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Introduction

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1.1 Who Needs Migrant Workers?

The regulation of labour immigration is one of the most important and controversial public policy issues in high-income countries. Many states in Europe and North America have experienced rapid increases in labour immigration over the past 20 years. The current global economic downturn has added further momentum to what in many countries were already highly charged debates about the impacts of rising numbers of migrants on the economic prospects of citizens and on the host economy and society more generally. A survey by the Financial Times in March 2009 showed that over three-quarters of adults in Italy and the UK, and about two-thirds in Spain, Germany, and the US, supported the idea of sending migrants who cannot find a job home.¹

Many high-income countries have changed their rhetoric about immigration, and some have tightened their labour immigration policies in response to the economic downturn. The same UK government that significantly expanded labour immigration in the early 2000s because of its ‘enormous economic benefits’² claimed in 2008 that ‘it’s been too easy to get into this country in the past and it’s going to get harder’.³ In early 2009, the UK raised the minimum education and earnings requirements necessary to gain admission under Tier 1 (for highly skilled migrant workers) of the new points-based system, mainly in response to rising unemployment

² Liam Byrne, Immigration Minister, at Home Affairs Select Committee hearing on 27 Nov. 2007.
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of British graduates. Spain reduced the annual quota of work permits issued under its *programa de contigentes* from over 15,000 in 2008 to less than 1,000 in 2009, while at the same time eliminating the jobseeker’s permit that previously allowed some economic migrants to enter Spain without a prior job offer. Ireland recently reduced the number of jobs eligible for ‘green cards’ (work permits for skilled migrants) and increased the minimum period employers are required to advertise their job vacancies before applying for a work permit from four to eight weeks. However, for all the political rhetoric accompanying these policy developments, their impact on the numbers of migrant workers admitted has, arguably, been relatively small.

A central question in debates about labour immigration policy is how to link the admission of migrant workers to the ‘needs’ of the domestic labour market and the national economy more generally. What these needs are, how they vary across sectors and occupations, and how they change during periods of economic growth and crisis are highly contested. There is significant controversy about the role that migrants can, or should, play in meeting ‘skills needs’ and in reducing ‘labour and skills shortages’ in particular sectors and occupations. Employers often claim, especially but not only during times of economic growth, that there is a ‘need’ for migrants to help fill labour and skills shortages and/or to do the jobs that, they allege, ‘locals’ (a highly contested term) will not or cannot do. Sceptics, including some trades unions, argue that in many cases these claims simply reflect employers’ preference for recruiting cheap and exploitable migrant workers over improving wages and employment conditions. Moreover, as unemployment rises, some argue, the economy’s need for migrant workers declines. For example, according to Frank Field, Labour MP and Co-chair of the Balanced Migration Group in the UK, ‘the immigration policy suitable for a boom is totally unsuitable for a recession’. Parts of the media agree (‘It is time we slashed jobs for immigrants’). However, others point out the highly segmented labour market and differentiated economy, suggesting that, even during times of economic downturn, new migrant workers are needed and in some occupations may be critical to economic recovery (Finch et al. 2009).

The policy argument that immigration is required because of ‘skills needs’ in the domestic economy can reflect one or both of two distinct but related concerns. The first is the provision of a high level of ‘human capital’ in order to promote long-term economic growth and competitiveness. This line of argument is typically based on endogenous growth models that emphasize

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the importance of human capital, knowledge, and research and development for economic growth (see e.g. Romer 1986; Lucas 1988). Human capital models therefore suggest that the immigration of highly skilled workers is to be encouraged even without a job offer. A number of countries have labour immigration policies for admitting highly skilled migrant workers that are in part based on a human capital model, for example, Canada and Australia. Tier 1 of the UK’s point-based system is an example of a labour immigration policy that is fully based on a human capital model. Such ‘supply-driven’ admission policies can become more difficult to politically sustain during an economic downturn.

The analysis in this book largely focuses on a second concern that can underlie the argument that there is a ‘need’ for migrants’ skills. This relates to the aim of using migrant workers to reduce perceived specific staff shortages which are typically expressed as labour and/or skills shortages—a highly problematic distinction as discussed in this book. This type of ‘shortage’ argument is highly contested during both economic growth and even more so during an economic downturn. Because of the contentious nature and high policy salience of the issue, a number of countries, including Australia, Canada, and Spain, have established special government units and/or independent advisory bodies that are tasked to help link the admission of new migrant workers to research and analysis of shortages in the domestic labour market. The UK has recently established the Migration Advisory Committee (MAC), a small independent body of economists tasked to advise the government on where in the UK economy there are skilled labour shortages that can be ‘sensibly’ addressed by immigration from outside the European Economic Area (EEA). ‘Skilled’, ‘shortage’, and ‘sensible’ are all defined and operationalized by the MAC. A recent proposal for immigration reform in the US, supported by the two major trades unions, includes the establishment of an independent Foreign Workers Adjustment Commission to ‘measure labor shortages and recommend the numbers and characteristics of employment-based temporary and permanent immigrants to fill those shortages’ (Marshall 2009). All these policy initiatives, and any effort to link labour immigration to domestic labour shortages more generally, need to address the same key question: how do we define, measure, and assess various policy responses to staff shortages?

### 1.2 Researching Shortages in the Labour Market

There is no universally accepted definition of a labour or skills shortage and no one obvious ‘optimal’ policy response. The definition of shortage
typically underlying employers’ calls for migrants to help fill vacancies is that the demand for labour exceeds supply at the prevailing wages and employment conditions. Importantly, estimates of employers’ ‘labour and skills shortages’ are typically based on surveys that ask employers about current vacancies that are difficult to fill. In other words, they refer to employers’ difficulties with finding the ‘right’ workers to fill vacancies at current wages and employment conditions.

In contrast, a basic economic approach emphasizes the role of the price mechanism in bringing markets that are characterized by excess demand or excess supply into equilibrium. In a simple textbook model of a competitive labour market, where demand and supply of labour are critically determined by the price of labour, most shortages are temporary and eventually eliminated by rising wages that increase supply and reduce demand. In practice, labour markets do not always work as the simple textbook model suggests. Prices can be ‘sticky’, and whether and how quickly prices clear labour markets critically depend on the reasons for labour shortages, which can include sudden increases in demand and/or inflexible supply. Nevertheless, the fundamental point of the economic approach remains that the existence and size of shortages critically depend on the price of labour. Industries or occupations that suffer from temporary labour shortages can therefore be expected to be characterized by rising relative real wages, employment, and declining and/or relatively low unemployment rates and vacancy rates. Economic assessments of labour shortages have thus typically involved indicators that include changes in relative real wages and employment in specific occupations. For example, Veneri (1999) used three indicators to assess labour shortages in 68 occupations in the US in the 1990s. To be considered in shortage of labour, an occupation had to display: employment growth that was at least 50 per cent higher than the average for all occupations; growth in median weekly earnings that was at least 30 per cent greater than the average for all occupations; and an occupational unemployment rate that was at least 30 per cent lower than the average for all occupations. Using these indicators, Veneri identified shortages in only seven out of the 68 occupations under consideration. Information technology workers, construction workers, and registered nurses—all occupations where US employers were claiming significant shortages—were not found to be in shortage by this economic assessment based on national data.

Although fundamental and necessary, most economists—and the analytical approach taken in this book—agree that analyses based on economic models and indicators are not sufficient to comprehensively assess the
existence, nature, and magnitude of shortages in the labour market (e.g. Veneri 1999; MAC 2008). Examinations of national labour market data and employer skills surveys need to be complemented by more in-depth analysis and understanding of the ‘micro-foundations’ of staff shortages. This includes the micro-level factors affecting employer demand and labour supply and their interaction in particular local labour markets and within particular social contexts, for example, what is considered suitable work for women and men or the social status of certain types of jobs. Such analysis involves a critical assessment of employers’ views and claims of labour and/or skills ‘needs’ in the context of the institutional and regulatory frameworks affecting specific occupations and/or industries and the economy as a whole. It needs to explore the range of alternative options that employers may have when responding to perceived staff shortages, and the various different ways in which these options are constrained in specific sectors and occupations. The need for a multi-disciplinary micro-level approach to complement the conventional economic analyses of indicators based on large-scale labour market data motivates and frames the methodological approach to the analysis in this book.

1.3 Aims and Chapters of this Book

The research and analysis in this book aim to contribute to public and policy debates about labour shortages and immigration policy in high-income countries. The book discusses the demand for migrant labour both conceptually and empirically in the context of the UK. The conceptual discussion in Chapter 2 (by Bridget Anderson and Martin Ruhs) provides a comprehensive conceptual framework for discussing the relationship between labour shortages, immigration, and public policy: (i) the characteristics, dimensions, and determinants of employer demand for labour (What are employers looking for?); (ii) characteristics of and segmentations in labour supply (Who wants to do what?); (iii) employers’ recruitment practices and use of migrant labour (How and whom do employers recruit?); and (iv) immigration and alternative responses to perceived staff shortages (A need for migrant labour?). Labour demand, supply, recruitment practices, and the alternatives to immigration can and often do change over time and, in particular, between periods of economic growth and crisis. The conceptual analysis of the four fundamental issues above
thus includes discussion of the potential effects of the changing economic environment.

Three key issues emerge from the conceptual discussion that are critical to assessments of labour and skills shortages and employer demand for migrant workers and to debates about optimal policy responses. First, labour demand and supply are mutually conditioning rather than generated independently of one another. ‘What employers want’ can be critically influenced by what employers think they can get from the various pools of available labour, while at the same time, labour supply often adapts to the requirements of demand. This is related to the second issue, that the term ‘skills’ is both conceptually and empirically ambiguous. It can be used to refer to a wide range of credentialized qualifications, ‘soft’ skills (e.g. communication or team-working), and personal characteristics (e.g. ‘hard-working’, ‘friendly’, ‘caring’, etc.), which can include a willingness to accept certain wages and employment conditions. Any discussion of skills needs, skills shortages, and skills-based immigration policies thus needs to critically scrutinize what exactly is meant by ‘skills’ in different contexts. Third, the persistent and in many sectors increasing employer demand for migrant workers can, to a significant degree, be explained by ‘system effects’ that ‘produce’ certain types of domestic labour shortages. System effects arise from the institutional and regulatory frameworks of the labour market and from wider public policies (e.g. welfare and social policies, and including immigration policies), many of which are not ostensibly to do with the labour market—hence the book’s emphasis on the link between immigration and public policy within a dynamic social context. Both system effects and social context are often outside the control of individual employers and workers and in many ways may be heavily (but not exclusively) influenced by the state. Together with the interdependence between labour demand and supply, the analysis of system effects points to the difficulty of constructing and implementing labour immigration policy in isolation from labour market policy and wider economic and social policies and institutions—a key point also made in the commentary on Chapter 2 (by Ken Mayhew).

Based on this conceptual framework, the empirical analysis in the book explores the nature and determinants of staff shortages, and the role of migrant workers, in specific sectors of the UK economy. To set the scene for the in-depth analysis of specific sectors, Chapter 3 (by Vanna Aldin, Dan James, and Jonathan Wadsworth) uses Labour Force Survey data for 2008 and 2002 to describe and explore the determinants of the changing shares of migrant workers in different sectors and occupations of the UK economy.
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The statistical analysis in this chapter suggests that the differential intensification of the use of migrant workers across sectors is not simply a matter of certain sectors being able to hire more migrants while at the same time offering low pay, since the sectors that made least use of the growing pool of migrant labour are also low paid. Neither occupational structure, nor part-time working nor self-employment appears to help explain why certain industries have not made use of the growing pool of migrant labour. The findings presented in this chapter are tentative, but they do not support simple hypotheses about why some industries use more migrant workers, or why some have increased their use of migrants more rapidly, than others. The chapter concludes that, to better understand the different and changing roles of migrant workers in different sectors and occupations, it is necessary to employ qualitative and in-depth empirical analysis of issues that cannot be captured in a purely quantitative approach.

This in-depth research is provided in the subsequent six chapters which carry out analysis of the development of labour demand, supply, and immigration in six key sectors of the UK economy: health (Chapter 4 by Stephen Bach with a commentary by Robert Elliott); social care (Chapter 5 by Jo Moriarty with a commentary by Alessio Cangiano); hospitality (Chapter 6 by Rosemary Lucas and Steve Mansfield with a commentary by Linda McDowell); food production (Chapter 7 by Andrew Geddes and Sam Scott with a commentary by Ben Rogaly); construction (Chapter 8 by Paul Chan, Linda Clarke, and Andrew Dainty, with a commentary by Howard Gospel); and financial services (Chapter 9 by Andrew Jones with a commentary by Jonathan Beaverstock). The main chapters have been complemented by commentaries in order to indicate the wide range of different issues and approaches to these very ‘live’ debates.

The sectors discussed in this book have been chosen because of their diverse uses of migrant workers and their importance in debates about immigration policy in the UK and most other high-income countries. They include low- and high-wage industries that make relatively heavy or low use of migrants compared to the economy-wide average. Tables 1.1 and 1.2 use the available data from the UK’s Labour Force Survey to give a broad picture of the share of migrants in the total workforce in the industries and occupations most relevant to the sectors and jobs discussed in this book (some chapters discuss more than one industry or occupation shown in Table 1.1, and others discuss only sub-industries/sub-occupations for which reliable statistical data about the share of migrants are not available).

Some of these sectors and occupations have been major employers of both high- and low-skilled migrant labour in the UK. Social care, agriculture
and food processing, and the hospitality sector in particular have recently been at the heart of heated debates about the ‘need’ for migrant labour and questions about what constitutes ‘skill’. Construction experienced rapidly increasing shares of migrants during 2002 and 2008, but construction employment was badly hit by the economic crisis. The health sector is important because it has been a long-standing employer of migrant labour, especially of doctors and nurses. The financial services sector is also

Table 1.1 Share (%) of migrants in total workforce in UK industries discussed in this book, 2002 and 2008

<table>
<thead>
<tr>
<th>Industry</th>
<th>2002</th>
<th>2008</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>All industries in UK economy</td>
<td>8.2</td>
<td>13.3</td>
<td>+5.1</td>
</tr>
<tr>
<td>Agriculture, hunting, etc. (01)</td>
<td>3.9</td>
<td>6.5</td>
<td>+2.6</td>
</tr>
<tr>
<td>Food, beverage manufacturing (15)</td>
<td>8.1</td>
<td>21.4</td>
<td>+13.3</td>
</tr>
<tr>
<td>Construction (45)</td>
<td>4.5</td>
<td>7.9</td>
<td>+3.4</td>
</tr>
<tr>
<td>Hotels, restaurants (55)</td>
<td>15.7</td>
<td>23.0</td>
<td>+7.3</td>
</tr>
<tr>
<td>Financial intermediaries (65)</td>
<td>9.7</td>
<td>13.7</td>
<td>+4.0</td>
</tr>
<tr>
<td>Insurance, pensions (66)</td>
<td>7.3</td>
<td>9.1</td>
<td>+1.8</td>
</tr>
<tr>
<td>Health, social work (85)</td>
<td>10.1</td>
<td>14.1</td>
<td>+4.0</td>
</tr>
</tbody>
</table>

Notes: The industries in this table are measured at the two-digit level, with 1992 SIC codes in parentheses. Migrants are defined as foreign-born workers. The ‘change’ column refers to change in percentage points.

Source: Labour Force Survey (2002 and 2008), as reported in Aldin et al., Chapter 3, this volume.

Table 1.2 Share (%) of migrants in total workforce in selected occupations discussed in this book, 2002 and 2008

<table>
<thead>
<tr>
<th>Occupation</th>
<th>2002</th>
<th>2008</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>All occupations in UK economy</td>
<td>8.2</td>
<td>13.3</td>
<td>+5.1</td>
</tr>
<tr>
<td>Health professionals (221)</td>
<td>25.1</td>
<td>27.8</td>
<td>+2.7</td>
</tr>
<tr>
<td>Business and statistical profs. (242)</td>
<td>12.8</td>
<td>13.7</td>
<td>+0.9</td>
</tr>
<tr>
<td>Health associate profs. (321)</td>
<td>14.2</td>
<td>18.2</td>
<td>+4.0</td>
</tr>
<tr>
<td>Construction trades (531)</td>
<td>3.8</td>
<td>8.5</td>
<td>+4.7</td>
</tr>
<tr>
<td>Building trades (532)</td>
<td>4.6</td>
<td>8.8</td>
<td>+4.2</td>
</tr>
<tr>
<td>Food preparation trades (543)</td>
<td>17.1</td>
<td>25.5</td>
<td>+8.4</td>
</tr>
<tr>
<td>Healthcare and related (611)</td>
<td>7.9</td>
<td>15.1</td>
<td>+7.2</td>
</tr>
<tr>
<td>Process operatives (811)</td>
<td>8.5</td>
<td>25.0</td>
<td>+16.5</td>
</tr>
<tr>
<td>Elementary agricultural (911)</td>
<td>2.4</td>
<td>10.7</td>
<td>+8.3</td>
</tr>
<tr>
<td>Elementary construction (912)</td>
<td>4.5</td>
<td>11.5</td>
<td>+7.0</td>
</tr>
<tr>
<td>Elementary personal services (922)</td>
<td>9.7</td>
<td>16.9</td>
<td>+7.2</td>
</tr>
<tr>
<td>Elementary cleaning (923)</td>
<td>8.8</td>
<td>18.4</td>
<td>+9.6</td>
</tr>
</tbody>
</table>

Notes: The occupations in this table are measured at the three-digit level, with 2002 SOC codes in parentheses. Migrants are defined as foreign-born workers. The ‘change’ column refers to change in percentage points.

Source: Labour Force Survey (2002 and 2008), as reported in Aldin et al., Chapter 3, this volume.
included as an example of the human capital approach and because of the impacts of the financial crises on employment.

The in-depth sectoral analyses in Chapters 4 to 9 are based on the conceptual framework and key questions developed in Chapter 2. They explore the determinants of the changing shares of migrants in the workforce over time, consider the likely effects of the current economic downturn on staff shortages and the employment of migrants, and discuss policy implications.

Chapter 4 (by Stephen Bach) examines the distinctive features of migration and labour shortages in the health sector, concentrating on medical and nursing staff. The sector has a long history of employing migrant health professionals, a reflection of the historical under-investment in its workforce and the scope to encourage doctors and nurses to come to the UK to complete their training, and work in the NHS. A key distinguishing feature is that central government control over the financing and staffing policy of the NHS means both labour demand and supply are heavily influenced by government policy—an obvious example of how and why shortages and immigration policy must be analysed within the context of wider economic and social policies. Labour supply in the health sector is regulated by government via training commissions and international recruitment has been an important mechanism to boost labour supply. The chapter by Bach and the chapter commentary (by Robert Elliott) argue that domestic labour shortages in the sector can, to a significant degree, be related to poor workforce planning which, until recently, had been characterized by a persistent shortage of training places. Because the direct costs of training medical practitioners are high and are borne by the state, Elliott argues that health policy-makers might have preferred migration to the more expensive option of increasing the number of training places. The commentary also suggests an important distinction between the labour markets for doctors and nurses: in contrast to the labour market for doctors, which is heavily affected by government workforce planning and policies, the shortages of nurses can to a large part be explained by relatively low pay.

Chapter 5 (by Jo Moriarty) examines shortages and the demand for migrant workers in social care. Over the past ten years, there has been a substantial increase in the proportion of migrant workers employed in social care, most of whom come from outside the European Economic Area (EEA). The chapter argues that this trend should be set within the context of increased demand for social care, created by a combination of demographic changes, government policies aimed at tightening regulation of the sector, and changing public expectations about the nature of care
provision. The supply of social care is constrained by public funding arrangements—much of it is funded by local councils—which have resulted in relatively low pay, particularly among those providing direct care. Low pay, unsocial working hours, temporariness of work, a lack of career opportunities, and low status have all been key factors in the intensification of migrants in low-wage jobs in social care. These are, in turn, at least partly a reflection of how the social care sector is organized and funded. Employer demand for migrant workers in this sector is, therefore, another good example of how regulatory and institutional system effects can create a demand for migrant workers that is likely to increase unless wider policies are also changed. The chapter commentary (by Alessio Cangiano) suggests that if the provision of long-term care continues to depend upon large numbers of migrants, their role has to be planned and not an unintentional consequence of poor pay and conditions—and greater coordination between the social care and immigration policies is needed.

The nature and determinants of the demand for low-cost migrant workers in social care show some similarities with the demand for migrant workers in hospitality analysed in Chapter 6 (by Rosemary Lucas and Steve Mansfield). The hospitality workforce is characterized by a reliance on particular marginalized segments of workers. Migrant workers allow employers to manage fluctuating demand, whilst minimizing costs in what is a very diverse sector. Both the main chapter and chapter commentary (by Linda McDowell) suggest that hospitality employers’ recruitment decisions can be influenced by a wide range of considerations about the ‘ideal’ hospitality workers’ characteristics and attitudes. Particularly in hotels—which McDowell describes as ‘the almost quintessential site for recent studies of the segmentation of labour, of migrant workers, and of precarious work’—new issues, for example, about embodiment and personal style become important elements in deciding who is employed and how they are expected to behave. The analysis in the main chapter makes clear that despite numerous initiatives having been directed at hospitality employers over the past few decades in periods of both growth and recession, embedded recruitment and employment patterns—including a relatively heavy and increasing reliance on migrant workers—have remained. Any change from this scenario would necessitate a major paradigm shift in management philosophy and would require employers to reassess the reasoning behind their demand for particular sectors of the labour market and their stereotypical assumptions of the labour supply available to them.

Chapter 7 (by Andrew Geddes and Sam Scott) critically examines migrant labour demand at the producer-end of the UK food industry. It focuses on
the labour-intensive parts of the food production system (horticulture) as this is where shortages (albeit seasonal) are greatest in magnitude. This industry has experienced considerable intensification over recent decades, associated with the concentration of power amongst a relatively small number of transnational food producers and retailers—a key point also made in the chapter commentary (by Ben Rogaly). For labour-intensive employers, this process has manifested itself in a turn towards, and increasingly a dependence upon, low-wage migrant workers (principally from Poland, Lithuania, and Portugal). Rogaly relates the preference of many employers for migrant workers to the supermarket discourse about the importance of ‘quality’ in production. The main chapter maps the various dimensions of the sector’s dependence on migrant workers and assesses the extent to which it is inevitable. Geddes and Scott argue that the use of low-wage, and mainly temporary, migrant labour functions as a hidden ‘subsidy’ to employers. There are other options available to farmers and food processors in the UK but, from the individual employer’s perspective, the easiest response to falling profit margins is to cut labour costs and raise productivity by importing workers eager for employment (however intense this employment may have become). Geddes and Scott point out that debates about the need for migrant workers in this sector cannot be separated from analyses of the short, medium, and long-term consequences of removing the immigration subsidy to the UK food industry.

Chapter 8 (by Paul Chan, Linda Clarke, and Andrew Dainty) examines the interrelation between migrant worker employment, skills, and employment practices in the UK construction sector, in particular discussing how far demand for migrant labour is fuelled by an inappropriate or inadequate skills base among domestic workers. The chapter highlights the difficulties of assessing skills in construction, the low-skills-low-wage route adopted by the industry, and the lack of regulation of the UK construction labour market. The chapter commentary (by Howard Gospel) describes construction as a good example of a systemic labour market trap into which a sector can fall over a long period of time. According to Gospel, this trap comprises extensive failures to train, which in turn lead to a reliance on a strategy of recruitment and poaching. Easy access to migrant workers, the commentary argues, leads to a further reliance on them which, in turn, means that neither national nor migrant labour are trained and the system of skill formation stands in danger of further deterioration. Gospel argues that, under the current system, construction employers pursue ‘production’ strategies (which involve recruiting and training labour only for their own immediate use) rather than ‘investment’ strategies (which would
involve training labour for the longer-term good of the industry. The main chapter argues the need for tighter labour market regulation to ensure equal treatment of workers and for a more sophisticated deployment and development of skills that go beyond the quantitative measures that have dominated public and corporate policy in this area. A key recommendation is for the industry to shift from current modes of skills reproduction and employment practices towards upgrading the quality of the workforce and the development of a comprehensive vocational education and training (VET) system.

Chapter 9 (by Andrew Jones) and the chapter commentary (by Jonathan Beaverstock) examine the role of migrants in the UK’s financial services sector. Migrants are very unevenly distributed within this sector, with some sub-industries, especially mid- and lower-order occupations, making relatively little use of migrant workers, partly because of the soft skills required. In contrast, for high-order occupations in certain industries within the UK financial service sector, migration has been an essential and integral part of growth and success. Jones and Beaverstock agree that London’s now established place at the forefront of global financial services would not have been possible without significant flows of migrants moving in and out of key occupations in the City of London and (to a lesser extent) the greater south-east. Beaverstock argues that financial services companies recruit ‘high’ and selected ‘mid-order’ migrants to bring particular knowledge, skills, judgement, and decision-making and leadership capabilities to the organization, which cannot be obtained from the national labour market. In the financial services industry, he points out, it is often the employee alone who makes money for the firm. Jones suggests that any government measures to restrict migrant recruitment during the current economic crisis are likely to restrict flexibility and competitive capacity of high value-adding specialist financial service sub-sectors concentrated in the City of London. At the same time, the chapter argues that many of the jobs lost in the industry during the current downturn are unlikely to reappear. Jones suggests that the key issue for immigration policy is that this contributes to substantially increasing the available pool of labour to a range of other sectors beyond financial services since financial service sector workers generally have a wide range of transferable soft skills applicable in sub-sectors that include, for example, business services, hospitality, and leisure. Any long-term decline in the demand for workers in financial services may mean that a substantial pool of labour is available that could act as a substitute for migrant labour in other sectors of the UK economy.
Although the empirical analysis is focused on the UK, the insights and the conceptual framework for discussing immigration, skills, and labour shortages developed in this book are of direct relevance to public debate and analysis of the demand for migrant labour in other high-income countries including the US, Canada, Australia, and major EU countries. The concluding Chapter 10 (by Philip Martin) provides a comparative analysis of research and policy approaches to assessing labour shortages and the implications for immigration policy in the UK and the US, with a particular focus on the potential lessons of the UK’s Migration Advisory Committee (MAC), whose work has been heavily influenced by the research for this book, for current debates about immigration reform in the US. The analysis reviews US research on labour shortage complaints and the demand for migrant labour in the specific economic sectors discussed in the other chapters of this book. Martin argues that the two key implications of UK research and policy on labour shortages and immigration policy for US debates are the importance of obtaining and reviewing both top-down and bottom-up data on labour supply and demand; and of considering the alternatives to migrant workers in response to perceived labour shortages in specific sectors and occupations.

1.4 A Note on Terminology

It is important to be aware of the different and non-substitutable definitions of ‘migrant’, ‘worker’, and ‘employer’. Assessments of research evidence must be sensitive to the different definitions used by different studies. A migrant may be broadly defined either as ‘foreign born’ (meaning all persons born outside the host country regardless of their citizenship) or as ‘foreign national’ (persons without citizenship of the host country). The latter comprises two broad groups, those who are settled (i.e. with permanent residence status), and those who do not have long-term residence rights—and who therefore are not necessarily free to move within the labour market. These distinctions are important not only in terms of describing the size and characteristics of the migrant population, but also in terms of their rights in the host country, and in the extent to which their labour market behaviour can be controlled by immigration policy. Similarly, the term ‘worker’ may refer to different types of workers as classified by law with implications for employment rights. For example, in the UK, employment rights and responsibilities depend on employment status, first, whether a person is self-employed or employed, and, if the latter,
whether they are classified in law as a ‘worker’ or ‘employee’. While all workers are entitled to the national minimum wage and health and safety protection, many rights and responsibilities only apply to ‘employees’, including the right to claim unfair dismissal and the right to a written statement of terms and conditions. There are also different types of ‘employer’. These differences go beyond those to do with the size of business or the proportion of labour costs, and in some cases have a direct impact on employment relations. In social care, for example, an employer might be a local authority, a private company, a voluntary sector group, an agency (‘employment business’), or a private individual. This has implications for understanding employer demand for labour, and, crucially, for the policy levers that are likely to be effective for one type of employer but that may not work for another.

References

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