

Literature review labour migration

An exploratory study into the shortages of qualified personnel at the upper secondary vocational level and the possibilities and limitations of employing migrants

Frank Cörvers (ROA)
Julia Reinold (UNU-MERIT)
Saena Chakkar (ROA)
Francesco Bolzonella (ROA)
Vera Ronda (UNU-MERIT)

ROA Technical Report

ROA-TR-2021/5

Researchcentrum voor Onderwijs en Arbeidsmarkt | ROA
Research Centre for Education and the Labour Market | ROA

Literature review labour migration

An exploratory study into the shortages of qualified personnel at the upper secondary vocational level and the possibilities and limitations of employing migrants

Frank Cörvers (ROA)
Julia Reinold (UNU-MERIT)
Saena Chakkar (ROA)
Francesco Bolzonella (ROA)
Vera Ronda (UNU-MERIT)

ROA-TR-2021/5
June 2021

Research Centre for Education and the Labour Market

Maastricht University
P.O. Box 616, 6200 MD Maastricht, The Netherlands
T +31 43 3883647 F +31 43 3884914

secretary-roa-sbe@maastrichtuniversity.nl
www.roa.nl

© WODC
ISSN: 2666-884X

Executive Summary

Attracting and retaining migrants can have many benefits for the host country and its economy, for example to mitigate skills shortages. Regulating immigration may prevent several negative consequences of a shrinking and ageing population. However, research and policy often focus on the highly skilled or so-called knowledge migrants (*kennismigranten*) as a source of human capital, which can increase innovation and a country's competitiveness. A group of labour migrants that receives significantly less attention from research and policy, are the medium-skilled migrant workers. Although it makes up a significant share of the migrant population, this group is rarely supported by specific migration policies.

Therefore, in this report we would like to answer the following central research question, as formulated by the WODC.

Central research question:

What is known in available literature about the opportunities and limitations of filling labour shortages through labour migration, especially in the middle segment of the labour market?

The methodology we used for collecting the relevant literature is based on, first, a systematic search for literature based on a predefined set of search terms. We also used the suggestions by the WODC and the Advisory board for this project. We next did a secondary search by the snowballing technique to identify additional literature from the results of the primary search. Additional information was searched to better understand the context about migration to the Netherlands and intra-EU migration, for example statistics and policy documents of websites of relevant Dutch and German government institutions. Finally, we consulted our network of experts.

This report first explores the labour shortages in the middle segment of the Dutch labour market, with a special focus on the metal, energy transition and healthcare sectors, and next discusses the skills requirements and background characteristics of workers per focus sector. The migration part of the report continues with discussing the priority supply in the EEA+ countries and to what extent this matches Dutch labour demand. Next the report addresses migration as a solution to address shortages in the middle segment of the Dutch labour market. In doing so, it reviews relevant European and Dutch legislation on migration as well as the recognition of qualifications. Furthermore, it discusses what can be learnt from Germany and some other countries. Apart from migration, the report also explores to what extent other possible solutions can contribute to solve the identified shortages in the middle segment of the Dutch labour market, in particular for the three focus sectors. Finally, the report concludes with how these solutions relate to the possible role of labour migration policy to tackle bottlenecks on the labour market, and discusses some directions for further research.

More specifically, the report addresses the following sub-questions, which were derived from the above central research question by the WODC.

Sub-questions:

1. In which sectors of the middle segment of the Dutch labour market are there shortages of employees? Which sectors are included in the study, and why?
2. What are the desired characteristics of the sought-after workers (per sector), such as: demographics, professional education, expertise, skills and/or other?
3. Is there a sufficient priority supply for these workers in the EEA and/or outside the EEA? If so, which supply and where; why do the Dutch demand and the foreign supply not match?
4. Which instruments can play a role in bringing the Dutch demand and the foreign supply together? Where do the opportunities and limitations lie in this respect / possibilities and impossibilities for labour migration policy?
5. Have other possible solutions been mentioned for the identified shortages in the middle segment of the Dutch labour market? If so, which?
6. How do the opportunities and limitations/ possibilities and impossibilities of the instruments relate to each other, especially for the possible role of labour migration policy?

Where relevant in this report, we will also address the expected impact of the COVID-19 pandemic on the validity of the findings. The summaries of the answers to the sub-questions are given below.

Sub-question 1: In which sectors of the middle segment of the Dutch labour market are there shortages of employees? Which sectors are included in the study, and why?

Answer:

- Based on an analysis of the largest staffing bottlenecks for employers up to 2024, it can be concluded which sectors of industry would benefit most from a supportive migration policy aimed at the middle segment of the labour market. This middle segment comprises all persons who have obtained their diploma at the level of upper secondary vocational education, i.e. at mbo 4-level.
- The following three sectors face the largest labour market shortages at this education level: metal industry, energy transition (including construction and energy) and (health)care. These sectors are called the focus sectors throughout this report.
- There is quite some overlap between the metal and energy transition sectors (energy and construction) with respect to the most prominent shortage occupations and types of education in the middle segment of the three focus sectors. Within these sectors, the broad key occupations Maintenance and installation engineers, Electricians and electronics mechanics, Technicians in construction and nature are likely to face large staffing bottlenecks up to 2024. The same holds for the mbo 4-level types of education in these sectors: Mechanical engineering and metalworking, Electrical and installation engineering, Construction and infrastructure.
- Furthermore, within the broad shortage occupations of the metal and energy transition sectors, specific occupations can be distinguished for which employers now face large staffing bottlenecks. In the short run, this situation is likely to continue for these occupations.
- In contrast to the metal sector and the energy transition sector, in the healthcare sector nurses are the only key occupation in the middle segment of the labour market with

large staffing bottlenecks. This occupation is related to the mbo 4-level education nursing and medical support. Nurses are more or less equally employed in the care and the welfare sector. Some specialisation is possible at the mbo 4-level, although for real specialisation further education at bachelor level is required.

Sub-question 2: What are the desired characteristics of the sought-after workers (per focus sector), such as: demographics, professional education, expertise, skills and/or other?

Answer:

- Working in specific technical or care occupations does require specific skills, but our literature review also reveals that more general social or interpersonal and culture or language skills are often as least as important. Migrant workers are clearly underrepresented in the healthcare sector, as well as in the construction sector.
- There are many specific occupations requiring much specialisation in the energy transition sector, which may explain that the required skills (numeracy and problem-solving) skills in the energy sector are above average, contrary to the required skills in the construction sector. Workers in the metal sector typically participate less than average in (long-term) training activities.
- There are many females working in part-time jobs in the healthcare sector, contrary to the metal and energy transition sectors. Young workers (up to 30 years old) are underrepresented in the metal and energy sectors of industry.
- Bear in mind that the above description of the background characteristics of workers and the skill requirements in the focus sectors are mostly not known exactly for employees at mbo 4-level, but largely apply to the average worker per focus sector.
- In addition, the metal sector and in particular the energy transition sector comprise a large number of sub-sectors. Within the metal sector we can distinguish, among other sub-sectors, the steel sector and the machine tool sector. Within the energy transition sector, the variety of subsectors is probably even greater, with, for example, the energy sectors wind, solar, hydropower, bio-energy and the construction sectors technical installation and sustainable construction (among others). Note also that not all economic activities within these sub-sectors are necessarily related to the energy transition.

Sub-question 3: Is there a sufficient priority supply for these workers in the EEA and/or outside the EEA? If so, which supply and where; why do the Dutch demand and the foreign supply not match?

Answer:

Priority supply

- Skills shortages requiring personal intervention (e.g. healthcare related) as well as technical (STEM: scientific, technological, engineering or mathematical expertise) skills shortages are widespread and severe in the EEA+ countries. Health professions figure more prominently than in previous years; nurses even rank first among occupations with a shortage.
- Although the evidence is scarce, there seems to be hardly any oversupply in the EEA+ countries for the shortage occupations in the Netherlands, including those related to the three focus sectors. It is probably very difficult to recruit from the priority

supply. We can conclude that it may be necessary to attract workers from third countries to fill the vacancies for these occupations.

Relevance of supply from TCNs

- Due to the aging population in the EEA+ countries, the supply of potential workers should be sought for outside these areas.
- There is a potential supply in Africa, but this is a relatively 'short-term' solution.
- Facilitating more options for the free movement of current TCNs in EEA+ countries could have a positive impact on their labour demand and supply.
- Strengthening the labour market position of migrant women may also increase supply.

Limitations to matching Dutch demand and foreign supply

- Within the EEA+ countries, there is hardly any priority supply that matches demand in Dutch shortage occupations (see above).
- European and Dutch migration policies focus on the highly skilled, which is why migration of the medium-skilled is more difficult to realise, even if there is a supply outside the EEA+ countries and even if people are willing to migrate.
- Limited transferability of foreign degrees and qualifications may contribute to underemployment of many migrants in the Netherlands.

Sub-question 4: Which instruments can play a role in bringing the Dutch demand and the foreign supply together? Where do the opportunities and limitations lie in this respect / possibilities and impossibilities for labour migration policy?

Answer:

Available instruments

- There is no legal instrument available that targets the medium-skilled specifically.
- Medium-skilled migration is possible through various rather restrictive channels.
- The Netherlands has a fragmented migration policy landscape.

Opportunities

- Migration can be one of the most efficient ways to address skills shortages.
- Migration can lower unemployment in countries of origin and countries of previous residence, e.g. in the case of intra-EEA+ migration of TCNs.
- Migration can rejuvenate the Dutch workforce.
- Posting opens new ways of legal migration.
- Posted workers officially reside and work in one EEA+ country, but are sent to a second EEA+ country to provide a service for a temporary period of time. This can include the hiring out through a temporary work agency (uitzendbureau).
- The posting of TCN workers does not involve any migration requirements on parts of the country to which the worker is posted.
- Circular migration is a form of temporary migration in which an individual repeatedly moves back and forth between two or more countries, usually for the purpose of labour. Circular migration schemes can be seen as a flexible way to mitigate skills shortages and curb irregular migration.
- Circular migration is associated with benefits for migrants themselves, as well as their host and home countries, although these are subject to debate.

Limitations

- Migration cannot be the only solution to filling skills shortages.
- Restrictiveness of available instruments and lengthy procedures make it difficult to respond to shortages.
- Migration is very much dependent on employers, who often prefer alternative solutions to recruiting migrants, e.g. due to remaining prejudices and stereotypes.
- The procedures for the recognition of foreign qualifications are expensive and lengthy.
- Employers can (ab)use posting to save labour costs.
- More specific information on the trends and dynamics of posted work to the Netherlands is scarce and we could not identify any literature that covers the posting of TCNs working in the three focus sectors.

Possibilities

- It could be possible to improve the free movement of TCNs through the expansion of the Single Permit Directive.
- There are possibilities to introduce a migration policy specifically aimed at the medium-skilled level, like the Skilled Workers Immigration Act in Germany.
- The relatively new Skilled Workers Immigration Act in Germany (in effect as of March 2020) establishes access to certain occupations for non-EEA+ migrants with intermediate qualifications, enables them to find work in Germany, facilitates skills development and shortens processing times.
- A standing committee could investigate labour demand and supply, and the opportunities for labour migrants to meet excess demand.
- Sectoral policies could be created to address labour market shortages.
- Mobility partnerships (including vocational training policies) could be created to expand transnational cooperation for the recruitment of medium-skilled workers.
- More liberal migration policies targeting all migrants disregarding their educational or skills level and occupation could be copied from Sweden; this could also prevent the creation of an even more fragmented labour migration landscape.
- Increasing the awareness of benefits of migration among employers and the general public could further help to increase the recruitment of medium-skilled workers.
- The phenomenon of posting does concern Eastern European workers as well as a large share of posted workers coming from Western EU Member States being posted to other Western EU Member States. TCNs with a valid work and residence permit in one EEA+ country can also be posted across the EEA+.
- Intra-EEA+ posting of TCN workers is on the increase and this mainly concerns low- and medium-skilled workers.

Impossibilities

- It is not sufficient to design migration policies to attract medium-skilled workers, it is also important to integrate them into Dutch society.
- Although there are some indications that the Skilled Workers Immigration Act has been successful in fostering a higher influx of skilled migrants to Germany, the recognition requirement could be a major hurdle.
- The Swedish system can be a good example for the Netherlands. It has proven to be effective, although there are still some shortcomings, such as the abuse of migrant workers.

Different procedures are in place for Foreign Qualification Recognition as an instrument to bring the Dutch demand and the foreign supply together in the three focus sectors

- The procedure for recognition of professional qualifications applies to those with a non-automatically recognised qualification obtained in a non-EEA+ country.
 - Firstly, getting the qualifications recognised in healthcare occupations can be quite a lengthy process, especially for holders of degrees from outside the EEA+ countries. The recognition procedures turn out to be complex and often poorly understood by TCNs, making identifying recognition options, pathways and alternatives challenging.
 - Secondly, there is a high dropout rate in the process.
- For the metal and energy transition sectors, there are no regulated occupations on mbo level-4 for which qualification recognition is mandatory. Relevant for migrants who want to work in unregulated occupations is foreign credential evaluation. This can give a good indication of the value of a foreign diploma in the Netherlands and can be used both for finding fitting employment and finding a suitable study.
- A last type of recognition is the so-called validation of prior learning (VPL, in Dutch *Erkenning van Verworven Competenties, EVC*). The value of the VPL highly depends on employers and educational institutes endorsing and accepting the VPL certificates. This policy instrument falls under the strategy of lifelong learning. VPL can be used for two routes:
 - In the labour market route, prior learning outcomes of individuals are validated against sector or organisation standards.
 - For the education route of VPL, applicants validate their formally/informally/non-formally acquired competences as a step to obtaining a formal qualification.

Sub-question 5: Have other possible solutions been mentioned for the identified shortages in the middle segment of the Dutch labour market? If so, which?

Answer:

General findings on bottleneck solutions

- Strategies to cope with skills shortages and to overcome staffing bottlenecks require both comprehensive policy adjustments at the national level and targeted HR policies within firms.
 - At the national level, various successful approaches have been taken to better match labour supply and demand in order to encourage people to study and work in specific areas with obvious shortages, such as STEM, ICT and R&D.
 - There is ample evidence that tailored approaches to human resource management and development have helped to marginalise the negative effects of skill shortages.
 - The use of different recruitment channels (such as employment agencies and other intermediaries, cross-border postings) can also be helpful in filling vacancies.
- On the demand side: Compensation, recruitment parameters and job structuring are components of a skills gap strategy.

- On the supply side: Strategies aimed at offering new training courses or designing new training programmes, and strategies to reduce institutional barriers by introducing more efficient education, training and recruitment arrangements.
- It is important to give workers a T-shape set of necessary skills to move easily from one speciality to another.
- It should be noted that these strategies are usually not specific to the middle segment of the labour market, apart from measures that can be taken to improve the vocational training and education (VET) system and promote the recruitment of (VET) apprentices.

Findings for the three focus sectors to tackle staffing bottlenecks

- *Metal sector*
 - In-house training for a T-shaped skill set
 - Advancing human resource strategies
 - Tap into disadvantaged labour segments
 - Intensify cooperation and staff exchange with education institutes
 - Strengthen the capacity of Public-Private Partnerships
 - Targeted training subsidies to small enterprises
 - Following the trend of automatisisation: Adapting to technological change
- *Energy transition sector (examples from three subsectors)*
 - Wind energy industry
 - Promotion of shorter and flexible vocational training courses
 - Promotion of collaboration between industry and academics
 - Encouraging more industry input into academic courses in the relevant discipline
 - Harmonisation of VET in the European context
 - A well-planned national education and training strategy
 - Set up investment programmes together with other employers, such as dual education systems
 - Transnational networks may allow the acceptance of qualifications issued by institutions abroad to facilitate international mobility
 - Technical installation (TI) industry
 - Recruitment of staff from outside the TI industry is seen as an opportunity for employers
 - Development of an Associate Degree programme
 - Sustainable construction industry
 - Provision of tailored training programs
 - Improvement of HR strategies to guarantee long-term employment prospects
 - Use of tailored governmental subsidies
 - Stronger public-private partnerships
 - Embracement of new technologies
- *Healthcare sector*
 - Creating a new mid-professional role
 - Adequate rewards
 - Transforming the hospital work environment
 - Transform work processes, physical design, and hospital culture

General opportunities for sectoral policy interventions are based on a dual approach

- *Within single firms:* More attention to workforce planning and human resource development, together with improving the working conditions to not only retain existing staff but also attract new talent, even reaching segments that are closely related to the required field of work.

- *Within the larger industry-wide or national context:* More coordinated funding used strategically to support the establishment of new institutions, new programmes or multi-stakeholder initiatives.

Sub-question 6: How do the opportunities and limitations/ possibilities and impossibilities of the instruments relate to each other, especially for the possible role of labour migration policy?

Answer:

- Although available data sources at European level are scarce, there seems to be hardly any oversupply in the EEA+ countries for the shortage occupations in the Netherlands, including those related to the three focus sectors. Therefore it is probably very difficult to recruit from the priority supply. We can conclude that it may be necessary to attract workers from third countries to fill the vacancies for these occupations.
- Although migration cannot be the only solution to filling skills shortages, migration can be one of the most efficient ways to address skills shortages.
- Medium-skilled migration from third countries is only possible through various rather restrictive channels.
- Migration is very much dependent on employers, who often prefer alternative solutions to recruiting migrants. This may be due to prejudices, stereotypes and lack of transparency on diplomas and competences of migrants, but also due to the lack of both general (social and language) skills as well as specific vocational skills. Furthermore, the procedures for the recognition of foreign qualifications are expensive and lengthy, which is in particular an obstacle for the healthcare sector.
- Alternative strategies to cope with skills shortages and to overcome staffing bottlenecks require both comprehensive policy adjustments at the national level and targeted HR policies within firms. Although they can be successful, it should be noted that all national strategies and HR policies require a lot of effort and huge investments.
- Employers may see labour migration as one of the tools to recruit people from abroad, and due to administrative barriers they often prefer to recruit workers from the Netherlands.
- Apart from the fact that firms could pay more attention to workforce planning and HR development in order to attract new talent, a more flexible migration policy, focused on the medium-skilled, could support firms in addressing labour market shortages.