹², whereas in Greece, foreign workers accounted for almost 45% in the same sector¹³.

It is therefore clear that restrictive migration policies may contradict the actual needs of the labour market. The combined effect of demographic decline and the increased education levels of younger natives is to effectively reduce the supply of workers for lesser skilled jobs in the EU countries. Adding to the problem is the fact that many suitable native candidates no longer apply for specific occupations despite the economic crisis. Hence, receiving migrants with skills which correspond to EU needs could be a response to labour and skill shortages.

Defining skills and indentifying labour shortages

Skills are often credentialised and obtained through the national educational systems, specialised training, courses, etc. Nevertheless, credential systems vary significantly between countries, thus making the distinction between 'low' and 'semi-skilled' quite difficult.

On the one hand, there are credential systems which are organised around the skill level of the worker such as the International Standard Classification of Education (ISCED).

Nevertheless, while the classification of educational programmes by level should be based on educational content, it is clearly not possible to directly access and compare the content of the educational programmes in an internationally consistent way. On the other hand, there are systems such as the International Standard Classification of Occupations ISCO-08 which are organised around the educational level required to competently perform the tasks and duties of a specific occupation. Yet, there are cases for which data is not adequate to capture skills required for work. Thus, many jobs are falsely characterised as low-skilled while others can hardly be defined.

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The adequacy of formal qualifications to capture skill requirements is regarded with scepticism which is demonstrated in the employers' demand for experience. The 'inadequacy' becomes more apparent when one realises that 'soft' skills and other characteristics such as demeanour, accent, style and physical appearance and everything that may make a potential worker 'look and sound right' for the job are not included¹⁴. Soft skills can be transferred across occupations (instead of being specialised) and share one characteristic: there is no standard procedure for measuring or certifying proficiency¹⁵. Soft skills include problem solving and the ability to work in a team and are particularly important in sectors where social relations with clients, customers and service users are of high importance for the delivery and quality of the work. Therefore, the increasing reliance on soft skills makes it complex to draw strict lines between high-, semi- and low-skilled jobs and workers.



The lack of a sole definition of the term 'skill' make things complicated when it comes to identifying labour and skill shortages. A labour shortage means that demand for labour exceeds supply at the prevailing wages and employment conditions. Therefore, if we take into account that all types of jobs require some skill, even limited, then any kind of inability to fill that job could be described as a skill shortage¹⁶. Regulating thus labour migration becomes difficult as policy makers are divided between those who point out the need for migrant workers to fill labour and skill shortages, and those who consider immigration as a way for employers to find cheap and exploitable workers, instead of improving wages and employment conditions.

There are three basic approaches to identifying skill and labour shortages and therefore, define the demand for migrant labour:

- occupation lists,
- employer needs' analysis,
- quotas;

Most EU Member States use a mixed combination (see table).

Countries	Methods used to Identify Labour and Skill Shortages		
	Occupation Lists	Employer Needs Analysis	Quotas
Austria	X	X	X
Belgium	X	X	
Bulgaria		X	
Cyprus		X	X
Czech Republic		X	
Denmark	X		
Estonia		X	X
Finland	X		
France	X		
Germany	X	X	
Greece		X	
Hungary		X	X
Ireland	X	X	
Italy		X	X
Latvia	X		
Lithuania	X	X	
Luxembourg		X	
Malta		X	
Netherlands		X	
Poland	X	X	
Portugal			X
Romania			X
Slovakia		X	
Slovenia		X	X
Spain	X	X	X
Sweden		X	
UK	X		X

Source: EMN Report, 2011 and IOM (LINET) Country Reports, 2011

Occupation Lists

A number of countries create lists of occupations where skill shortages exist but the content and format of these lists varies significantly. In Belgium, for example, such a list is only used to grant work permits to citizens of the new EU Member States, such as Romania and Bulgaria. In France, the list is the result of cooperation among different ministries¹⁷ whereas in Spain, the Special Catalogue of Vacant Jobs is developed by employment agencies with the participation of regional governments¹⁸. In Ireland, there are two lists: 1. the list of occupations ineligible for new work permits¹⁹ and 2. the list of strategic skill shortages²⁰.

Employers needs' analysis

Labour needs can also be pointed out by the employers. In Slovenia, after an employer declares the vacancy and

specifies the working conditions, the Employment Service has to investigate if national workers are eligible. If they are, the TCN application will be rejected. In Greece, employers must each year invite TCNs personally and submit an application either to the municipality or the company's headquarters.

In each region there is a committee responsible for the approval of the applications, which considers if specific job positions cannot be covered by natives, EU citizens or TCNs already legally residing in the country. The shortage in domestic labour force is confirmed by the Manpower Employment Organisation and at the end of the year a Joint Ministerial Decision is issued listing the approved job positions in each region for the following year²¹.

Quota system

In many EU countries a quota system is in place. In Cyprus, there is a quota system for each sector and the country as a whole. For instance, there is a compulsory quota of 30% for all businesses, and a labour market test is necessary as to ensure that no Cypriot, EU national or national from the accession countries is interested in the vacancy²². In Portugal, the contingent of occupational needs for TCNs is set annually based on an analysis of the labour market needs by the Ministry of Labour and Social Security²³. In Austria, quotas are set for each Federal State. Settlement regulations established on an annual basis indicate the maximum number of work permits²⁴. Only if unskilled labour supply does not suffice, will measures be taken to include unskilled workers in the list of TCN immigrants²⁵.

Labour and skill shortages

The basic economic approach implies that in a competitive labour market, where demand and supply of labour are mostly determined by the price of labour, most shortages are temporary and are eventually eliminated by rising wages which increase supply and reduce demand. In practice, however, labour markets do not function this way and labour prices can be 'sticky', critically dependent on the reasons behind labour shortages, which may include sudden increases in demand and/or inflexible supply.

Hence, in order to fully understand and overcome labour shortages two variables must be taken into account:

- The foundations of staff shortages, including the factors affecting employer demand and labour supply in relation to the local labour markets and within a particular social context.
- Alternatives which employers may have when responding to perceived labour and skill shortages and the reasons which limit them.

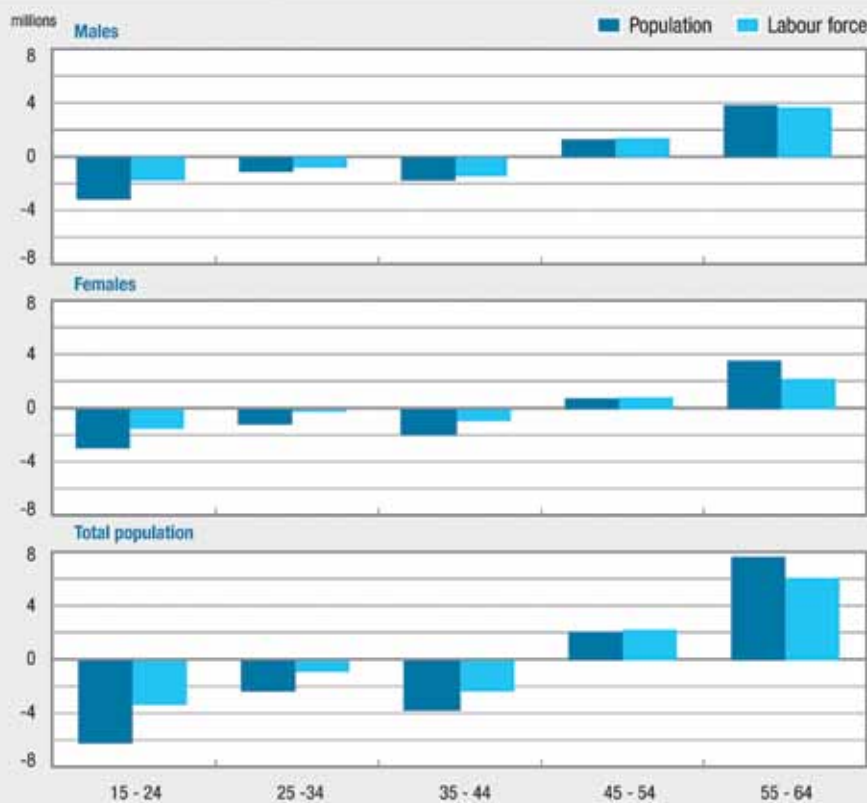
Foundations of Labour Shortages in Semi- and Low skilled Occupations

a. Demographic Developments

Demographic developments and in particular the ageing population are a major challenge for European labour markets as they will be faced with a declining or stagnating working age population, at current migration levels.

As the graph below demonstrates, in the years to come only the number of those being 45-54 and 55-64 years old is expected to increase. Of course, this does not imply a decline in the need of workers. Indeed, forecasts for selected OECD countries highlight the expected growth of some low skilled sectors including food services and preparation, retail sales and customer services, personal and home care aides, construction and transportation²⁶.

Figure 1: Changes in population force by age, 2010-2020, EU 27



Source: CEDEFOP, Skills supply and demand in Europe Medium-term forecast up to 2020 (2010, p. 39)

But even when total employment in specific sectors is expected to decrease (for example because many low-skilled jobs have moved to low-waged economies or because of computerisation), the ageing labour force could result in an increase in the demand for labour force as the number of the retired workers may be greater than the reduction in jobs.

b. Increased Access to Education

The European labour force aged 15+ with low-level or no qualifications is expected to fall by around 15 million between 2010 and 2020²⁷. Because of the increasing education levels of younger natives, the low-educated labour force is ageing rapidly and sometimes even faster than the overall labour force. Moreover, if the gender aspect is considered, the rising educational and participation level of women will lead to further labour demand in the so-called 'household production substitution activities' which among others include cleaning, childcare, food preparation and even care for the elderly²⁸.

c. Unwillingness to accept certain positions

Native workers, even when they have the required skills, are occasionally difficult to attract for a number of reasons. One cannot just simply assume that anyone will be able or would like to do any job anywhere. The factors which prohibit local labour force from taking up specific jobs mostly derive from the nature of the work, its temporal configuration, location, little opportunity for personal development and low social status²⁹.

Ways to meet Labour Shortages

The above issues raise the question of how and where the labour market demand can be satisfied. At an individual level, employers may respond to perceived labour and skill shortages in different ways. These may entail increasing wages and/or improving working conditions, investing in training and up-skilling of the domestic workforce or adopting more labour-intense production technologies. Nevertheless, system effects that come from the institutional structure and regulatory framework of the national labour market as well as from wider welfare and public policies make employers reluctant to pursue different responses to shortages other than recruiting immigrants³⁰.

a. Improving Employment Conditions / Increasing Wages

Even though improving employment conditions or increasing wages may encourage the unemployed or the inactive to accept particular jobs, mechanisms of support may be required so as to compensate for the effects of long-term unemployment or inactivity and the constraints of caring responsibilities. Moreover, employers may avoid

this kind of response to labour shortages due to profitability concerns and in some cases about being priced out of the market.

b. Training

Training cannot provide a solution to short-term labour demands, for which employers must select from the current labour pool. Meanwhile, oversupply in short term could risk newly qualified trainees leaving, thus exacerbating longer-term shortages. In general, training is considered to be a risky investment for employers as free-riding and poaching of trained labour may become serious problems. In cases where the work is highly specialised or the training is a lengthy procedure one should question who is responsible for the training, the employers or the state?

c. New Technologies

An employer's decision to change the labour intensity depends partly on the available factor supplies. Employers who face an abundant supply of labour are expected, *ceteris paribus*, to adopt more labour-intense production technologies than employers operating in an environment

of labour scarcity. But even in cases where employers operate in an environment of labour scarcity, one should consider that the costs of technology are fixed and borne by the employer. Therefore, if the demand is unstable, it may be more profitable to use labour as the variable factor of production since the costs of being idle are carried by the worker. Furthermore, even though mechanisation may reduce the demand for labour, the remaining jobs can be less attractive to native workers. They might also require an increased supply of skilled labour force which is not immediately available in the current national labour pool.

d. Immigration

Using the migrant labour force includes a variety of direct advantages for employers. Many times employers, because of their individual prejudices or inadequate information about the personal characteristics and attributes of individual applicants, choose employees based on a variety of criteria such as gender, age, race and nationality. This 'national stereotyping' in the recruitment of labour is affected by the workers' expectations about wages and employment conditions as well as by their 'work ethic' and productivity. Employers are aware of the economic and other trade-offs that migrants are willing to make by tolerating wages and employment conditions that are poor by the standards of their host country, but higher than those in their countries of origin. At the same time, existing studies often refer to employers' comments concerning migrants' perceived superior 'attitude' and work ethic. 'Work ethic' encompasses a range of factors related to the employers' subjective needs and job requirements. The explanations behind immigrants' higher 'work ethic' stem from migrants' frames of reference and their willingness to do the job on the employers' terms. Additionally, migrants are less likely to be trade union members and their family and social network is rather limited, thus making them able to live on-site or work anti-social and long hours.

The preference towards immigrants also has its origins in the characteristics and restrictions attached to their immigration status. Immigration policies include a range of different types of status such as work-permit holder, student, working holiday-maker, and dependent. Each of



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these types is associated with specific rights and restrictions that cannot be imposed on citizens and may give rise to a specific demand for particular types of migrant workers. Whenever faced with difficulty in finding or retaining workers in certain jobs, employers may prefer workers whose choice of employment is restricted, as it is usually the case with recent arrivals and migrants on temporary visas. Immigration requirements may make it

difficult for migrants to change jobs, while enforcement of the equal treatment principle and access to state social benefits is often disregarded in the framework of seasonal employment. It is thus clear that the narrower the options for the workers are, the wider the possibilities are for the employers to apply unfair standards regarding performance, conditions and terms of work, facilities and labour security.

As supply and demand do not match, it is important to have transparent job markets so that employees and companies can make best decisions possible.

Conclusions

Changes to legal framework conditions can facilitate a welcome culture but cannot ultimately anchor it. Greater acceptance on the part of society and the integration of foreigners will be needed, which can start with countries' clear identification as migration ones. Furthermore, long-term benefits for the host society and migrants depend on the extent to which migrants can find a job in line with their educational attainment and skills equally to native workers. In a study on over qualification by the OECD it was found that regardless of the level of education, migrants face the risk of being employed in low-skilled sectors for a number of reasons³¹. These can be summarised as: a. discrimination, b. language problems, c. difficulties in the transfer of credentials, - little or no information or knowledge about the validity of academic or occupational qualifications, and d. the distrust of employers in recognising degrees obtained. In this context, the European Credit System for Vocational Education and Training (ECVET) has an added value as it helps employers to understand qualifications achieved abroad as well as improving the credibility of international education and training experience by identifying and documenting what the learner has achieved.

As supply and demand do not match, it is important to have transparent job markets so that employees and companies can make best decisions possible. The mismatch problem can be resolved by increasing transparency and removing prioritisation in professions with skill shortages. Only workers who have access to comprehensible information about the job markets and their opportunities can decide, for example, to undertake further training or relocate to a region where their qualifications' profiles are in demand and well rewarded.

Upskilling and facilitating the acquisition of soft skills, through lifelong learning and/or continuing vocational training is an important aim which is expected to have an effect on

the adaptability of the labour force to respond to structural changes. Responsibility for skills development rests between governments, education and training providers, employers and individuals. The apprenticeship-based approach illustrates this correlation. Governments in Austria and Germany are duty-bound together with schools and companies to balance out qualification-related mismatches and adapt existing skills by bringing vocational training directly into the workplace³². The apprenticeship model cannot be a panacea, directly transferable to other national contexts, where there is a weak apprenticeship culture, aiming at low achievers or disadvantaged groups³³. However, apprenticeships can be seen as an important measure in improving labour market outcomes. Training and upskilling should be seen as an investment in a sustainable future rather than a cost to be minimised. The benefits of such an investment can provide a means to avoid skills' polarisation, equip older and migrant workers with the necessary soft and basic skills so as to remain in the labour markets and consequently enhance economic prosperity.

Notes

42

* Information and data of this paper is partly based on International Organisation for Migration (IOM) country reports which were collected so as to conduct a study on the labour integration of mid- and low-skilled workers.

¹ EMN, Satisfying labour demand through migration, p. 60, 2011. This report has been produced by the European Migration Network (EMN) and was completed by the European Commission, in co-operation with the 23 EMN National Contact Points participating on this activity. This report does not necessarily reflect the opinions and views of the European Commission, or of the EMN National Contact Points, nor are they bound by its conclusions.

² *Ibid.*

³ *Ibid.*

⁴ *Ibid.*

⁵ *Ibid.*

⁶ *Ibid.*

⁷ *Ibid.*

⁸ *Ibid.*

⁹ *Ibid.*

¹⁰ IOM (LINET) Report on Ireland, 2011, p. 18.

¹¹ *Ibid.*

¹² IOM (LINET) Report on Slovenia, p. 3.

¹³ IOM (LINET) Report on Greece, 2011, p. 8.

¹⁴ Nickson *et al.* cited in Anderson M., B. Ruhs, Who Needs Migrant Workers?, Labour Shortages, Immigration, and Public Policy, 2010, Oxford: Oxford University Press, p. 20.

¹⁵ Collett, E. and F. Zuleeg, Soft, Scarce, and Super Skills: Sourcing the Next Generation of Migrant Workers in Europe, 2008, Washington, DC: Migration Policy Institute, p. 12.

¹⁶ Anderson M. and B. Ruhs, 2010, p. 4.

¹⁷ IOM (LINET) Report on France, 2011, pp. 37, 39.

¹⁸ IOM (LINET) Report on Spain, 2011, pp. 14, 18, 21, 23.

¹⁹ IOM (LINET) Report on Ireland, 2011, pp. 20-21.

²⁰ This list is compiled by the Expert Group for Future Skills and Needs, established in 1997; <http://www.skillsireland.ie/aboutus>.

²¹ IOM (LINET) Report on Greece, 2011, p. 16.

²² IOM (LINET) Report on Cyprus, 2011, p. 18.

²³ IOM (LINET) Report on Portugal, 2011, p. 29.

²⁴ BEPA, European Commission, Opening Europe's doors to unskilled and low-skilled workers: A practical handbook, 2010, p.14.

²⁵ IOM (LINET) Report on Austria, 2011, p. 28.

²⁶ OECD, Managing Low Skilled Migration International Migration Outlook 2008, OECD Publishing, p. 132.

²⁷ CEDEFOP, Skills supply and demand in Europe Medium-term forecast up to 2020, 2010, Luxembourg: Publications Office 2010, p. 41.

²⁸ OECD, 2008, p. 133.

²⁹ Anderson M. and B. Ruhs, 2010, p. 26.

³⁰ *Ibid.*, p. 6.

³¹ OECD, Matching Educational Background and Employment: A Challenge for Immigrants in Host Countries, 2007, p. 138.

³² European Commission, DG for Employment, Social Affairs and Equal Opportunities, New Skills for New Jobs: China and the EU – Shared Labour market experiences to inform harmonious and sustainable society of the future, July 2010, p. 42.

³³ *Ibid.*, p. 46.