VIEWPOINTSERIES

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migrant workers

ECONOMIC ISSUES AND OPPORTUNITIES

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SQWconsulting

MIGRANT WORKERS
ECONOMIC ISSUES AND OPPORTUNITIES

FOREWORD

Welcome to the second Viewpoint from SQW Group. Each Viewpoint draws on our consulting experience in order to consider an issue of current interest.

SQW Consulting, part of SQW Group, works with a range of national, regional and local agencies and organisations to provide policy-related research, intelligence and insight in response to key economic, social and environmental issues. In the course of our work, we have assisted clients to understand data on migration in their areas, migration's impact on neighbourhoods and its implications for the provision of infrastructure and public services.

In this Viewpoint, we look at the economic impact of migration, particularly insofar as it has been experienced in England – other parts of the UK have had different and distinct experiences. We think it brings together useful data and arguments for those working on economic development, and provides "thinking points" for regional and local organisations seeking to increase the economic competitiveness of their areas in sustainable ways. The paper does not review the arguments regarding the impact of migration on public services, as those issues have been well rehearsed elsewhere.

We hope you find this paper useful and we welcome your feedback.

Chris Green
Chief Executive Officer, SQW Group

August 2008

VIEWPOINT SERIES - FEEDBACK AND MAILING LIST

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EXECUTIVE SUMMARY

The advent of cheap international travel, the free movement of people across the European Union (EU), the subsequent increase in EU membership, and (until recently) the relatively strong UK economy, have all combined to produce significant levels of international migration. This has resulted in relatively large net inward migration into the UK over the past 10 years or so.

This paper looks at the scale of recent in-migration and its economic contours, rather than the implications of migration for public services and the housing market. It highlights a number of issues that regional, sub-regional and local organisations need to address if they are to promote sustainable economic competitiveness, in the context of large-scale international labour flows:

- successfully filling vacancies in high-skilled sectors to drive productivity – by ensuring the necessary amenities are in place to attract and keep mobile workers with skills that are in demand
- maintaining the competitiveness of businesses – by incorporating the learning and practices of migrant workers
- making the most of the mix of complementary skills that in-migration brings – so that people concentrate their time on the activities they are most suited to
- using migrant workers' skills to the maximum effect in order to raise productivity and minimise competition for low paid/low skilled work – often involving support in speaking English and gaining access to social networks with up-to-date job information
- developing a similar work ethic among all parts of the labour force – employers often cite migrant workers' work ethic as a reason for employing them over UK-born workers
- developing strategies for the long term viability of firms and sectors that appear to be reliant on a supply of low-paid, low-skilled workers from overseas.

INTRODUCTION

In recent years, demographic issues have moved up the public policy agenda. For example, there have been concerns over a "demographic time bomb" driven by relatively low birth rates and increased life expectancy. In-migration has been a particular focus of debate; there have been concerns over its impact on the UK's economic performance and particularly on unemployment rates; on access to and the cost of housing; and on public services, such as health and education.

The debates have often produced more heat than light. In part this is because in-migration is often perceived as a "hot topic" with the potential to produce social tensions in areas receiving new arrivals. Furthermore, the debates have often been confused, in part due to a lack of accurate data and/or the misinterpretation of what the available data say. However, this has not stopped the flow of institutional and public policy responses to the issue of in-migration.

Most recently, the Government has introduced a new points-based system for in-migrants from outside the EU.[1] The system has five tiers with registered sponsors required for Tiers 2 to 5:

- Tier 1: Highly skilled individuals to contribute to growth and productivity
- Tier 2: Skilled workers with a job offer to fill gaps in the UK labour force
- Tier 3: Limited numbers of low-skilled workers needed to fill specific temporary labour shortages
- Tier 4: Students
- Tier 5: Youth mobility and temporary workers: people allowed into the UK for a limited period of time to satisfy primarily non-economic objectives.

[1] http://www.homeoffice.gov.uk/about-us/news/points-based-system

In practice the points-based system seeks to limit the number of unskilled workers coming to Britain from outside the EU. This may affect some sectors of the economy, such as agriculture, where the Seasonal Agricultural Workers Scheme has brought in non-EU citizens. But it does not address the primary source of the recent growth in in-migration, namely, the recent members of the EU.

In this paper, we focus on the economic impact of in-migration. The paper has three sections:

- Context – which sets out the background data on migration, showing its scale, make-up and dynamism
- Stakeholder views – which provides a summary of different views on the impact of in-migration
- Issues and responses – which highlights some of the areas where the public sector can intervene in order to promote the economic benefits of in-migration, and respond positively to a dynamic and increasingly international labour market.

CONTEXT

The advent of cheap international travel, the free movement of people across the European Union (EU), the subsequent increase in EU membership [2], and (until recently) the relatively strong UK economy, have all combined to produce significant levels of international migration, resulting in relatively large net inward migration into the UK over the past 10 years or so. But what, factually, do the available data tell us about the scale and nature of in-migration?

Definitions, measurements and moving targets

Population estimates need to capture the stock and flows of residents into and out of an area. There are general difficulties associated with estimating the stock of residents; for example, where multiple-occupancy makes contacting tenants difficult.[3] There are also significant problems estimating the flows of residents into and out of an area, irrespective of their nationality; for example, where an area has a large number of short-term private-sector housing tenancies that produce "population churn".

The Office for National Statistics (ONS) identifies migration as the most difficult element of its population estimates.[4] It has recently modified its approach to estimating international migration and further changes are proposed. Currently ONS estimates are based on two primary sources: the International Passenger Survey (IPS), which is primarily aimed at gathering information on tourism; and, more recently, the Labour Force Survey (LFS). The sample sizes for migrants in both surveys are relatively small, which makes apportioning shares of estimated international migrants to local authority districts a tricky and imprecise exercise.

A further complicating factor is the difficulty of defining an in-migrant. Overseas migrants living in an area for less than 12 months do not count for the purposes of estimating the population. In some areas, however, there is a permanent churn of in-migrants, and this means the number of people living in an area is consistently higher than official population estimates.[5] The implications of under-counting have been central to debates about how best to estimate the right level of funding for public services.[6] The particular character of recent trends has also led some researchers to characterise recent migration as operating as a turnstile rather than a permanent increase in population.[7]

[2] The European Union Accession Eight Countries (A8) joined the EU on 1 May 2004. These are the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia. Nationals of the EU A8 Countries are required to register with the Workers Registration Scheme (WRS) in order to take up employment in the UK. Romania and Bulgaria joined the EU on 1 January 2007; however, time-limited restrictions on access to the UK labour market were imposed (the restrictions do not apply to the self-employed).

[3] This is of particular importance in estimating the number of migrant workers, as they often live in multiple occupancy housing.

[4] Updates on the ONS's work can be found at: www.statistics.gov.uk/about/data/methodology/specific/population/future/imps/updates/default.asp

[5] The Labour Force Survey does not overcome this problem as it does not include short-term migrants and those living in communal establishments.

What the data do tell us

The picture of inward and outward migration is complicated and, as noted above, the data are not always accurate. However, there are a number of questions that the data can help to answer. This section draws on ONS data in order to set out the context for the debate about migration, and its economic impact.

What has been the pattern of net migration over time?

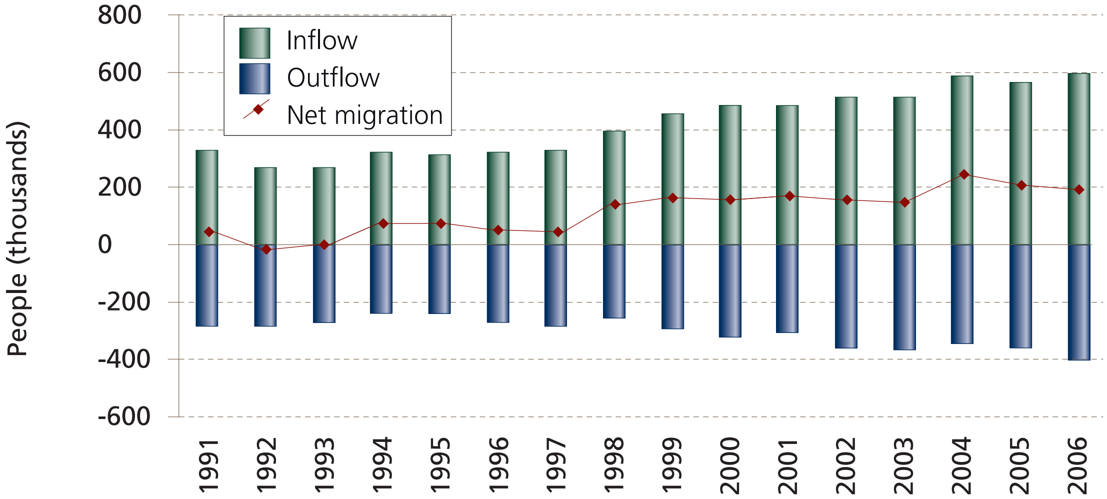
Over the last 15 years, there has been net inward migration to the UK. The rise started in around 1997 **(Figure 1)**. Between 1991 and 2006 there was a net inward migration into England of nearly 1.9 million people.[8] The net annual inflow did not fall below 145,000 from 1998 onwards. It hit a peak of 236,000 in 2004.

Which countries do migrants come from?

There has been a steady inflow of workers to the UK from a range of countries – these can be tracked using data based on requests for National Insurance Numbers. In 2004, there was a rapid increase in applications for National Insurance Numbers. This was linked to the eight EU Accession States (A8 states) joining the EU, and the (time-limited) restrictions on entry placed on workers from those countries by other EU members, which meant those wishing to seek work elsewhere in the EU were diverted to the UK and Ireland **(Figure 2)**.

The Workers Registration Scheme (WRS) provides information about the sources of migrants to the UK from the A8 states. It shows that Poland accounts for around two-thirds of all migrants from A8 states **(Figure 3)**. The numbers remain significant even though recent reports indicate a slowing of the rate at which workers are migrating from Poland (applications to the WRS were down by 17% in the latter half of 2007) and a growing trend of workers leaving England to return to Poland, as the difference in wages between the two countries narrows and the value of the pound falls.[9]

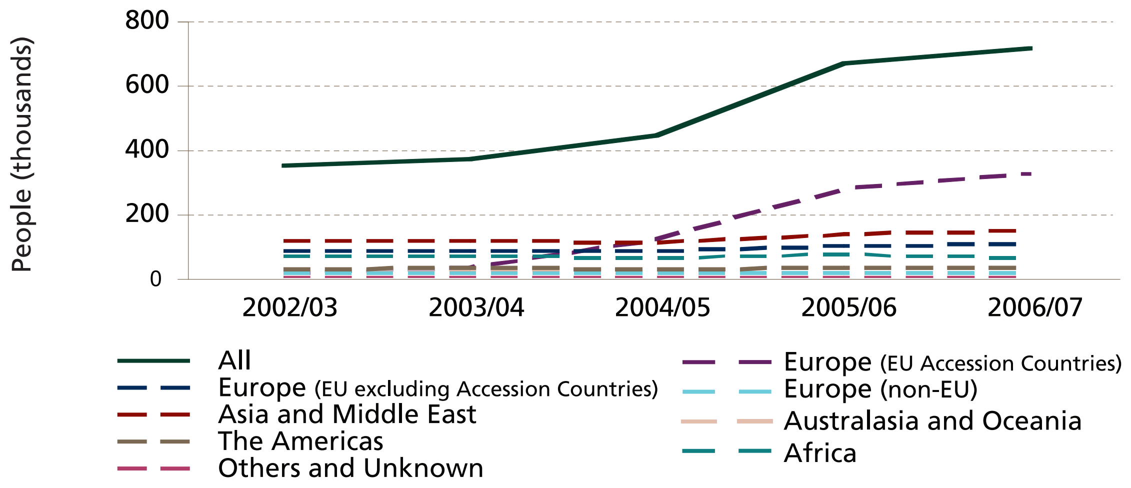
Figure 1: Total inward and outward migration in the UK



Source: ONS 2007

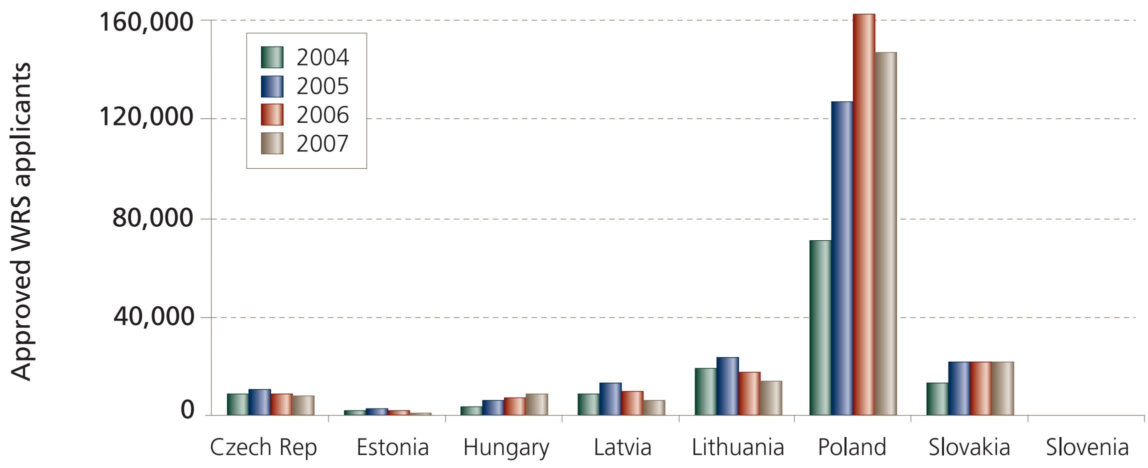
[6] SQW Consulting, Westminster Population Research 2007: www.sqw.co.uk/file_dpwnload/114.
[7] ippr, Floodgates or turnstiles? Post-EU enlargement migration flows to (and from) the UK, April 2008.
[8] This includes UK born citizens returning after an extended absence of over 12 months.
[9] The Times, "Tide turns as Poles end great migration", 16 February 2008; and ippr, Floodgates or turnstiles? Post-EU enlargement migration flows to (and from) the UK, April 2008.

Figure 2: Countries of origin of in-migrants based on applications for National Insurance Numbers



Source: DWP National Insurance Number applications, May 2007

Figure 3: Breakdown of in-migrants to the UK from A8 countries



Source: Home Office Border and Immigration Agency 'Accession Monitoring Report' May 2004 – December 2007

What are the employment rates of in-migrants?

In-migrants tend to be younger than the overall population. For example, in 2005, around 40 per cent of long term migrants[10] to the UK were aged between 15 and 24, compared to 13 per cent of the resident population.

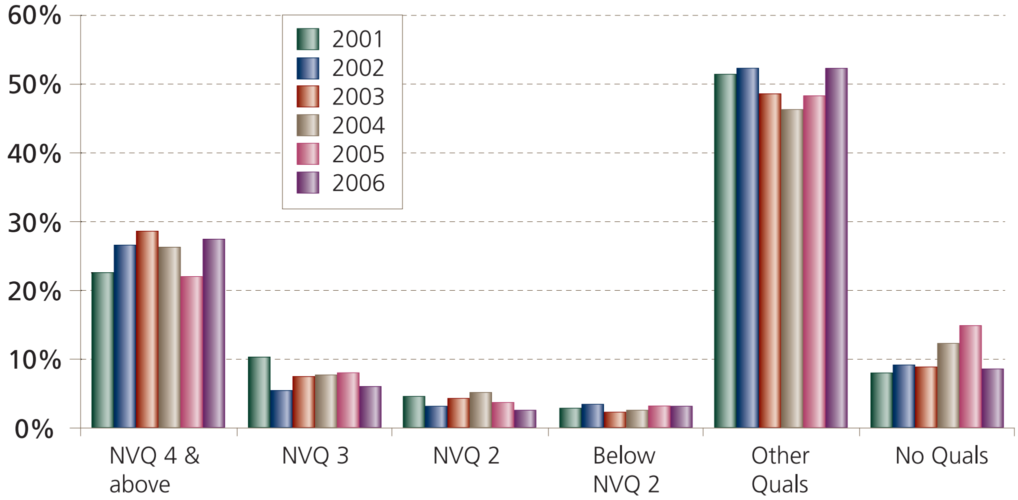
Data from the LFS (last quarter of 2006), show that the average employment rate of migrants was around 68 per cent (8 percentage points below the average of UK-born citizens of working age); however, this average masks a wide variety of rates. Foreign born in-migrants from Romania and Bulgaria had employment rates of 94 per cent; South Africans, 85 per cent; Australians and New Zealanders, 84 per cent; the A8 states, 81 per cent; and the EU 15 states, 76 per cent. This compares to an average of 76 per cent for UK-born citizens.[11]

In general, foreign born men had a relatively high employment rate, although there were exceptions, such as men from the Middle East, who have employment rates as low as 56 per cent (compared to 79 per cent for men born in the UK). The employment rates for women in the UK tend to be lower than those of men, and foreign-born women's employment rates are below those of UK-born women; hence the lower overall employment rate for foreign born in-migrants.

What level of education and skills do migrants bring and what jobs do they do?

Most in-migrants have qualifications. Over the last six years for which data are available, only between 8 and 12 per cent of in-migrants had no qualifications **(Figure 4)**. The educational and skills attainment of foreign-born workers is, on average, higher than that of the UK-born population. This is reflected in higher earnings for foreign born workers. However, the earnings gap has narrowed in recent years, as workers from A8 states have tended to enter lower-skilled and lower-paid occupations, thereby reducing the overall average weekly earnings of foreign-born workers. Furthermore, the high level of migrant workers in the 'other qualifications' category illustrates the scale of the difficulties associated with matching overseas to domestic qualifications. It also shows the potential scale of migrant workers with qualifications that employers may not be using to full effect.

Figure 4: Migrant workers' qualifications

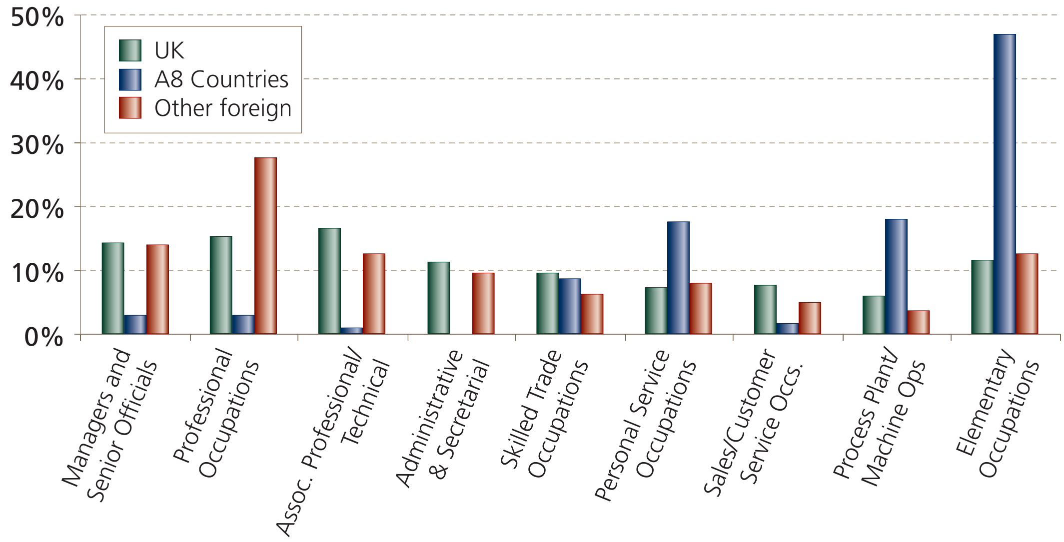


Source: Labour Force Survey Spring 2006

[10] Long term means those staying for 12 months or more.

[11] Self employment rates are roughly similar at around 15 per cent for migrants and 13 per cent for UK natives.

Figure 5: Breakdown of occupations for UK, A8 and other foreign workers in 2006



Source: Labour Force Survey Spring 2006

Figure 5 illustrates the breakdown of occupations by country of origin. It shows over 40 per cent of workers from A8 states work in elementary occupations, compared to just over 10 per cent of UK and other foreign born workers. Conversely, nearly 30 per cent of 'other foreign born' workers are employed in professional occupations.

Which sectors do migrant workers work in?

In-migrants work across all sectors, with the pattern mirroring that of the overall economy. The data are often split between A8 countries and other foreign-born workers.

A large proportion of 'other foreign-born workers' are to be found in public administration, education and health (around 3 out of 10 of them work in this sector), with around 1 in 5 working in the following sectors: distribution; hotels, catering and restaurants; and banking, finance and insurance.

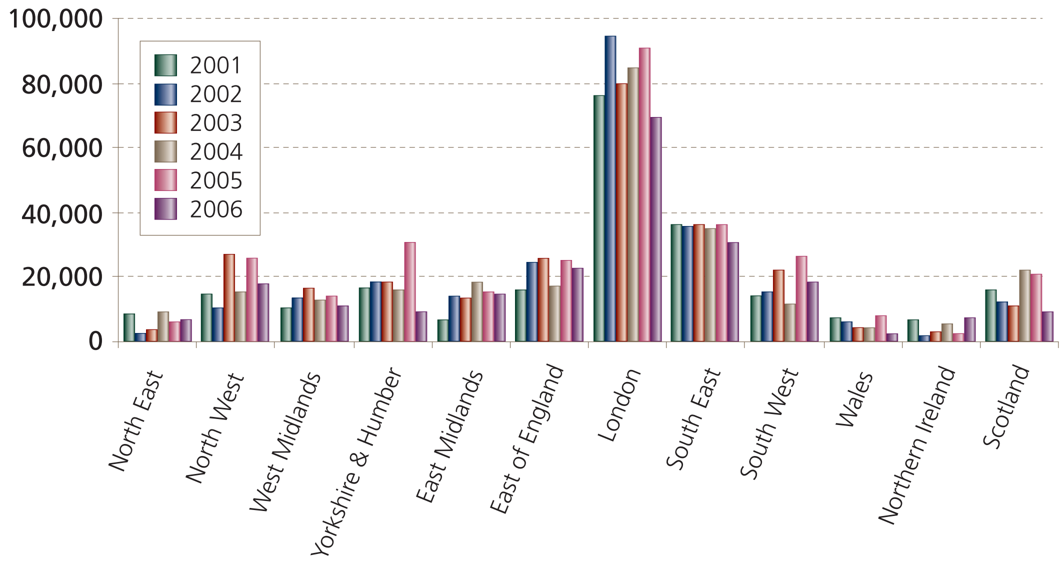
A8 state workers are less likely to work in public administration, education and health, and banking, finance and insurance. Around 1 in 5 work in manufacturing and 7 out of 50 work in construction. The WRS provides information on the sectors in which migrants from the A8 states are employed. This highlights the high level of applications to work in agriculture, compared with that sector's relatively low share of overall employment in England. It also shows a steady flow of between 30,000 and 40,000 workers a year into the hospitality and catering sector.

Where do migrant workers live?

The LFS provides a breakdown by region of where migrant workers live **(Figure 6)**.[12] It shows London and the South East are the most popular destinations for migrants. However, data from the WRS show that between May 2004 and June 2007, the East of England saw the bulk of in-migrants from A8 states. This reflected the number of migrants from A8 countries working in agriculture and related processing industries.

[12] Office for National Statistics (ONS) guidance warns that published estimates of fewer than 10,000 are subject to a very high degree of sampling variability. Effectively, an estimate of 10,000 is produced from a sample size of about 25 interviewees and thus has a relative standard error of about 20%. As a result, one can only be 95% confident that the true population is between 6,100 and 13,900.

Figure 6: Breakdown of in-migrant destinations by region for the period 2001-2006



Source: Labour Force Survey Spring 2001 to Spring 2006

What are the motivations of employers in employing migrant workers?

There are a number of "demand-side factors" affecting the flow of in-migrants operating at the level of the whole economy (the macro level) and at the level of individual businesses (the micro level). At the macro level, the relative buoyancy of the economy attracts migrants seeking to work, as does a relatively strong pound (which benefits those people sending money home or saving for their return).

At the micro level, there are a number of factors driving demand for migrant workers. For example, the Institute of Directors surveyed its members in 2007 and found:

- 61 per cent recruited migrant workers because these individuals had skills not readily available in the indigenous workforce[13]
- 38 per cent said migrant workers had a better work ethic than UK workers
- 16 per cent stated that migrant workers were cheaper to employ than UK workers
- 5 per cent stated that migrant workers will do work that UK staff would not want or were the only people to apply.

Thus, skills seem to be the driving factor in firms' decisions to employ migrant workers, followed by the work ethic. The ability to pay relatively low wages and provide poor working conditions are not major factors in general, although their relative importance may vary between sectors.

What has been the effect of in-migration on the economy, and is it sustainable?

The effect of in-migration on the economy is complex and the data are not wholly reliable, but some general points can be made.

What does the evidence say?

Over the past 10 years, the UK, and in particular England, has seen an increase in in-migration, with official estimates indicating continued net in-migration of around 190,000 people a year. These estimates do not take account of the impact of policy changes, such as the introduction of the points-based system for non-EU migrants.

The accession of the A8 states in 2004 saw the release of pent-up pressures from the populations of former Eastern bloc countries. The impact on the UK

[13} This does not necessarily mean high level skills.

of this pent-up demand was heightened because the majority of the 15 EU countries placed time-limited restrictions on entry to their labour markets, which had the effect of diverting people to the UK. This may appear to be a one-off situation (as potential migrants will have a wider choice of economies as short term restrictions end). However, the prospect of further EU expansion to incorporate the poorer southern and eastern parts of Europe may mean that the pattern is repeated in the future. Furthermore, the period from 2004 to 2008 illustrates the scale and speed at which international labour flows now operate. In other words, it may indicate a shift in the way labour moves around the EU, which in turn requires adjustments in the way national, regional and local bodies interact with the labour market.

The "pull factors" to the UK have been a relatively buoyant economy, job vacancies in most sectors and at most skills levels (job vacancies have exceeded net inward migration each year for the past 10 years). The "push factors" in some A8 countries mirrored the "pull factors" in England: economies were not as buoyant, there were fewer job opportunities and pay was relatively low. In future, if the balance of these factors shifts, the flow of migration is likely to alter. This "correction" may also be enhanced by intervention, for example, by the Polish government seeking to promote Polish economic growth by attracting people to return to Poland. Thus, while the international dimension of the labour market appears set to remain a feature of the economy, the scale of in-migration may not run at the levels seen over the past four years.

What has been the likely impact on productivity?

Migrant workers increase the economy's capacity to produce goods and services provided they do not displace someone who was already doing the job they occupy.[14] In general, if they are to maximise their economic contribution, it is important that in-migrants are integrated into the workforce as quickly as possible and at the highest level they can attain. The longer it takes to get a job and the further the gap between what they are employed to do and what they are capable of doing, the greater the loss to the economy.

As well as its impact on the economy's overall productive capacity, in-migration affects average worker productivity. Workers' productivity depends on a number of factors, in particular: what they bring to a job, for example, their level of education and skills (sometimes referred to as human capital); and how well they are used in the economy, for example, the capital available for them to use, the quality of business organisation or work practices, and the ability of the labour market to recognise all their skills, so that they are given appropriate jobs.[15]

As noted above, in-migrants have tended to be more qualified than the UK-born workforce, implying the market is filling gaps in high-level skills. In-migrants in these sectors tend to raise average productivity, not only through personal contributions but by bringing learning from elsewhere, for example, new ways to operate businesses efficiently.

However, since 2004, there has been an increase in the number of low-skilled workers entering the UK. Thus, while increasing the overall output of the economy, recent in-migrants may well have reduced average productivity, bringing low skills and gravitating towards low capital, low knowledge intensive occupations. This may have enabled activities that are not likely to be viable in the long term to continue in the short term, in effect extending the economic life of some business models.

[14] At a basic level, as immigration adds around 0.5 per cent to the working age population each year, all other things being equal GDP should increase by around 0.5 per cent. This assumes (a) they are employed and (b) they are as productive as the average worker.

[15] There are also short term and long term issues to consider, for example, in the short term there may be a limited amount of capital for in-migrants to use, this will tend to depress average productivity; however, over time firms will be able to invest in more capital, raising overall production capacity and productivity.

Furthermore, where low skilled in-migrants have released more productive workers from less productive tasks, the economy may have seen an increase in average productivity. This is often referred to as the impact of "complementary skills", which are in effect gains from specialisation.

What has been the impact of in-migration on employment, unemployment and pay?

The economy has grown over the last 10 years, as has the number of people in work. In-migration has been both a cause and consequence of economic growth. However, as noted above, the impact has varied sectorally. This implies the costs and benefits of in-migration may have varied in different locations and in relation to particular population groups. Furthermore, there have been concerns that (a) foreign-born workers may have displaced people from some jobs, leading to increased unemployment; (b) migrant workers have taken jobs that local unemployed people could have taken, thereby reducing the net gains to the economy and the public purse; and (c) the increased supply of workers has depressed wages, at least in some sectors.

Between 2004 and 2005, at least 310,000 migrants arrived from A8 states and unemployment rose by 130,000. On the face of it, this looks like 130,000 workers were displaced as a result of in-migration. However, further analysis carried out by the Department for Work and Pensions found no real link between changes in local unemployment rates, and the areas where workers from A8 countries actually lived.[16] Furthermore, in some instances, migrant workers were moving into sectors facing recruitment difficulties, such as agriculture, where UK-born workers were not seeking employment.

In these circumstances, genuine displacement effects are likely to be low or insignificant. Although some sections of the workforce may have lost out as a result of increased in-migration, it is not clear that the effect was strong; nor is it clear how long it will last, as over time the economy should create new opportunities for displaced workers. Thus, while there may be some transitional costs borne by parts of the workforce, these should be temporary, provided alternative additional employment is produced and taken up relatively quickly.

While it is hard to know what would have happened to wages without in-migration ("the counterfactual"), there is little evidence of reductions in pay associated with in-migration. For example, Government-sponsored research found "no discernible statistical relationship" between wage growth and A8 workers' living patterns at the local authority district level.[17] The same research did, however, provide some evidence of a negative impact on those at the bottom of the pay scales, for example those working in hotels and restaurants.[18]

[16] Home Office and Department for Work and Pensions (2007), The Economic and Fiscal Impact of Immigration: A Cross-Departmental Submission to the House of Lords Select Committee on Economic Affairs, p. 16.

[17] See Home Office, Department for Work and Pensions, The Economic and Fiscal Impact of Immigration: A Cross Departmental Submission to the House of Lords Select Committee on Economic Affairs, October 2007.

[18] On the other hand, it can be argued that, in as much as immigration does reduce inflationary wage pressures, it enables the central bank to maintain a more expansionary monetary policy than it would otherwise have been able to pursue. This would boost employment overall – producing a net gain in employment and output for the economy.

STAKEHOLDER VIEWS

In this section we look at a selection of responses to in-migration from a number of sources, including academics and think tanks, employers and trade unions, and lobby groups and local authorities **(Table 1)**.

Table 1: Selection of comments on the impact of immigration

Issue	Comment
What they say about the overall impact of migration	In this country, the overall economic impact of immigration is limited but positive. (Trades Union Congress, TUC) Three-quarters of IoD [Institute of Directors] members support the view that migrant workers make a significant positive contribution to the UK economy. (Institute of Directors, IoD) …using the Treasury's own assumptions, the average addition to GDP per head is very small indeed. In contrast the impact on population is very large... (MigrationWatch) One reason for the attention paid to migration from the A8 states is that it has been more geographically dispersed. A substantial number of migrants from Poland, Lithuania, Slovakia and to a lesser extent other European states such as Portugal have gone to towns and rural areas with little previous experience of receiving international migrants. (Local Government Association, LGA)
What they say about migration, wages and employment and unemployment	Economic theory would lead one to expect that immigration should increase total demand, and thus the number of workers employed in the economy. The empirical evidence tends to back up this theory. (Trades Union Congress, TUC) It is widely agreed that, taken as a whole, past immigration in most countries has not had much affect on the average wage of native workers. There is disagreement about its impact on employment. (Professor Bob Rowthorn)
What they say about migrants at work	…employment in agriculture has grown very rapidly since 2004. This makes it more difficult to claim that migrant workers are displacing British-born workers, and one interpretation is that farmers are now able to recruit workers to jobs that do not pay enough to attract British-born workers, or where the terms and conditions are not sufficiently attractive. (TUC) The overwhelming majority of organisations (80 per cent) report no difficulties in assimilating migrant workers into their organisation, although the proportion does vary from 63 per cent in construction to 93 per cent in financial services. Of those organisations stating that they had experienced difficulties, 82 per cent cited problems related to language, whilst 37 per cent mentioned cultural issues. In only four out of ten incidents were the cases said to be significant. (IoD) There is some evidence that a proportion of recent in-migrants to the UK are over-qualified for the jobs which they do. This is true of some migrants from Eastern Europe, for example. A better match between skills and occupations should benefit not only the individuals but the economy as a whole. (LGA) Language problems are often cited by local authorities as a barrier to a better match between skills and jobs in migrant communities. Many authorities cite problems with funding for English as a Second Language courses. This is an area where government investment should yield a worthwhile return. (LGA)

Source: Written evidence to House of Lords Select Committee of Economic Affairs

Thus, there is general consensus that the net economic impact of migrant workers is probably marginal. Furthermore, there is some evidence from the Institute of Directors that, in most cases, migrant workers are reasonably well integrated into the workforce, but the experience varies by sector. Where there are problems, the primary issue is language – and it may not always be in employers' interests to invest in English language training for staff, as this may make them more employable elsewhere. Furthermore, there is anecdotal evidence indicating that cultural and language barriers limit migrant workers' ability to find jobs at their most productive level in the economy. This means over-qualified workers are competing with low skilled UK-born workers, which may lead to displacement as well as the under utilisation of migrants' skills.

Issues and responses

This paper has highlighted a number of issues related to recent migration patterns and their impacts on the economy. Drawing on our work in developing and evaluating strategies, we think that economic outcomes would be improved if those working on economic development could respond more effectively to the dynamic and international nature of the labour market.

The paper points to a number of areas where local authorities, regional development agencies and local strategic partnerships could take action:

- successfully filling vacancies in high-skilled sectors to drive productivity – by ensuring the necessary amenities are in place to attract and keep mobile workers with skills that are in demand
- maintaining the competitiveness of businesses – by incorporating the learning and practices of migrant workers
- making the most of the mix of complementary skills that in-migration brings – so that people concentrate their time on the activities they are most suited to
- using migrant workers' skills to the maximum effect in order to raise productivity and minimise competition for low paid/low skilled work – often involving support in speaking English and gaining access to social networks with up-to-date job information
- developing a similar work ethic among all parts of the labour force – employers often cite migrant workers' work ethic as a reason for employing them over UK-born workers
- developing strategies for the long term viability of firms and sectors that appear to be reliant on a supply of low-paid low-skilled workers from overseas.

The issues form the basis of an economic development response to migration. The economic development agenda on migration should complement the work already underway on the implications of migration for the delivery of local public services and social cohesion.

Table 2: Issues to address, potential responses and desired impact

Issue	Response	Impact
Ensuring vacancies for high skilled jobs are filled	Ensure the quality of life in the area is attractive to overseas workers in professions facing skill shortages Support measures to improve the processes for recognising overseas qualifications	Increased productive capacity of the economy Increased average productivity per worker Full utilisation of skills of highly-qualified migrants
Ensuring firms stay competitive by using international best practice in management and working practices	Tap into the expertise of skilled and experienced foreign-born workers to spread best practice in business management, e.g. through knowledge transfer and management networks	Improved business organisation and processes, either across all firms or within specific sectors, producing more competitive businesses and a more productive local economy
Making the most of the complementary skills of migrant workers	Identify where lower-skilled migrant workers can be employed to release more productive staff to concentrate on higher value-added activities	Local and regional economies achieve greater specialisation of roles, resulting in increased worker productivity
Under utilisation of migrant workers' skills	Provide courses to enable skilled foreign-born workers to gain locally recognised qualifications, and provide information on jobs available to compensate for limited social networks providing employment information	Increased worker productivity by placing people in the most productive jobs they can do Reduced competition for low-skilled UK-born workers
Identify where workers' productivity and mobility is limited by a lack of English language skills	Work with local employers to see if there is a shared interest in providing language courses; but also identify where employers are hindering labour mobility by limiting training opportunities and provide publically-funded language courses	More productive, more socially integrated migrant workers, able to move to the most productive areas of the economy
Finding new employment opportunities for displaced workers before they become long term unemployed	Identify sectors where workers have been/are displaced and provide tailored support to the recently unemployed to improve their skills and employability in other sectors	More skilled UK-born workforce moving to higher value-added jobs, increasing productivity
Better work ethic among migrant workers than UK-born adults	Testing to see if there are ways to transfer the work ethic of some migrants to economically inactive UK-born adults	Improved employability of UK-born workers and reduced cost of benefits to the exchequer
Long-term competitiveness of sectors relying on low-paid migrant workers	Identify sectors, such as agriculture and tourism, where reliance on low-paid migrant workers underpins the current competitive position, and develop alternative scenarios for future development paths, given the potential reduction or reversal of migration of low paid workers from Eastern Europe	Preparation of strategies for restructuring sectors which rely on low-paid workers but are open to international competition either to (a) aid diversification or (b) produce investment patterns that will raise long-term productivity

Source: SQW Consulting

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SQW Consulting, SQW Energy, Oxford Innovation and SQW Asia are part of SQW Group.
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SQW Consulting is one of the largest and best known UK providers of public policy consultancy services for economic development and regeneration. The company works with clients in the UK and overseas, providing advice on urban and rural regeneration; innovation and business development; higher education and technology transfer, and skills development.
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