
MAXIMIZING HUMAN CAPITAL IN A RAPIDLY EVOLVING ECONOMIC LANDSCAPE

COUNCIL STATEMENT

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President, Migration Policy Institute and MPI Europe

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The Ninth Plenary Meeting of the Transatlantic Council on Migration

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Table of Contents

Executive Summary	1
I. Recommendations for Growing Skills: Overcoming Barriers to Workforce Development	2
II. Recommendations for Using Skills: More Effective Qualifications and Credential-Recognition Systems	4
III. Conclusions	6
About the Author	8



Executive Summary

Five years after the global economic crisis began in earnest, economic growth and employment remain at the top of policy agendas worldwide. Some immigrant-receiving countries are still mired in economic crisis, others are balanced on a thin edge between recovery and renewed recession, and a few have seen steady but unimpressive growth. Across all of these countries, however, the crisis has refocused governments' attention on the fundamentals upon which their economies are built. At the top of the agenda is human capital: the challenge of ensuring that workers have the skills and abilities to find productive employment and contribute to growth, innovation, and competitiveness in a constantly changing labor market.

Remaining competitive rests, first and foremost, in developing and fully utilizing the skills of those already within the country. But rapidly changing global markets, substantial demographic shifts, and the limited agility of educational and training institutions in adjusting to fast-changing economic needs all mean that the skills and talent employers need can be difficult to find at home. Employers must, therefore, also be able to have access to the right talent from abroad. National self-sufficiency in nurturing the right skills and talent, and in finding workers willing to perform the most in-demand jobs, is a thing of the past.

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Policymakers in immigrant-destination countries must balance several key tasks, taking care to undertake longer-term skills investments as they attend to shorter-term integration needs. Policymakers must create the legal channels through which immigrants will enter and create inclusive approaches to integration that address the specific needs of newcomers and help vulnerable populations without prioritizing — or being perceived to prioritize — the foreign born at the expense of the domestic population. At the same time, governments must balance short- and long-term priorities in a much tighter budgetary environment, finding cost-effective ways to provide immediate relief *and* maintain the skills investments upon which longer-term economic prosperity will depend.

The ninth plenary meeting of the Transatlantic Council on Migration, co-convened by the Spanish Ministry of Employment and Social Security in Madrid, focused on how public and private-sector actors can make smart investments in underutilized workers — including immigrants. The goal was to discuss how to maximize the potential of those with skills of all types — including the often-overlooked *middle* skills.

The Council identified four guiding principles for reform:

- **Create incentives for employers and social partners to invest in training.** Governments, employers, workers and their organizations, and public institutions must have a common understanding that it is in their best interest to invest in lifelong training programs; rather than emphasizing the cost, stakeholders need to focus on the potential gains.
- **Prioritize without preference.** Services of all types must be available to all vulnerable populations, and then targeted based on specific *issues* (language, skills, gender) rather than ethnicity, nationality, or immigration status.
- **Constantly evaluate what works.** Solving skills mismatches is not a one-time project, but an ongoing *and institutional* exercise in which societies must engage; showing that investments are paying off is essential, in turn, to get the buy-in of all stakeholders.



- **Build partnerships across society to expand access to services and reduce costs.** Since immigrants have limited time and few resources to invest in training, costs for individuals can be reduced by integrating and streamlining — where practical — the different services they may receive (such as language tuition, identifying and closing professional training gaps, and employment counseling).

Driven by these principles, the Council offers the following recommendations for ensuring that immigrants have access to job-relevant training and can put their skills to use:

1. **Expand access to training.** Ensure that disadvantaged populations have multiple entry points into the worlds of training and work, so that those who miss the main “on-ramp” do not have to remain at a permanent disadvantage.
2. **Help individuals unlock doors.** Once entry points into school and work are established, the challenge is to make sure these doors are actually *unlocked* for nontraditional learners by offering hands-on assistance to help newcomers access, absorb, and evaluate information in a meaningful way and navigate sometimes labyrinthine systems.
3. **Ensure that skills acquired match real-world labor market needs.** Though not foolproof, employer involvement in determining which skills are needed and useful is essential to generating good labor market outcomes.
4. **Facilitate early entry into work.** Minor skills deficits (including language) often prevent otherwise qualified immigrants from meeting credential requirements immediately. Nonetheless, immigrants have valuable skills to contribute to the host society even before they gain full local qualifications, and bringing them into the workforce early allows both immigrants and their employers to benefit while creating a pathway to bridging skills deficits.
5. **Work with regulators to simplify requirements.** Individuals should not have to repeat an entire educational program to fill one or two deficits. Substantial scope exists to make qualifications assessments in regulated occupations more flexible without relying on “coercive” approaches — which can reduce barriers faster, but may have unintended costs.

I. Recommendations for Growing Skills: Overcoming Barriers to Workforce Development

The persistent jobs crisis in many countries places heavy responsibilities on employment and workforce development systems to update — or in some cases entirely renew — workers’ skills, at a moment when public finances are under more pressure than any time in recent memory. Stagnant or reduced provision of public services is often exacerbated by struggling nonprofit providers, many of whom rely on government funds. At the same time, employers focusing on immediate survival often scale back medium- and long-term investments in skills, in some cases investing in new technologies that make old skills even less relevant. These trends have made it even more important for governments to ensure that scarce resources are used effectively, reaching groups most in need of assistance and ensuring that investments are both cost-effective and likely to have good employment outcomes.

Better preparing workers to succeed in today’s (and more importantly, tomorrow’s) labor market requires rethinking training systems in order to increase both *access* and *relevance*: first, ensuring that all segments of the population have access to job-relevant training; and second, ensuring that the training courses offered prepare workers for the actual needs of firms.



One important question facing governments is how to strike the balance between targeted programs designed to assist immigrants and their families, and universal or “mainstream” employment and workforce development systems that serve all needy groups, of which immigrants are just one constituency. While targeted programs can be valuable in pinpointing and addressing the special needs of disadvantaged populations, significant investments in immigrant-specific services may be unrealistic at a time when all workers are feeling severe dislocations. Moreover, universal programs can offer substantial assistance to immigrants and other vulnerable groups because of their scale and reach. Nonetheless, universal programs may fail in this task if they do not account for these groups’ often substantial obstacles to accessing available services. The Transatlantic Council thus deliberated on how to adapt mainstream services to accommodate the needs of diverse populations — including immigrants.

The Council evaluated multiple barriers that immigrants face in accessing mainstream training systems. They may be ineligible for certain funding streams because they have not yet accrued sufficient years of residence or made sufficient contributions to unemployment insurance. Training courses may not fit the needs of part-time learners who must balance competing commitments such as work, child care, and study. And language barriers make it difficult to access training courses designed for native speakers. Immigrants also face more difficulties navigating complex host-country institutions that can be labyrinthine even to natives, and evaluating which training will be most beneficial, especially for those funding their own program. This complexity is often exacerbated in federal systems, which typically involve multiple public and social partners, and in countries where frequent policy changes put the workforce development systems themselves in flux. Finally, employer-led systems present an element of chance: whether or not employers are motivated *and* have enough resources to provide and finance ongoing training for their workforce.

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While in some cases top-to-bottom structural reforms may be needed, these were beyond the scope of the Council’s deliberations. Instead, the discussion focused on what can be done to adapt mainstream workforce development services so that migrants’ special needs are taken into account *without* specifically targeting these services to migrants. The Council made three recommendations in that regard:

- **Expand entry points.** There should be multiple entry points into the worlds of training and work, so that those who miss the main on-ramp do not have to remain at a permanent disadvantage. In some countries like Germany or Austria, the highly respected and effective initial vocational training is valued by employers but often inaccessible to nontraditional learners, including immigrants, who miss the initial entry point. One promising strategy is to make apprenticeships more accessible to adult learners (as has happened in the United Kingdom, which recently removed the upper age limit of 25). Policies can also help minimize early exit from training systems by providing second chances for those who do not gain a qualification initially. Other strategies for making learning more accessible to hard-to-reach groups include flexible options for part-time and distance (including online) learning, and programs to help individuals gain the basic language or information technology skills that they need in order to access mainstream training.
- **Unlock doors with better navigation assistance.** Once entry points into school and work are established, the challenge is to make sure that these doors are actually *unlocked* — that immigrants know how to access the services available to them. In systems where there is a lot of individual choice, nontraditional learners with limited host-country-specific knowledge may need mentoring or “navigation counselors” to filter information in a meaningful way. (This could perhaps be modeled after the guidance services routinely provided to youth).



Some newcomers may simply lack a gateway skill (for instance knowledge of computer interfaces) and therefore do not make use of distance learning or online portals. Often enough, it is exactly these navigation services that are the first to be cut in times of austerity. Policymakers should consider these services not just as optional add-ons, but as a vital way of opening entry points into the system for marginalized groups.

- **Link training to employer needs.** Anticipating skills needs is as much art as science, but governments can help to ensure that their training programs will produce valuable and needed skills by giving employers a strong role in their formulation and delivery. This means prioritizing training courses that employers demonstrably value, such as worksite-based training and formal courses with an apprenticeship component. For recent immigrants and others with limited local work experience, apprenticeships and other work-based programs both help individuals develop contacts and professional experience, and support the acquisition of occupational language skills. Worksite-based programs can also be easier to access for workers who have more than one job, long hours, or family responsibilities — especially where employers have found innovative ways to fit learning into the working day, such as through bite-sized modules or the use of portable learning devices. Even if employer-driven systems have limitations (and they do), there is no substitute for employer involvement in determining which skills are needed and useful.

The challenge is to make sure... that immigrants know how to access the services available to them.

The success of the steps outlined above depends in large part upon getting buy-in from all the stakeholders involved and building partnerships between them, including: the employer, the training provider, workers themselves, and community-based organizations or labor unions. In the United States, the *Workforce Investment Act* ensures that employers are “braided” into training at each level of the process by requiring employer involvement in designing programs as a prerequisite for investing in them. Employers are not the only important actors in the process, however; community-based organizations and labor unions are often ideally placed to identify the need for such programs among workers and potential workers in the community, and in many cases to deliver them.

II. Recommendations for Using Skills: More Effective Qualifications and Credential-Recognition Systems

As countries grapple with the need to produce better-prepared workers, one of the principal barriers is that immigrants’ existing qualifications, knowledge, and experience are often not recognized in the destination country’s labor market. This results in a waste of the investments their country of origin has made in educating and/or training them — and that immigrants have made in themselves — and a lost opportunity to employers and host communities to avail themselves of newcomers’ human capital.

While this is a widely recognized problem, the issues surrounding recognition of qualifications are not amenable to simple fixes. Providing information to help regulators and employers understand the qualifications and credentials of a foreign-trained worker is an essential first step, but cannot alone solve the problem. The barriers to recognition of foreign qualifications are not just a lack of



information, but include hurdles such as lack of local work experience, poor language proficiency, limited exposure to host-country recruiting practices and workplaces, and genuine differences in the content of training and experience in different countries. As a result, the recognition of qualifications and credentials is not an isolated task, but part of a broader immigrant integration challenge.

For many immigrants in professional occupations, regulation remains a major barrier to labor-market access and success, and can keep workers out of the labor force for years while they seek to requalify. Beyond qualifications requirements, foreign-trained professionals may also face barriers in the form of fees, restrictions on the number of people who can receive licenses, or restrictions on the types of task that certain professionals can perform. Governments must bring their regulators, professional bodies, and employers to the table if they are to make real progress on these issues.

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Interventions to improve credential recognition can come in the form of both targeted and mainstream programs, depending on the nature of the need. Targeted interventions include working with regulators to give immigrants more credit for their training overseas. This, for instance, is the purpose of the European Union's professional qualifications policies, as well as of a host of smaller-scale "mutual recognition" agreements among regulators in Canada, Australia, the United States, and several other countries. These interventions make it easier to gain locally required qualifications by supporting (in occupations such as medicine, law, or architecture) bridging courses and language instruction tailored to specific professions — an approach pioneered by Canada — and by providing guidance services to help immigrants navigate the requalification process. Norway, for example, recently announced such a measure as part of a broad strategy to improve foreign qualifications recognition in Norway. Mainstream services may not be equipped to provide this kind of tailored assistance, but they can help to improve the recognition of foreign qualifications by improving access to work experience — open to several types of workers seeking to qualify, not just immigrants—and by putting in place systems to improve the recognition of prior learning.

The Council recommends the following key steps:

- **Facilitate early entry into work.** Minor skills deficits may prevent immigrants from meeting qualifications requirements immediately, but they nonetheless have valuable skills to contribute while on the path to gaining full local qualifications. Governments can facilitate early entry into the labor force by providing options for conditional registration that allows people to work under supervision — or in the specific areas for which they are already fully qualified — while working towards completing their qualifications. This approach has been used in several countries and occupations — from medicine in Australia to engineering in Canada and teaching in the Netherlands — and helps reduce the barriers to entry that result from exam-based systems.
- **Work with regulators to simplify requirements.** Individuals should not have to repeat an entire educational program to fill one or two deficits. Substantial scope exists to make qualifications assessments in regulated occupations more flexible, taking advantage of modular examinations, tailored competence interviews, and at-work assessment. Promising examples of voluntary cooperation between regulatory authorities internationally suggest that progress can be made, even if it is slow. More "heavy-handed" approaches that impose requirements on regulators, such as the European Union's professional qualifications policies, can successfully reduce barriers to practice faster, although they can also have costs — including public outcry if lowered standards lead to high-profile mistakes (particularly in medicine or engineering), and the risk of a loss of trust in professional registration as a "gold standard" of competence.



- **Help individuals negotiate complex systems.** Because credential-recognition requirements are very complicated, hands-on assistance to help immigrants navigate the system, understand application steps, and assess their options throughout the recognition process are critical. Integrating this assistance with other assistance immigrants receive (such as employment counseling or introduction/settlement services) may allow governments to use resources more effectively. Targeted and mainstream systems may need to become more integrated, with targeted systems providing on-ramps to mainstream services.

Financial constraints on governments' ability to provide effective services to those trained abroad are arguably the major public policy impediment to addressing both credential recognition and broader skills needs for vulnerable populations. Innovative ways to help migrants fund their own additional training are worth exploring, including low-cost student loans.¹ Since immigrants have limited time and resources to invest in training, costs for individuals can be reduced by integrating — where practical — the different services they may need (such as language, professional, and/or other training gaps, and employment counseling). In addition, governments can explore ways to use technology strategically: supporting the development of online training to reduce the cost of updating skills and filling deficits, and creating economies of scale by bringing together online learning communities for students whose schedules have little room for formal, classroom-based courses.

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III. Conclusions

The way public policies and programs address the needs of marginalized populations (whether immigrants or minorities) is always sensitive, and this holds true even more in times of crisis. The countries feeling the most economic pain — for instance debt-wracked Greece, Spain, Ireland, or Portugal — already have to cope with the costs of immigration and public concern about the “special treatment” of immigrants. And as austerity measures continue to drain resources from communities, tensions will rise further. Against this backdrop, the Council concludes that the policy goal must be *priority without preference*: ensuring that services are available to disadvantaged populations, but not to the exclusion of others. Comprehensive services should be provided to all that need them, but these services ought to be targeted based on concrete *needs* (such as language assistance or the acquisition of skills) rather than targeted by ethnicity, nationality, or immigration status.

Moreover, governments must design strategies that help maximize their countries' human-capital resources in a constantly changing and highly competitive environment. The first challenge is that opportunities for workers to further develop their professional skills are scarcer in times of high unemployment. Conversely, in periods of low unemployment, when employers or regulators perceive shortages of skills in the labor market, they are more willing to accommodate small deficits in training, while providing more flexible options to address them. This dynamic — that workers' training needs are highest in periods when employers are least likely to offer opportunities for training — makes the current environment particularly challenging.

¹ In some countries student loans are only repayable for those who earn above a certain level and are repaid through the tax system, thus reducing the risk that individuals face when they take out loans.



Second, as patterns of mobility change — and as temporary and short-term migration for work becomes more common — it will be increasingly important to ensure that immigrants can integrate *quickly* into the labor market. Governments must reduce the time that immigrants spend out of the workforce while qualifying to practice regulated occupations or while upgrading their skills to find work at their skill level.

Finally, as the knowledge economy comprises a growing share of economic activity and drives up qualifications requirements for many occupations, the gulf between those with high qualifications and those without may widen; and governments will face greater pressure to create education and training systems that succeed in training and retraining workers throughout their careers, and not just in the initial phases.

Governments must be prepared to be flexible, and work as one with employers, in their approach to investing in skills.

In order to remain competitive in today's fast-changing — and unforgiving — global economy, policymakers must constantly encourage and invest in building (and rebuilding) *institutions* and *programs* designed to adapt to changing circumstances and needs. Rather than trying to predict in advance which skills will be in demand five years forward, let alone ten or twenty — a task beyond even the most skillful government planners — governments must be prepared to be flexible, and work as one with employers, in their approach to investing in skills. Nor can countries that are truly serious about immigrant integration afford to keep newcomers out of the labor force for extended periods of time as they perfect their skills. With human capital playing a determinative role in individual and collective economic success, governments must be able to demonstrate to their publics that they can invest smartly *and successfully* across the skills spectrum, and that these investments are paying off.

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About the Author



Demetrios G. Papademetriou is President and Co-Founder of the Migration Policy Institute (MPI), a Washington-based think tank dedicated exclusively to the study of international migration. He is also President of Migration Policy Institute Europe, a nonprofit, independent research institute in Brussels that aims to promote a better understanding of migration trends and effects within Europe; and serves on MPI Europe's Administrative Council.

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Dr. Papademetriou is the Co-Founder and International Chair *Emeritus* of *Metropolis: An International Forum for Research and Policy on Migration and Cities* and has served as Chair of the World Economic Forum's Global Agenda Council on Migration (2009-11); Chair of the Migration Committee of the Organization for Economic Cooperation and Development (OECD); Director for Immigration Policy and Research at the US Department of Labor and Chair of the Secretary of Labor's Immigration Policy Task Force; and Executive Editor of the *International Migration Review*.

He has published more than 250 books, articles, monographs, and research reports on migration topics and advises senior government and political party officials in more than 20 countries.

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