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RECRUITMENT OF HIGHLY SKILLED LABOUR ABROAD – THE PRACTICE OF SELECTED OECD COUNTRIES

The dynamic development of the information technology industry has led to bottlenecks in the labour market for highly skilled IT specialists in many OECD countries. To reduce these shortages, several countries are devoting intensive efforts to finding specialists abroad. Other countries have a restrictive entry policy for foreign specialists. The following is a presentation of the extent to which selected OECD countries recruit highly qualified specialists and managers abroad and the conditions they attach to this recruitment.

The immigration policies of Australia, Canada and the U.S. have become increasingly labour-market oriented

Countries such as Australia, Canada and the U.S. pursue an explicit immigration policy. They admit skilled labour not only on a temporary but also on a permanent basis.¹

Since 1984 **Australia's** immigration policy has been increasingly aimed at highly skilled workers. The selection of specialists is done by means of a point system which (since 1998) includes the chances the foreign specialists will have in the Australian labour market and their possible contribution to the economy of Australia. In 1997, nearly 20,000 skilled workers (including family members) migrated to Australia, corresponding to 23% of total immigration to the country (Table 1).

Canadian immigration policy is also assigning increasing importance to the immigration of highly skilled workers and entrepreneurs who wish to establish businesses. Here, too, a point system is used

to determine whether a foreign applicant can integrate successfully into the Canadian labour market. Potential entrepreneurs must show proof that they have the necessary prerequisites for the establishment of a business. There are no quotas in Canadian immigration policy. In 1997, 50,000 specialists and entrepreneurs migrated to Canada (and an additional 75,000 family members). This was 58% of total immigration (Table 1). Most specialists and entrepreneurs came from Hong Kong, China, Taiwan, India, Pakistan and other developing countries.

U.S. immigration policy has traditionally placed the greatest weight on family reunion. Since the immigration law of 1990, however, the need for skilled workers has received greater emphasis. The U.S. sets annual immigration quotas. Workers are selected according to a five-stage scale of preferences indicating the desired qualifications. The highest preference is given to professionals like outstanding professors and scientists, as well as managers of multinational corporations. The second preference is given to academics in general. In 1997, 40,000 skilled workers received a Green Card for the U.S. (and an additional 50,000 family members). Employment-based immigration accounted for 11% of total immigration (Table 1).

Temporary migration of highly skilled workers

Whereas only a few OECD countries pursue a targeted immigration policy, many countries recruit

Table 1
Immigration of Skilled Labour to Australia, Canada and the United States in 1997
(thousands)

Country	Workers (1)	Family members (2)	Total (3) = (1) + (2)	Total immigration (4)	(3):(4) in % (5)	Population (6)
Australia	19.7	85.5	23.0	18,520 ^{a)}
Canada	50.5	75.0	125.5	216.0	58.1	30,265 ^{b)}
U.S.	40.3	50.3	90.6	798.4	11.3	264,500 ^{a)}

^{a)} 1996. – ^{b)} 1998.

Source: OECD, SOPEMI, *Trends in International Migration*, 1999 edition, Paris (pp. 119, 224, 262, 263 and 266).

¹ This article is based to a large extent on OECD/SOPEMI, *Trends in International Migration*, 1999 Edition, Paris 1999.

highly skilled workers abroad for temporary employment. This applies for the above-described immigration countries (Australia, Canada, U.S.), but it is also common practice in Japan and Korea, which strictly (or somewhat less strictly) reject immigration, as well as in the United Kingdom. France, the Netherlands and Germany, in contrast, only recruit very few highly skilled workers from non-EU countries.

The objective of recruiting foreign workers for temporary employment is to increase labour market flexibility and to remove labour market bottle-

necks in the host country. This also facilitates the cross-border transfer of staff in multinational companies. Temporary admission means that the foreign workers receive only a contract and/or a residence permit for a limited period of time, and when the time has expired they must leave the country unless they obtain a change in resident status. The recruitment of foreign workers is primarily aimed at highly skilled workers – a category that is very difficult to define.² Correspondingly, the

² For the definition problems, see J. Salt, *International Migration of the Highly Skilled*, OECD Working Papers, No. 91, Paris 1997.

Table 2

Conditions for the Recruitment and Temporary Residence of Skilled Foreign Workers in Selected OECD Countries

Country	Recruitment conditions			Residence conditions			
	Admission conditions	Availability of domestic workers as grounds for refusal	Quotas	Length of stay (possibility for renewal)	Restrictions on activity	Possibility for family reunion	Possibility for changing status
Australia	Nominated by employer (exception: stay of less than three months)	Yes	No	2 years (renewable once) 4 years (renewable) for teachers 3 months to 4 years for business specialists (TBE visa)	Yes	Yes	Yes
Canada							
Work permit required	Preliminary authorisation	Yes	No	Maximum 3 years (renewable)	Yes	Yes	No
No work permit required	Bilateral agreements	No	No	Maximum 9 months (renewable)	No	Yes	Yes
United States							
H-1B (specialists)	Prevailing wages required BA (4 years degree) + practice in the occupation	No	Yes	Initial admission for 3 years (renewable once)	Yes	Yes	Yes
O (extraordinary ability)	Consultations with peers	No	No	Up to 10 years depending on activity	Yes a)	Yes	Yes
Japan	Ministry of Justice approval (thorough examination of special abilities)	No	No	Depends on the contract (renewable with the same employer)	Yes	Yes b)	No
Korea	Very strict conditions imposed on skills	No	No	No ceiling	Yes	No	No
United Kingdom c)	Employer must apply for work permit Restricted to highly skilled persons ("key workers"). Adequate	Yes d)	No	Up to 4 years (renewals possible)	Yes e)	Yes f)	Yes g)
France	Employer must apply for work permit	Yes h)	No	9 months (renewable once, and in exceptional cases twice)	Yes	No	No
Netherlands	Employer must apply for work permit	Yes i)	No	1 year (renewable)	Yes	Yes j)	Yes
Germany k)	Employer must apply for work permit	Yes	No	1 year (renewable)	Yes	Yes l)	No

a) Must continue to work in the field of expertise.- b) Without work permit.- c) Under certain conditions (members of Commonwealth, etc.) no work permit required.- d) Exceptions for certain activities.- e) Change of employer only allowed under special circumstances.- f) With sufficient income and housing.- g) After 4 years working in the UK.- h) Exception: workers who earn more than FF22,000 a month.- i) Exception for employees in multinational firms.- j) After a stay of 3 years. k) According to Par. 5, Sect 2 Recruitment Stop Ordinance.- l) Dependent on the quality of the residence permit.

Source: OECD, SOPEMI, *Trends in International Migration*, 1998 and 1999 editions, Paris (pp. 202 ff and 26 ff.).

classification differs among countries, making an international comparison difficult.

The employer in the host country must usually submit an application for a foreign worker to enter the country. The authorities then examine the extent to which the worker meets the required qualifications. In Australia, Canada, the United Kingdom, France, the Netherlands and Germany a further examination is made as to the availability of domestic workers that meet the qualifications for the job offered. Such a test is not made in the U.S., Japan or Korea. The U.S. is the only country to set annual immigration quotas (for H-1B visas but not for O visas). The residency ranges from several months to four years, but longer stays are also possible. Extensions are usually granted. In all countries the activity to be performed is stipulated. The option of family reunion differs from country to country. It is possible in Australia, Canada, the U.S., Japan, the United Kingdom and (with limitations) in the Netherlands and Germany but not allowed in Korea and France. In Australia, the U.S., the United Kingdom and the Netherlands the temporary work permit may be converted into a permanent one. In other countries, a change in resident status is not possible (Table 2).³

In the following, the recruitment policy of individual countries will be briefly presented. **Australia** has aimed its recruitment policy explicitly at highly skilled workers and business people. The issuance of a temporary work permit requires that the applying company has made an effort to fill the position from the Australian labour pool. The company must prove that it advertised the position, must document the applications it received, and must list the reasons for rejection (labour market testing). As a rule, the work permit is granted for four years, (including extension). As a result of the Skilled Temporary Resident Programme, 14,600 skilled workers (and family members) moved to Australia in 1992 (12,500 in 1997). These specialists came mainly from the United Kingdom, Japan, the U.S. and Canada (Table 3).

Canada issues temporary residence permits for highly skilled workers as long as the unemployment rate in the corresponding labour-market segment is low. For particular occupational groups, academics and scientists (on the basis of bilateral

Table 3
Entries of Temporary Skilled Workers in Selected OECD Countries 1992 and 1997
(thousands)

Country	1992	1997
Australia ^{a)}	14.6	12.5
Canada ^{b)}		
Permit required ^{c)}	66.4	42.2 ^{h)}
Permit not required		
Professionals	5.3	7.8 ^{h)}
Academics, scientists ^{d)}	5.6	5.0 ^{h)}
Workers with significant benefits for Canada	4.6	5.0 ^{h)}
United States ^{e)}		
Specialists (H-1B visa)	110.2	144.5 ⁱ⁾
Specialists (NAFTA, TN visa) ^{a)}	12.5	27.0 ⁱ⁾
Workers with distinguished abilities (O visa)	0.5	7.2 ^{j)}
Japan	108.1	93.9
Korea	...	42.2
United Kingdom		
With work permits of 1 year and over ^{d)}	12.7	18.7
With short-term work permits	14.0	19.0
France		
Workers on secondment ^{g)}	0.9	1.0
Researchers	0.9	1.1
Netherlands	1.9	1.5 ^{h)}
Germany	...	0.6 ^{j)}

a) Including accompanying persons. – b) The figures refer to issued work permits. One person can receive several work permits. – c) Criterion: low unemployment in the field of activity. – d) On the basis of bilateral agreements. – e) Every individual border crossing in a year is counted. – f) Specialists and senior managers. – g) Holders of provisional work permits (APT). – h) 1995. – i) 1996. – j) 1998 (1999: 0.9).

Source: OECD/SOPEMI, *Trends in International Migration*, 1998 and 1999 Editions, Paris (pp. 189 and 25).

agreements) and especially for urgently needed workers, no permit is required. Employment that requires a permit can last for three years (extensions are possible). In 1992, temporary employment in Canada was taken up by 84,900 foreign workers and in 1995 by 60,000 (Table 3). To eliminate the shortage of computer and software specialists, Canada developed a special programme for foreign recruitment in 1997. This programme is supplemented by a long-term education and training programme for domestic IT specialists.

In the **United States** the temporary inflow of qualified workers is promoted even more than immigration. For temporary workers (six years including extensions), no Green Cards are issued. Aside from the possibility of recruiting workers under the terms of the North American Free Trade Agreement (NAFTA), there are two ways to recruit highly skilled workers abroad: application for H-1B visas for specialists and of O visas for workers with extraordinary abilities. The issuance

³ OECD/SOPEMI, *Trends in International Migration*, Annual Report, 1998 Edition, Paris 1998. Part III.

of these visas requires that the applicants have completed a four-year university course and have gathered professional experience (H-1B visa) or that their qualifications are positively assessed by similarly qualified Americans (O visa). Until recently, the state of the labour market had not been a factor in issuing the visas. Criticism has become louder in recent years regarding the displacement of American by foreign workers and wage dumping in violation of the rules. In order to correct this “malpractice” the Labor Condition Application was introduced in 1998 according to which an employer who is filing for a visa must prove that no U.S. worker was dismissed and that no suitable candidate could be found on the U.S. labour market. 110,200 H1-B visas and 500 O visas were issued in 1992 and 144,500 H1-B visas and 7,200 O visas in 1996 (Table 3). The following annual quotas for H1-B visas were set up: 115,000 (1999), 115,000 (2000), 107,500 (2001), and 65,000 (2002). In light of the shortage of highly skilled workers in information technology and biotechnology, a reform of the Immigration and Nationality Act is planned under which foreign graduates of U.S. universities may receive working visas within 90 days of graduation (T visas: T for technology), provided they can prove a job offer for \$60,000 or more a year.

Japan only allows foreign workers into the country on a temporary basis. The Immigration Control and Refugees Recognition Act and other ordinances contain neither quotas nor explicit labour market reservations. Foreign specialists are selected according to qualification profiles formulated and strictly enforced by the Ministry of Justice. In formulating the requirements, the state of the labour market is implicitly taken into account. The length of the stay varies according to the employment category. Family members may enter the country but are not allowed to work. In 1992 108,000 and in 1997 94,000 highly skilled workers entered the country for temporary employment (Table 3). These were primarily North Americans, Europeans and Asians.

In view of its increasing integration in the world economy, **Korea** is dependent on the inflow of foreign specialists. Only in this way can it enhance its attractiveness for foreign direct investment projects and achieve the know-how transfer necessary to increase its technological competitiveness. Korea issues residence permits for foreign workers

on the basis of a strict examination of qualifications. According to SOPEMI data⁴, 42,000 skilled foreign workers took jobs in Korea in 1997 (Table 3). But judging from other SOPEMI data, this number probably contains a large proportion of trainees. The actual inflow of highly skilled workers appears to have been much less, and has probably fallen since the deep recession of 1998.

Like Japan and Korea, the **United Kingdom** has also opened its borders to highly skilled workers from non-EU countries. Job seekers with excellent university degrees and at least two years of professional experience as well as key workers may be issued work permits, provided the state of the labour market allows this. Their stay can last for up to four years. After three years, they may apply for immigrant status, which about 25% of these workers do successfully. The increased openness of the United Kingdom is reflected by the rise in temporary work permits for highly skilled workers from 27,000 in 1992 to 38,000 in 1997. About 30% of these workers came from the U.S., more than 10% from Japan, and the rest from numerous other countries.

In contrast to the above-mentioned countries, several large continental European countries allow only small numbers of highly qualified workers from non-EU countries to enter. One of the reasons for this is that as EU member states they may employ qualified workers from other EU member states (or, more precisely, the European Economic Area). In 1997, only 1,000 highly skilled workers (and 1,100 scientists) from non-EU countries were allowed to enter **France** on a temporary basis; including less qualified workers, a total of only 4,700 temporary work permits were issued (Table 3). The number of permits depends on the state of the labour market. This does not apply to employees earning more than FF 21,000 a month. The maximum stay is nine months; only one extension is allowed.

In the **Netherlands**, work permits for highly skilled workers are dependent on the state of the labour market unless the applicants are employees of multinational corporations. The permits are granted for one year, but are also renewable. After three years of uninterrupted legal employment, foreign workers no longer need a work permit. After five

⁴ The OECD migration observation system (Système d'observation permanente des migrations).

years of legal residency, they may apply for immigrant status. In 1995 1,500 highly skilled workers entered the Netherlands, including managers of multinational corporations (Table 3).

In **Germany**, highly skilled workers from non-EU countries may be recruited as long as their employment is in the “public interest”. Work permits are granted for one year, with the possibility of exten-

sions. In 1998 and 1999, 560 and 800 specialists, respectively, came to Germany, many from former East Bloc countries and from India. In May 2000, Chancellor Schröder announced plans to recruit an additional 20,000 IT specialists abroad. As a complementary measure, the education and further training of domestic computer and software specialists will be intensified.

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