



English summary
of Fafo-rapport 2022:17

Labour immigration from third countries

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The topic of this report, which has been commissioned by the Norwegian Directorate of Immigration, is immigration of skilled labour from countries outside the EEA, so-called third countries. ‘Skilled’ means that the migrant worker must have a vocational certificate, higher education or special qualifications to be granted residence in Norway.

This project was conducted in an extraordinary period. The COVID-19 pandemic in 2020 and 2021 caused strict limitations to be imposed on international mobility, and the Russian invasion of Ukraine in February 2022 triggered the largest wave of refugees Europe has seen since the Second World War. Furthermore, since 1 January 2021 all British workers have been considered third-country citizens.

When this study was undertaken, the entire world was marked by the COVID-19 pandemic. For employers and labour migrants from third countries, restrictions on entry have been a challenge. One immediate consequence was a sharp drop in the number of applications for residence. An increased workload on the Directorate of Immigration was another consequence.

Making provisions for recruitment of necessary labour from third countries is a deliberate policy. One precondition for succeeding in this is for Norway to appear as an attractive destination for labour migrants. On the other hand, it is a fundamental principle that this immigration should not displace workers from Norway or other countries in the EEA.

Knowledge about the provisions that other, comparable countries make to attract needed labour was the topic for the first part of this project. This knowledge status was published in a separate report written by Cecilie Aagestad, Kristin Brænden and Ester Bøckmann and entitled *Arbeidsinnvandrere fra tredjeland [Labour migrants from third countries]* (Fafø-rapport 2021:05).

The objective of this project is to obtain more knowledge about skilled labour migrants in Norway and Norwegian employers who recruit labour from third countries. What are the characteristics of labour migrants from third countries? What is their experience of working and living in Norway? What do they need in terms of public services? Are any amendments to the regulations needed? How do they perceive the application process?

In this project we have conducted a) register analyses of accepted and rejected applications from the years 2000–2020, which show characteristics of the labour migrants, b) a survey among skilled labour migrants who are resident in Norway, and c) a survey among employers with employees from one or more third coun-

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tries. In addition, we have conducted a total of 25 qualitative interviews with employers, employees and key informants.

Third-country citizens who wish to take up employment in Norway must apply for a residence permit. Most of them are granted such a permit as a skilled or seasonal worker. A specific job offer must be presented, and requirements for the position, and for wage levels and working conditions must be met. In 2000, the skills requirement was extended to include persons with three years of vocational training at the Norwegian level as a minimum. This is the principle regulatory change in this area for the last 20 years.

In consultation with the Ministry of Finance and the Ministry of Trade, Industry and Fisheries, the Ministry of Labour and Inclusion determines an annual quota for skilled migrants. Since 2002, the quota has amounted to 5000 employees. The quota has never been filled. Should this happen, the processing of applications will include an assessment of the situation in the labour market. A residence permit as a skilled worker forms the basis for a permanent residence permit, which can be applied for after three years. Norway is not bound by EU regulations pertaining to labour immigration from third countries.

Most migrant workers come from Asia and Europe

The largest groups of labour migrants from third countries in 2020 came from countries in Asia and Europe. The majority arrived from India, China, Ukraine and Serbia. Persons aged 25–44 years make up the largest age group, while women account for approximately 30 per cent of the labour migrants from third countries.

In the years 2016–2020, the proportion of migrants with vocational training or long university or college education (more than four years) fell, while the proportion with short university or college education rose. Those with longest education are still in the majority. In 2020, altogether 57 per cent of the permits granted were given to those with longest education, 29 per cent to migrants with short university or college education (up to four years) and 13 per cent to persons with vocational training.

Natural sciences, technical subjects and crafts, which include persons with IT skills, predominate. The number of persons with healthcare, social work and sports skills has declined considerably since 2015. This may be due to strong international competition to attract healthcare personnel.

In 2016, it was decided that exchange students could be granted residence for twelve months after graduation, as compared to six months previously. In the period from 2016 to 2019, a higher proportion of exchange students in Norway applied for a job here. This increase may be linked to the change in rules, but is also likely to be due to increasing demand for labour.

Dependent on business cycles

Labour migration from third countries is demand-driven and therefore highly dependent on business cycles. The unemployment level in Norway has a major impact on the recruitment of labour. High unemployment decreases the likelihood that migrants will apply for work in Norway. High unemployment in the home country plays a lesser role. The most likely reason is that because of their training, skilled workers are less vulnerable to recessions in their home country.

The existence of a network in Norway, for example in the form of a diaspora, has little impact on whether a migrant will seek to come here.

Why Norway?

Eight out of ten migrants who participated in the survey responded that good job opportunities, the possibility for professional development and high wages were important in their decision to choose Norway. Furthermore, conditions beyond the job itself are important for the majority, including a favourable work-life balance and good welfare schemes.

When asked what will be needed for them to stay, the majority cite job-related conditions, such as the professional environment and high wages. Family-related issues also play a large role in the decision to stay in or leave Norway. Six out of ten state that it is important for them that their family is happy here and that their partner can find a job. Approximately 30 per cent think that communicating with Norwegians is difficult, and 60 per cent miss their friends and network from the home country.

One-half of the respondents had considered going to another country before choosing Norway. The main competitor countries are Germany, the UK, the United States, Sweden and Canada.

When asked what Norway can do to attract more labour migrants, six out of ten answered that language training is extremely important. Four out of ten emphasise simplifying the application process for residence.

How can we attract the best workers?

The clear number one reason why Norwegian employers recruit labour from third countries is that the right skills are unavailable in Norway or other EEA countries. This is especially important for IT businesses. Furthermore, employers appreciate the experience migrants bring with them from other relevant businesses.

More than one-half agree that language barriers can be a hindrance to bringing people to Norway. The same applies to opportunities for partners and families. For example, it is pointed out that it is difficult for a spouse or a partner to find a job in Norway. The Norwegian climate, on the other hand, is not considered to be a major obstacle to recruitment of skilled labour from third countries.

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Four out of ten believe that there is little awareness of the available job opportunities, and they call for better information about Norway abroad. This applies especially to employers in the services sector. Having well-qualified professional communities and spreading information about them are therefore two main factors when it comes to attracting migrants. Seven out of ten also believe that there is a need to improve the application processes.

The application process takes too long

Applications for residence from skilled workers are processed by the Norwegian Directorate of Immigration. This includes checking the documentation of wage and working conditions. In principle, the application must be delivered to the police in person, but it can also be delivered by the employer. Since 2000, a number of initiatives to improve the application process have been launched.

Our survey shows that despite these new initiatives, seven out of ten employers find that the application process takes too long. A little more than one-half of the employers think that the application process is simple and easily understandable and that the information from the authorities is easily accessible. Those who had requested help from the authorities were largely satisfied with the assistance that had been provided.

Altogether 44 per cent of the labour migrants from third countries find that the application process takes too long. Eight out of ten agree that the process is simple and easily understandable, and those who had sought help were satisfied with the assistance that the authorities had provided. Seven out of ten also answer that they were treated with dignity and respect in their contact with public authorities. There is also a wish for an opportunity to submit applications online, without attending in person, as was made possible during the pandemic. Settling in Norway is often perceived as challenging when it comes to obtaining a tax deduction card, a bank account, housing etc.

Need for changes?

The final chapter of the report discusses policy and regulatory change, as well as whether the services provided by public authorities need to be improved.

The policy of labour immigration from third countries can be summarised as follows: a flexible need for labour must be balanced against the authorities' need to control immigration. There is little political controversy around the immigration of skilled labour. Most likely, one reason for this is the fact that the stipulated quota of 5000 workers per year has never been filled.

Over the last 20 years, the Norwegian regulations have been liberalised with the aim of increasing labour immigration. Our analyses have been unable to isolate an effect of the regulatory changes when it comes to the scope of labour immigration.

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When businesses fail to cover their need for labour, this can have large repercussions for the labour market. There is a risk that employers fail to invest sufficiently in their own business, with declining productivity and value creation as a result. This is one of the main arguments as to why employers must have access to skilled labour and specialised expertise. This issue could become even more relevant if labour immigration from the EEA countries levels off or declines. Demographic developments in Europe indicate that competition will stiffen in the years to come.

Demand-driven (employer-driven) legislation prevails in the OECD countries, while examples of countries with supply-driven (employee-driven) arrangements include Canada, New Zealand and Australia. The literature shows that in the competition for labour, countries with a supply-driven approach attract more labour migrants than their demand-driven counterparts. Both of these forms of legislation have advantages and disadvantages. Many countries have therefore developed hybrid forms – i.e. combinations – of these two. This is associated with the need to cover the demand for labour while ensuring that those who come will be productive.

The question is therefore whether Norway should also consider developing a hybrid model to increase its attractiveness to skilled labour from third countries. To retain a certain control and balance in the labour market, the emphasis in demand-driven and supply-driven models can vary between industries and business cycles. Experience from other countries shows that in other respects there are various ways to structure a hybrid labour migration policy.

Findings described in the literature, which are corroborated by our study, show that irrespective of the legislative model, the possibility of a permanent residence permit is the main factor for persuading migrant workers to stay for an extended period of time. The right to language training is also part of this picture.

Other assessments and recommendations that can be summarised on the basis of the knowledge gained from this project are:

- **Make use of skills.** Obtaining approval of skills acquired abroad can often be difficult. A study of how such approval could be more easily obtained should be initiated, especially in the healthcare sector.
- **Give the students a job.** Inducing exchange students to stay after graduation could be an effective recruitment measure. Having employers provide relevant work placement during the study period would help serve this purpose.
- **Be more flexible.** Benefits could be gained by easing the entry process for entrepreneurs and persons with special qualifications. Many of these are bearers of skills, for example in IT, for which Norway will have an increasing need in the years to come. A review of the regulations is called for.

- **Provide for customisation.** Because needs and practices vary widely, an adaptation of the application processes to different industries and sectors, possibly also occupational groups, might be needed. It could also be relevant to restructure the 'early employment start' model into a genuinely effective scheme.
- **Become better at marketing.** Norwegian working and living conditions should be made better known. This is useful both in attracting more migrants and making it simpler for them to establish themselves in Norway. Public authorities can develop information packages in consultation with employers who have experience of 'onboarding' programmes and in-house information schemes.¹
- **Use the technology.** With a view to reducing waiting times, everybody should be permitted to apply for residence online.

¹ 'Onboarding' is often defined as the process by which new employees are welcomed and integrated into the organisational culture, with a view to catering to a broad range of the new employee's needs.

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