

## **IBA - Global Employment Institute**

**Author:** Marco Mazzeschi  
**Topic:** 2016 - Attracting talent – Responding to talent shortages

---

The country reports evidenced that:

- **SHORTAGE OF HIGHLY SKILLED WORKERS (HSWs):** In many countries (in 30 out of 52 countries there is a shortage of HSWs
- **ACTIONS TO ATTRACT HSW:** 17 out of the 30 countries <sup>1</sup>are taking actions to attract HSWs and facilitate issuance of work permits to foreign or at least to some categories.
- **EU COUNTRIES:** Some European countries are partially solving the issue of the need of HSWs, through the implementation of the Blue Card Directive (work permits granted to workers holding a 3 year University diploma and other qualifications)
- **NO SHORTAGE:** An exception are: Argentina, Chile, Cyprus, Finland, Germany, Greece, India, New Zealand, Mexico, Norway, where the research indicated that there is no skill shortage. Actually, in India there is still a reverse phenomenon of IT experts going back to India after having studied and/or worked abroad
- **PROTECTIONISM:** Some countries have adopted in general stricter and more protectionist immigration rules (Cyprus, France, India, Serbia, Singapore, Slovakia, South Africa, USA);
- **QUALIFY LOCAL WORKERS:** Some countries (Czech Republic, Estonia, Kenya, Lithuania, Malaysia, Nigeria, Russia, Singapore) are implementing policies to qualify local workers who are given priority over foreign local workers

A summary spreadsheet with the major findings is attached as Exhibit 1.

As to **G7 countries** (namely Canada, France, Germany, Italy, Japan, United Kingdom, USA) trends are the following:

- All countries, with the exception of Germany, are experiencing a shortage of HSWs;
- Only Japan and Canada are implementing some policies to make immigration more flexible and attract HSWs
- Despite having shortages, the other countries are not taking effective policy actions to attract HSWs and in some cases (France, Italy, USA) the immigration policy is still quite protectionist

As to the **top 10 EU countries for GDP<sup>2</sup>:**

- All 10 countries, except Germany, are having a shortage of HSWs
- Only Austria, Sweden, Spain and Holland are implementing policies to attract HSWs and entrepreneurs

---

<sup>1</sup> Albania, Australia, Austria, Bulgaria, Brazil, Canada, Colombia, China, Holland, Israel, Korea, Lithuania, Singapore, Spain, Sweden, Taiwan, USA

<sup>2</sup> Austria, Belgium, United Kingdom, France, Germany, Holland, Italy, Poland, Spain, Sweden

- In most cases, policy are however subject to stringent conditions and more selective

---

The findings are consistent with the data shown in other research.

According to the **OECD International Migration Outlook 2015**<sup>3</sup>, the main trends in immigration flows in OECD countries<sup>4</sup> are the following:

- Immigration flows are on the rise in most countries<sup>5</sup>
- In 2014 the number of new asylum seekers into OECD rose by 46%.<sup>6</sup>
- A number of OECD countries have fundamentally revised their migration legislation in the past few years, most changes tend towards restrictions:
  - a) Skilled workers are still wanted, but countries are picking them more selectively
  - b) Investors and entrepreneurs are sought after, but are increasingly scrutinized
  - c) Some family immigration procedures are being eased, but the general trend is still towards restriction
  - d) New measures have been adopted in response to the humanitarian crisis in the Mediterranean region
  - e) Actions to strengthen border controls, encourage voluntary returns and fight against illegal employment of foreign workers have been implemented

The **International Monetary Fund**<sup>7</sup> issued in November 2015 a report titled International migration: recent trends, economic impacts and policy implications<sup>8</sup>. The report has some interesting findings:

- 1) International migration has risen steadily over the last three decades<sup>9</sup>
- 2) The international migrant stock is dominated by working-age individuals<sup>10</sup>
- 3) The educational attainment of migrants has increased significantly in recent decades. From the perspective of recipient countries, recent migration patterns reveal a strong selection- effect of immigrants<sup>11</sup>
- 4) Drivers of migration are considered to be the following:
  - a) Incentives to migrate are shaped by a combination of push and pull factors
  - b) Economic incentives have long been the main driver of migration. Cross-country differences in incomes, wages, and economic opportunities driven by

---

<sup>3</sup> <http://www.oecd.org/migration/international-migration-outlook-1999124x.htm>

<sup>4</sup> For a list of OECD members: <http://www.oecd.org/about/membersandpartners/list-oecd-member-countries.htm>

<sup>5</sup> United States is the first country in the number of migrants it receives, followed by Germany. One in ten new immigrants to OECD is Chinese and 4.4% from India

<sup>6</sup> The top destination countries are Germany, USA, Turkey, Sweden and Italy. France is sixth after being for several years amongst the top three destinations

<sup>7</sup> <https://www.imf.org/external/np/g20/pdf/2015/111515background.pdf>

<sup>9</sup> migrants account for over 3 percent of the global population

<sup>10</sup> Around 80 percent of total international migrants were in the 15–64 age group in 2013. In other words, 4% of the world's working-age population resided in a foreign country

<sup>11</sup> the share of highly educated individuals in total migrants doubled between 1980 and 2010 in major advanced economies

productivity and employment differentials and income inequality create incentives for migration flows.

- c) Social and cultural factors are also important drivers of migration. Migrants often tend to relocate to countries with similar social and cultural characteristics, such as common language or close geographical proximity, in order to minimize migration costs. Indeed, recent evidence suggests that about one-fifth of international migrants reside in countries with colonial links, a third in countries that share common languages, and more than a third in neighboring countries
- d) Demographic differences contribute to migration flows. Differences in population growth rates and other demographic characteristics between source and recipient countries and directly impact migration flows. In countries where populations are relatively young and job opportunities are limited, the excess supply of labor resulting from a high working-age population can result in high rates of structural unemployment (push factor). In many advanced economies, rapidly aging populations, high old-age dependency ratios, and labor shortages create a pull environment. In parallel, as fertility rates fall and the working-age population growth slows in source countries, push pressures for emigration can decline
- e) Migration policies have a direct impact on migration flows. In the past ten years, many countries have revised their migration laws in response to changes in demography, labor market conditions, and political contexts. Evidence shows that migration policies can shape the level and types of migrants. For instance, Canada has adopted a point system for the selection of high skilled labor by considering potential migrants' education, intended occupancy, language proficiency, age, and work experience. This policy has resulted in an increase in immigrants with specific skill characteristics catering to the country's demand. The United States, however, has focused its migration policy on family reunification, with approximately two-thirds of total permanent immigration coming from the family reunification program. Migration policies can also create international spillovers in that a relatively open migration policy in one country could reduce migration flows to other countries.
- f) Immigration constitutes a major source of labor force growth in many recipient economies. Since most migrants are young, immigration can have a large impact on labor force participation. For instance, immigration accounted for almost half of the increase in the labor force in the United States and over two thirds in Europe over the past decade. Looking at migrant stocks, which reflect the accumulation of immigration over time, foreign-born workers constitute a large share of the labor force in many countries

