Globalization is encouraging greater global labor mobility.

Global labor mobility includes the migration of global knowledge workers, immigrants and guest workers.

International migration patterns will have implications for government immigration policies and employer practices.
Globalization

Though the greater economic interdependence between countries that characterizes globalization is based on stronger ties between markets, cultures and governments, no less significant is the globalization of the labor market. Factors such as demographics, employment rates and labor or skills shortages influence migration patterns and national immigration policies, while improved communications technologies and inexpensive travel may affect how immigrants and global workers relate to both the countries they work in and the countries they leave behind.

One of the most talked about aspects of globalization is that it has both enabled and compelled businesses to respond more quickly to change. This need for fast response is central to arguments for labor market flexibility. For example, in countries where labor laws are more rigid, much debate is centered on whether less flexible labor markets lead to increased levels of unemployment: by making it more difficult to lay off employees, the argument goes, employers are more reluctant to hire new employees and create jobs. The argument for labor market flexibility is also applied to the speed with which companies are able to find and source labor. Globalization not only encourages the competitive environment that drives companies to rapidly shrink or grow their workforce in line with broader economic trends, but it also expands the pool of labor from which multinational companies are able to choose their workers. Along with businesses going beyond their national borders to find sources of labor, these forces may also be encouraging more individuals to look beyond national borders for economic opportunities.

Global demographics and the flow of labor

Labor flows, especially from developing or emerging economies to those of the industrialized world, are strongly influenced by demographics and could be even more so in the future. Whereas most industrialized countries are skewing toward an older population, most developing countries’ populations are made up of the very young. For example, demographic experts believe that one of the main reasons immigration to the United States from Mexico has increased in the past decade is because of a baby boom that has seen the Mexican population double since 1970. In contrast to the U.S. baby boomers that came of age in a time of relative prosperity during the 60s and 70s, the Mexican baby boom generation began reaching working age in the mid to late 1990s when job creation in Mexico was weak. As a result, many sought to emigrate. Because the number of individuals in Mexico aged 15–34—the age category that is most likely to migrate—is projected to reach 40 million by 2015 before leveling off, many economists and demographic experts believe that without a strong improvement in the Mexican economy many more Mexicans of working age will be pushed to seek jobs across the border.

Similar demographic trends are occurring in other regions and are likely to influence migration patterns in the coming decades. According to the International Labour Organization, globally, almost half of the unemployed are young, even though they account for only a quarter of the world’s working-age population. High levels of unemployment among young people of working age in developing and emerging economies will lead many to consider emigration, while immigration policies that effectively integrate young foreign-born workers into society and the workforce may be an important strategy for dealing with the economic implications of an aging population in industrialized countries.

International economic disparity and migration

Along with demographics, economic disparity also influences the international migration of labor. Studies indicate that the main reason for migration is generally to seek out better economic opportunities. As a result, a growing divide between wealthy and stable economies and countries with few opportunities for economic advancement could influence migration patterns. This may be particularly true in the case of countries located close together geographically but far apart on the economic spectrum.

World economic data suggest that the divide between the wealthiest and the poorest nations may be growing. The United Nations Development Programme’s Human Development Report 2005 found that deep inequalities are widening. In “an unprecedented reversal,” 18 countries with a combined population of 460 million people registered lower scores on the human development index in 2003 than in 1990. Although a growing divide between the wealthiest and the poorest nations could be an important factor influencing migration in the coming decades, some experts believe that extremely large gaps in wealth actually constrain migration because poverty prevents individuals from gathering enough of the resources required to migrate. Therefore, emigration from low-income countries may actually increase only as living standards improve, at least until some measure of income convergence is eventually
reached. For this reason, the patterns that lead to migration are likely to involve a mixture of demographic trends, domestic and destination living standards, economic conditions and skills requirements.

**Communication and income transfers**

New and cheaper information and communications technologies (ICT) help immigrants communicate regularly with friends and family and enable more efficient and secure transfers of income to family in countries of origin. In addition, less expensive travel between countries may affect migration patterns, potentially influencing the length of stay in destination countries or assimilation processes as ties to nations of origin are kept strong through communication and travel.

Increased use of income transfers involving immigrants sending money home could influence how wages are paid in some industries and affect banking and financial services. According to the International Organization for Migration, in 2005 migrants sent an estimated $232 billion in remittances, with $167 billion going to developing countries. Much of this money is sent through informal channels, so some estimates of remittances reaching developing countries are as high as $250 billion. Remittances now constitute the second largest capital flow to developing countries after direct foreign investment and usually exceed official development aid. Because remittances make up one of the most significant sources of income for developing nations, the economic push to emigrate may become even stronger.

**Internationalization of knowledge workers**

Greater global competition for the highest skilled knowledge workers may be leading to increased numbers of transient creative and knowledge workers who work in many countries during their career lifespan. The knowledge economy, and especially the technology-based economy, has enhanced the productivity of high-skilled workers far more than of low-skilled workers whose jobs are far more vulnerable to automation. As a result, although the search for greater economic opportunities may be the shared motivation that directs much of the flow of global labor, the kinds of opportunities available vary enormously depending on the education and skills of international job seekers. Highly skilled immigrants originate from two main sources: less developed economies with large numbers of educated individuals of working age and other industrialized economies. Economic trends in less developed countries could influence labor mobility of high-skilled immigrants from this source, while bilateral or multilateral agreements regarding free labor mobility, such as those within the European Union, could increase the flow of high-skilled workers between industrialized countries.

**Foreign students, scholars and international exchanges**

With globalization highlighting the importance of international experience, studying and working in other countries may increasingly be seen as an important part of academic and work experience. In addition, globalization is leading to greater international competition among universities and the commoditization of higher education and university research bodies. Because so many of the highest-skilled foreign-born workers in the United States originally came over as students, many academic and business leaders argue that visa restrictions put into place in the aftermath of the terrorist attacks of September 11th have implications for the United States in attracting highly skilled, highly educated foreign-born workers over the long term. According to the

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**Figure 1 | Leading Places of Origin of Foreign Students Studying in the United States**

<table>
<thead>
<tr>
<th>RANK</th>
<th>PLACE OF ORIGIN</th>
<th>2003/04 ACADEMIC YEAR</th>
<th>2004/05 ACADEMIC YEAR</th>
<th>PERCENTAGE OF CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>India</td>
<td>79,736</td>
<td>80,466</td>
<td>0.9</td>
</tr>
<tr>
<td>2</td>
<td>China</td>
<td>61,765</td>
<td>62,523</td>
<td>1.2</td>
</tr>
<tr>
<td>3</td>
<td>Korea, Republic of</td>
<td>52,484</td>
<td>53,358</td>
<td>1.7</td>
</tr>
<tr>
<td>4</td>
<td>Japan</td>
<td>40,835</td>
<td>42,215</td>
<td>3.4</td>
</tr>
<tr>
<td>5</td>
<td>Canada</td>
<td>27,017</td>
<td>28,140</td>
<td>4.2</td>
</tr>
<tr>
<td>6</td>
<td>Taiwan</td>
<td>26,178</td>
<td>25,914</td>
<td>-1.0</td>
</tr>
<tr>
<td>7</td>
<td>Mexico</td>
<td>13,329</td>
<td>13,063</td>
<td>-2.0</td>
</tr>
<tr>
<td>8</td>
<td>Turkey</td>
<td>11,398</td>
<td>12,474</td>
<td>9.4</td>
</tr>
<tr>
<td>9</td>
<td>Germany</td>
<td>8,745</td>
<td>8,640</td>
<td>-1.2</td>
</tr>
<tr>
<td>10</td>
<td>Thailand</td>
<td>8,937</td>
<td>8,637</td>
<td>-3.4</td>
</tr>
</tbody>
</table>

Source: The open doors 2005: Report on international educational exchange
Institute of International Education (IIE), in the 2004/2005 academic year the number of international students enrolled in U.S. higher education institutions indicated a leveling off of enrollments after a decline in 2003. The IIE attributes a slight overall decline in foreign students during the past few years to both real and perceived difficulties in obtaining student visas, which seems to be particularly important in the scientific and technical fields. Another factor is the rapidly rising cost of tuition at U.S. colleges and universities.

Along with more intense student recruitment efforts by other English-speaking nations, the increasing capacity to provide a high-quality undergraduate and graduate education to a greater number of students in their home countries will continue to influence the number of foreign students in the United States. India and China, which send the greatest number of students to U.S. universities (see Figure 1), are not only developing their own higher education systems at a rapid pace, but also creating more jobs for university graduates. These trends could affect the number of foreign students applying to U.S. colleges and universities as well as their decision about whether to stay and to work in the United States after graduation.

The IIE has also seen steady increases in the rates of U.S. students studying abroad in the last 20 years. The latest numbers show nearly a 10% increase from 2003/2004 to 2005. These findings reflect the growing importance of international experience and intercultural understanding to business and professional success. The number of U.S. students studying in countries where English is not the primary language as well as outside of the traditional destinations in Europe also increased significantly. The perception that experience in countries of growing economic importance will be a good career move seems to be driving these trends. Study abroad in China, for example, increased by 90% between 2002 and 2004.

**Expatriate assignments**

Research suggests that the need to create collaborative research and development networks across national boundaries may make international experience a much more important factor in promotions and job assignments in multinational organizations in the future. According to a 2006 joint study by Booz Allen Hamilton and the international business school INSEAD, most research and development (R&D) leaders agreed that sustaining a healthy culture of innovation and attracting and developing talent were critical to the creation of effective R&D networks, requiring team members to work in a culturally diverse environment. Specifically, the report found that technology innovators viewed an international background as a prerequisite for a senior management role.

The study found that the most common ways that multinational technology companies were reinforcing this strategy was by offering financial and career incentives that encouraged staff to work in different geographies.

These trends may mean that many of the highest-skilled knowledge workers will need to strengthen their international experience through expatriate assignments. According to the GMAC Global Relocation Services Global Relocation Trends 2005 Survey Report, in 2005 the percentage of companies that reported an increase in the current size of their expatriate population went up—a reversal of a steady decline in previous years. In addition, more companies anticipated further growth in the year ahead. The survey also found that the demographic profile of expatriates was changing. Women on expatriate assignments were now at the highest levels since the survey began in 1994 and constituted 23% of the expatriate population. Although married male expatriates continued to be the largest segment of the expatriate population, the survey found that 54% of expatriates were between the ages of 20 and 39, 13% more than the historical average. Along with the growing representation of women in the expatriate workforce, higher female employment was reflected in the record-high levels of partner/spouse employment before and during the assignment. Though only 21% of partners/spouses were employed during the assignment, this number was 8% higher than the historical average for the survey.

Increased female employment may be an important factor as organizations will need to consider in relation to expatriate assignments. Because the majority of spouses (61%) are working before the expatriate assignment, the drop in partner/spouse employment during the assignment may act as a disincentive. Spouse resistance and spouse career were among the top reasons for employee refusal of expatriate assignments and a significant factor in assignment failures (see Figure 2). Accommodating dual-career families in expatriate assignments will continue to be a challenge for organizations, and more efforts may need to be made to assist the partners and spouses of expatriates to find employment during the assignment. This may be one reason why, according
to the survey, the number of expatriates whose spouse or partner did not accompany them on assignment has increased.

**Reverse migration: Emigrants returning home**

In addition to encouraging more knowledge workers to seek out international experience and promoting greater labor mobility between industrialized countries, the internationalization of the labor force could be encouraging reverse migration of knowledge workers from developing countries, as many return to their countries of origin either to start their own businesses or to take up executive positions in multinational companies setting up operations in their home countries.

This seems to be a growing trend in emerging economies such as India and China, which send the largest number of highly educated and skilled immigrants to the United States. As business and technology hubs develop in Asia and the U.S. technology industry matures, there are fears among some technology industry leaders that a potential reverse brain drain could occur. Whereas in the 1990s foreign-born technology entrepreneurs chose to establish their companies in Silicon Valley, many are now looking to India, China and other parts of Asia as the new business frontiers with the greatest opportunities for entrepreneurs.

The trend of migration of high-skilled foreign-born knowledge workers back to their countries of origin will be influenced largely by the economic development of emerging economies but may also be affected by education trends. The high-tech sector in particular appears to develop in knowledge hubs, often clustered around universities and university research centers. The development of university science and engineering programs in Asia and Eastern Europe could therefore create new knowledge hubs attracting entrepreneurs from around the world.

**Government immigration policies**

Global labor mobility and specifically immigration have come under the spotlight in the past year in many industrialized countries, including the United States. Most of this debate is focused not on high-skilled knowledge workers but on undocumented workers and the influence of the immigrant labor force on lower-skilled jobs. This trend contrasts with the debate earlier in the decade when controversy about the use of H-1B visas dominated the headlines. Although this issue is still being discussed, it has been overshadowed by the debate on illegal immigration.

While immigration policy in many industrialized countries may be increasingly influenced by the need to attract highly skilled knowledge workers, the majority of immigrants work in less-skilled jobs that occupy the lower half of the wage scale. The net effect of immigrant labor on wages for lower-skilled jobs is therefore at the heart of the current controversy about the immigration policy, with some arguing that because the use of immigrant workers tends to lower wages for low-skilled jobs, the net tax contribution of immigrants working at the lowest wages is ultimately less than the cost of depressed wages, greater income inequality and the resulting pressure on income transfer systems. This position is countered by the argument that by enabling businesses to keep labor costs down, low-cost immigrant labor supports a more competitive economy and lowers consumer costs. Differing views on the overall effect of low-earning immigrant labor have led to different approaches to immigration policy.

**Changing U.S. immigration legislation**

In 2005, the House of Representatives passed the Border Protection, Antiterrorism and Illegal Immigration Control Act of 2005, which emphasized enforcement and border security. The Senate bill, the Comprehensive Immigration Reform Act of 2006, is considered more comprehensive, and although it focuses on border security, it also includes a guest worker program and employer-based “skilled worker” provisions. In addition, many

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**Figure 2 | Causes of Expatriate Assignment Failure**

<table>
<thead>
<tr>
<th>Cause</th>
<th>Often (%)</th>
<th>Sometimes (%)</th>
<th>Never (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spouse/partner dissatisfaction</td>
<td>40</td>
<td>55</td>
<td>5</td>
</tr>
<tr>
<td>Other family concerns</td>
<td>29</td>
<td>66</td>
<td>5</td>
</tr>
<tr>
<td>Inability to adapt</td>
<td>27</td>
<td>65</td>
<td>8</td>
</tr>
<tr>
<td>Job doesn’t meet expectations</td>
<td>16</td>
<td>72</td>
<td>12</td>
</tr>
<tr>
<td>Poor job performance</td>
<td>16</td>
<td>69</td>
<td>15</td>
</tr>
<tr>
<td>Poor candidate selection</td>
<td>14</td>
<td>64</td>
<td>22</td>
</tr>
<tr>
<td>Quality of life</td>
<td>13</td>
<td>60</td>
<td>27</td>
</tr>
<tr>
<td>Remuneration dissatisfaction</td>
<td>10</td>
<td>60</td>
<td>30</td>
</tr>
<tr>
<td>Security and safety</td>
<td>8</td>
<td>56</td>
<td>36</td>
</tr>
</tbody>
</table>

Source: GMAC Global Relocation Services Global Relocation Trends 2005 Survey Report
states are considering their own bills. According to the National Conference of State Legislatures (NCSL), 463 bills in 43 states were introduced this year—the largest number of immigration proposals in U.S. recorded history. Because states are considering hundreds of different proposals relating to immigration, there are concerns that this will result in a complicated multistate approach with varying regulations. States proposing some of the most dramatic changes in immigration policy are frequently those bordering Mexico, especially those considered “prime crossing points.” Arizona passed a proposal that would set fines for companies found hiring undocumented workers and enacted a state law that makes smuggling people a felony. In some parts of the state, this legislation has led to the arrest of not only smugglers but also smuggled illegal immigrants. Other bills passed or being considered in different states include those requiring police to check immigration status when stopping vehicles, requiring proof of citizenship for anyone applying for a driver’s license and requiring state offices to verify employee status before paying unemployment benefits or workers’ compensation. However, according to the NCSL, the most common type of legislation being considered in the states is criminal legislation aimed at employers who knowingly hire illegal immigrants.

**Electronic verification system**

With the majority of state legislation being passed involving sanctions against employers knowingly hiring illegal workers, the verification of employee legal status is an area of great concern to employers and HR professionals. Both the House and the Senate bills aim to create an electronic system to verify the status of anyone applying for a job in the United States. Though there is currently no mandated national employment verification system, a voluntary program known as the Basic Pilot has been in place for several years. Both the Senate and the House bills would require employers to verify each new employee’s work eligibility and identity and reverify at least some existing employees. Both bills increase penalties for recruiting, hiring and referral violations. The vast majority of HR professionals surveyed in the *SHRM 2006 Access to Human Capital and Employment Verification Survey Report* supported the creation of such a verification system if it was “administratively easy to use, created efficiencies, expedited the process and created no new employer liabilities” (see Figure 3).

**Implications for employers**

Changes in immigration trends and immigration policy could have far-reaching implications for employers and are already influencing workplace diversity, union strategies, employer recruitment efforts and the need for better systems to verify applicant and employee legal status.

**Diversity**

Cultural, ethnic, religious and linguistic diversity may vary depending on the employer’s region and may influence employer strategies. For example, linguists believe that language assimilation may occur more rapidly in regions where immigrants come from countries that do not share a common

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**Figure 3 | Support for Electronic Employment Verification System**

<table>
<thead>
<tr>
<th>Support</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly support</td>
<td>63%</td>
</tr>
<tr>
<td>Somewhat support</td>
<td>29%</td>
</tr>
<tr>
<td>Probably would not support</td>
<td>6%</td>
</tr>
<tr>
<td>Would not support at all</td>
<td>2%</td>
</tr>
</tbody>
</table>

language compared to regions where the vast majority of immigrants speak the same language and are therefore less motivated to learn English. In these regions, such as California and the Southwest, employers may need to give more attention to language training than in the Northeast where there are fewer common immigrant languages spoken.

Union strategies
Changes in immigration could also influence union strategies. While many of the service-sector unions in the Change to Win coalition support the idea of a guest worker program that would include the rights to change jobs and to organize into unions, the AFL-CIO is opposed, arguing that a guest worker program depressing wages and encourages employers to change permanent jobs into temporary jobs with poor working conditions. Immigration policy may therefore be a growing area of disagreement between different parts of the labor movement.

Recruitment
According to the Santangelo Group, denials of or delays in processing visas cost U.S. businesses more than $30.7 billion from July 2002 to July 2004. This issue is of particular concern to employers when dealing with high-skilled foreign-born workers. According to HR professionals surveyed in the SHRM 2006 Access to Human Capital and Employment Verification Survey Report, the most common reason that U.S. organizations hired foreign nationals was simply because they identified the candidate through standard domestic recruitment and only later learned that the candidate was a foreign national. However, almost as many organizations reported that they were unable to find U.S. workers with the necessary skills. The majority of HR professionals reported encountering a number of problems when recruiting or hiring foreign nationals, especially delays in processing visa or green

Figure 4 | Challenges Encountered When Recruiting/Hiring Foreign Nationals

- None: 11%
- Delays caused by processing of visas/green card sponsorships: 64%
- Process (including paperwork) too complex: 55%
- Length of time required to process petitions: 52%
- Cap on number of visas available/too few employment-based visas/green card sponsorships available: 43%
- Processing fees are too costly: 42%
- Cost of recruitment: 30%
- Length of time before visa renewal: 29%
- Organization’s ability to meet specific labor conditions to qualify employees for the visas: 20%
- Visa category’s eligibility requirements are too restrictive: 16%
- Temporary provision of labor: 10%
- Potential fines and penalties: 8%
- Other: 3%

Note: Percentages do not total 100% because multiple responses were allowed. Excludes respondents who indicated their organizations did not recruit/hire foreign nationals. There were no apparent themes in the “other” category.

card sponsorships (see Figure 4). If skills shortages in select occupations and industries occur in the coming years, the need to step up the time it takes to obtain a visa or employment-based green card to secure an in-demand foreign national candidate could be crucial.

**Conclusion**

Though policy changes could influence immigration, most migration experts expect global labor mobility to remain high in the coming decades. As business expands into the global marketplace, employers will need to consider strategies that take into account the growing global competition for the highest-skilled workers, whether they are U.S. or foreign nationals, and work toward the effective integration of their foreign-born workforce at all levels in their organizations.\[W\]

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**References**


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**Other Resources**

European Union Immigration Information Center: *www.euimmigration.org*

Southern African Migration Project: *www.queensu.ca/samp*

The Office of Population Research at Princeton University: *http://opr.princeton.edu/papers*

Asian American Studies Center @ UCLA: *www.aasc.ucla.edu/aascpress/tocs/newface.htm*

International Labour Organization: *International Migration Papers: www.iio.org/public/english/protection/migrant/publ/imp-list.htm*

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