LOW-SKILLED EMPLOYMENT IN A NEW IMMIGRATION REGIME: CHALLENGES AND OPPORTUNITIES FOR BUSINESS TRANSITIONS

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In an era of free movement UK employers have had ready access to a supply of labour from the European Union to fill low-skilled jobs. This has enabled them to adopt business models, operating within broader supply chains, that take advantage of this source of labour and the flexibility that many migrant workers – especially those who are new arrivals to the UK – are prepared to offer them. Drawing mainly on evidence from employers on the role of migrant workers in selected sectors with a substantial proportion of low-skilled jobs, this article explores the challenges and opportunities they face in transitioning to a new post-Brexit immigration regime.

Keywords: business model, flexibility, immigration, migrant worker, low-skilled employment.

JEL codes: J61, J68, R58.

Introduction

Migrant workers play a key role in addressing employers' changing labour needs over time and across space. This has long been apparent in sectors such as agriculture and construction where inter-regional mobility has played an important role historically in satisfying labour needs, but over time migrant workers have been increasingly international in origin.

In the light of impending Brexit and an associated proposed new immigration regime this article focusses particularly on the role that migrant workers – especially, but not exclusively those from the European Union (EU) and wider European Economic Area (EEA) – play in filling the demand for low-skilled jobs[1] in selected sectors in the UK where such workers account for a relatively high proportion of total employment. Prior to a Brexit immigration regime there was free movement from the EEA. This was complemented initially by a range of visas and other special arrangements making for a complex migration system for migrant workers from non-EEA countries by the early 2000s (Hansen, 2000). In the mid-2000s a new managed migration points-based system was introduced, focussing on attracting highly-skilled migrant workers able to contribute to UK growth and productivity (Tier 1) and skilled migrant workers with a job offer to fill gaps in the UK labour market (Tier 2). As noted by Scott (2017) this managed migration scheme foregrounded the use of geographical and credential filters to determine legitimate control of migration in the context of increased net migration flows to the UK from the EEA following EU enlargement from 2004. There were separate arrangements for students and youth mobility and temporary workers (Home Office, 2006; Consterdine, 2018). Although identified in the initial points-based framework, the no low-skilled entry route (Tier 3) was not opened up and employers were left to seek to meet demand for low-skilled labour from within the UK and the EEA. The UK government has expressed the view that employers have to some extent become over reliant on low-skilled workers from outside the UK for certain jobs and a proposed new post-Brexit skills-based immigration policy set out in a White Paper in December 2018 (HM Government, 2018a) prioritises highly-skilled and skilled migrants (including those with intermediate level skills) and makes no distinction in treatment of migrant workers from EEA and non-EEA countries. The proposals do not include a route specifically for low-skilled workers from outside the UK (and Ireland), except for a specific pilot scheme for agriculture. However, in recognition of the adaptation difficulties that some sectors and businesses will face once free movement of labour from the EEA to fill low-

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skilled jobs is curtailed, as a transitional measure the government proposes to set up a time-limited route to the UK labour market for temporary short-term workers not meeting the skills threshold criteria of the new immigration policy. This would involve allowing people to come to the UK for a maximum of 12 months, with a cooling off period for a further 12 months, to prevent people working in the UK permanently. This article explores the challenges and opportunities that UK businesses face in transitioning to changes in the supply of labour available to them in this new immigration regime and implications for business models. As such it contributes to academic and policy debates about the nature of supply and demand interactions and what these mean for employer decision-making.

This article is structured in five sections following this introduction. The first section explores the continued demand for labour to fill low-skilled jobs in the UK, drawing on analyses of the changing structure and nature of employment in the UK. It also discusses the use of migrant workers in selected industries characterised by relatively high proportions of low-skilled jobs and the construction sector. The second section outlines the methodology and data sources drawn upon in subsequent sections. Thirdly, employers' rationale for employing migrant workers in low-skilled jobs is explored, using evidence from primary research from studies conducted in the period from 2013 to 2018 (i.e. both before and after the 2016 referendum on UK membership of the EU) involving interviews with employers in the construction, accommodation and food services, retail and social care sectors, supplemented by perspectives from recruitment agencies, migrant workers, UK workers and job-seekers and local and sectoral stakeholders. The fourth section outlines the key features of business models that have been developed in a context of continued demand for workers to fill low-skilled jobs and a supply of migrant workers willing to fill them. The proposed new post-Brexit immigration regime is discussed in the fifth section and the challenges and opportunities that this poses for businesses that have relied on migrant labour to fill low-skilled jobs are considered.

Continued demand for low-skilled labour and the role of migrant workers

Analyses of historical patterns of employment change and medium-term projections indicate continuing job polarisation (Goos and Manning, 2007), with changing sectoral employment patterns and technological and organisational trends influencing the patterns of occupational demand within sectors. Using occupations as a proxy measure for skills, *Working Futures* medium-term projections of labour demand show largest absolute growth for higher-skilled occupations such as managers, professionals and associate professional and technical jobs, and smaller employment increases for less skilled occupations (Wilson *et al*., 2016). By contrast they indicate job losses for administrative & secretarial occupations, skilled trades occupations, and process, plant & machine operatives, so leading to a hollowing out of the middle of the skills distribution. Amongst less skilled occupations the foremost projected job growth is in caring, leisure and other service occupations, while in the case of elementary occupations there is some projected growth in jobs where the likely impacts of automation are minimal.

Alongside these projected changes in so called 'expansion demand' there is a continuing need for low-skilled labour in occupations and sectors which are characterised by a projected net decline in employment due to 'replacement demand' requirements to back fill jobs vacated by individuals leaving the workforce through retirement and out-migration. Net requirements for labour also arise as a result of workers changing jobs within the labour market.

Typically, work in low-skilled service sector jobs is characterised by low pay (often close to the statutory wage floor), and low (part-time) and fragmented hours and fragmented working hours to meet customer demands to serve '24/7' operations and/or meet shifting daily, weekly and seasonal demands and 'just-in-time' production and delivery schedules. Low hours and zero hours contracts are not new but there is indicative evidence that they have become more commonplace (Green *et al*., 2013) involving more people (Pennycook *et al*., 2013), in part as a function of these changing demands. As a result jobs may be insecure and uncertain as opposed to being offered on a more secure permanent full-time basis with fixed hours and incomes. Moreover, in some sectors there are limited opportunities for in-work progression in a context of relatively flat organisational structures. Jobs that have historically recruited relatively unqualified people and new labour market entrants have been particularly susceptible to these changes.

In the context of these changes in labour demand, employers may deploy migrant workers in low-skilled jobs as a supplement to the existing workforce to provide additional numerical flexibility to meet peaks in demand. Migrant workers may also be used as a complement to the local labour force, where they provide different characteristics and qualities – for

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example different language skills, cultural insights and/or work preferences which add to business penetration or operational efficiency, etc. More controversially, they may be used as a substitute in circumstances where they provide economic advantages (as discussed further below) (McCollum and Findlay, 2011).

A 2014 report by the Migration Advisory Committee on migrants in low-skilled jobs indicated that low-skilled work (defined as administrative & secretarial occupations, caring leisure & other services, sales & customer service occupations, process, plant & machine operatives and elementary occupations) accounted for 13 million jobs in 2013, with two million (16 per cent) of these filled by migrant workers. In 1997 the respective numbers and proportions of migrant workers in low-skilled jobs were one million and 7 per cent. These analyses aggregate migrant workers from EU and non-EU migrants. The same analyses indicated that migrant workers from EU countries were more geographically dispersed across the UK than migrants from non-EU countries, so changes in immigration rules are likely to have a widespread spatial impact.

In sectoral (as opposed to occupational) terms, subsequent analyses by the Migration Advisory Committee (2018) using Annual Population Survey data over the period from 2014 to 2018 have highlighted that there is a strong similarity across regions in the relative share of EEA-born workers. The sectors with the highest proportions of such workers include manufacture of food and beverages, other manufacturing, warehousing, construction (especially in London), accommodation and food services, and social care. In many of these sectors EEA-workers include a range of occupations – for example, in construction they include labourers, architects, skilled trades, construction directors/managers/supervisors, machine operatives, engineers, quantity surveyors and support roles – but in all instances low-skilled jobs are a significant component of the total. This reiterates the point above that the impacts of changes to immigration rules are likely to be extensive.

Methodology

Subsequent sections of this article draw predominantly on evidence from primary case study research conducted in the West Midlands region focussing on the construction, accommodation and food services, retail and hospitality sectors in 2013 and 2014 (i.e. at a time when the UK was recovering from recession and before the referendum on continued UK membership of the EU). The research involved interviews with employers 15–17 from each sector), migrants (10-15 per sector), UK-born workers (8–10 per sector), UK-born job seekers (8–10 looking for jobs in each sector), recruitment agencies (8 per sector) and stakeholders (25 in total) (Green *et al.*, 2013, 2014). Interviews were selected purposively to cover a range of employer sizes and main functions, were recorded (where interviewees agreed) and were analysed thematically.

The discussion also draws on two studies focussing on the construction sector undertaken in 2017 and 2018 (i.e. after the referendum on UK membership of the EU) involving desk-based and primary research involving telephone interviews with employers in the sector (400–401 each year), agencies (50 each year) and non-UK workers in the construction sector (244–248 each year) (Winterbotham *et al.*, 2017, 2018a). In both the pre- and post-referendum studies there were similar questions on motivations for employing migrant workers, views on how migrant workers compared with UK workers, and recruitment and selection practices adopted. The post-referendum research also included questions on possible implications of Brexit.

This article draws on evidence from all these data collection exercises, but the main emphasis is on employer perspectives, given that the focus here is mainly on business models. There is a possible limitation that in their responses on politically sensitive issues employers may be reluctant to be completely open in their responses, but in each of the studies employers' views were triangulated with those of migrant workers, agencies and (in some cases) UK workers and other stakeholders.

Reference is also made to the results of the 2017 Employer Skills Survey which covered 87 thousand employers the UK (Winterbotham *et al.*, 2018b), which included questions on recruitment of EU (non-UK) nationals.

Why employ migrant workers?

Three main reasons for employing migrant workers emerge from analyses of case studies and employer interviews in the construction sector and low-skilled service sectors. The first relates to flexibility – in numerical and functional terms. The second is related and concerns worker motivation and attitude. Here a recurring theme is that migrant workers tend to display greater motivation to work than local UK workers, with migrant workers being prepared to do jobs (sometimes in difficult conditions) that many in the UK-born workforce are not interested in.

The third reason is availability, especially (but not exclusively) in the context of a tight labour market in 2017 and 2018, with employment rates at historically high levels and low unemployment, and a lack of local

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UK workers coming forward to take such jobs. Coming together these features help explain a rhetoric of the 'good migrant worker' and the 'bad local worker' (see, for example, Tannock, 2015; Scott, 2013; Danson and Gilmore, 2009) discussed in more detail below, and why some employers feel that there is no alternative to employing migrant labour. These issues are discussed in turn below.

Flexibility

Employers with low-skilled jobs need several different kinds of flexibility. A typology developed by Atkinson (1984) is instructive here (see table 1).

Evidence from employer interviews indicates that many of the low-skilled job roles in construction and low-skilled service sectors are not offered as permanent jobs with regular hours and fixed incomes. To achieve the numerical flexibility they desired to meet daily, seasonal and cyclical variations in demand, workers' employers used low hours, temporary (sometimes via agencies), subcontracting and fixed-term working arrangements. Migrant workers in the construction sector were often employed on short-term contracts for the duration of a single construction project (so providing external numerical flexibility). As for internal flexibility, employers' arguments about the good work ethic of migrant workers (discussed below) are at least partially based on migrant workers' willingness to work long hours and do overtime at short notice, as the following quote demonstrates:

> *The Polish workers … come in really early and leave late. … If I need them to work an extra 10 hours to finish a job – at short notice, they say, 'okay, no problem, boss'. They do very good work.* (Construction employer)

Internal flexibility can also operate in the opposite direction, with workers on zero hours contracts in low-skilled jobs in the service sector being nominated to take 'time off' (i.e. lose [part of] a shift) in a situation of overstaffing if no volunteers were forthcoming at a time of lower than expected demand (Green *et al.*, 2018). These findings chime with those of Rolfe (2017) in a study of EU migrants, which found that the main benefit of such migrant workers in low-skilled work was their flexibility, particularly in terms of working hours, to cope with fluctuations in demand.

Turning to functional flexibility, particularly for small employers there is a need to work across different roles, as the following quote from a retail employer indicates:

> *If it's busy, it's all hands on deck. Everybody has got to be able to go out and serve customers, stock shelves, whatever is necessary.* (Retail employer).

The willingness of migrants to be flexible both in the type of work they did and in the hours they worked was regarded by employers as an advantage of employing migrants, and this was recognised by some migrant workers themselves:

> *It's because we are hard-working, reliable, and willing to do different jobs than those we've signed up for.* (A8 migrant working in the retail sector)

Likewise, a willingness to take low-paid jobs was acknowledged also: "migrants take the low-paid jobs and don't complain doing them" (A8 migrant working in the social care sector). Due to the way in which jobs are constructed in a flexible labour market some workers cannot necessarily generate a living wage from a single job, but rather may need to construct a suite of temporary and/or variable hours working arrangements to generate an income that they consider sufficient. This situation is anathema to some of the British job seekers interviewed, who wanted full-time permanent work because "that is how work should be."

Table 1. Types of flexibility sought by employers

Type of flexibility	Description
Internal numerical flexibility	Adjustments to the input of existing workers, for example by adjustments to working time.
External numerical flexibility	Adjustments to the size of the labour intake, or the number of workers from the external market, for example by employing workers on a temporary basis or on fixed-term contracts.
Functional flexibility	Employees can be transferred to different activities and tasks within the firm.
Financial or wage flexibility	A situation in which wage levels are not decided on a collective basis, but rather where there are more differences between the wages of workers, so that pay and other employment costs reflect the supply of, and demand for, labour.

Source: Atkinson (1984).

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Motivation and attitude

While employers seeking to fill low-skilled jobs in services wanted workers with reasonable/ good language and communication skills (for retail, care and some hospitality roles), a suitable appearance (to interact with customers and service users) and sometimes with experience and relevant qualifications (especially in care), their over-riding emphasis was on recruiting workers with a suitable attitude and work ethic. In their own words "knowledge comes after personality". "A caring attitude" was sought by social care employers, while retail employers looked for "attitude, good personality" and an ability to "turn up on time and treat the customers and other colleagues with respect". In accommodation and food services similar sentiments were expressed: "front of house is all about personality … you can't train personality and good people skills". What was appreciated about migrant workers was their attitude to work, as illustrated by the following quotes:

> *… there is this ethic that you come to work to do the job to the best of your ability, not just to see what you can get away with … migrant workers just get on with it.* (Accommodation and Food Services employer)

> *Migrants have a very strong attitude towards work. For them it's not all about the money.* (Construction employer)

These findings chime with those of previous studies highlighting the importance employers place on attitude, motivation and related 'soft skills' in filling low-skilled roles (Keep and James, 2010; Newton *et al*., 2005).

Availability

The case studies of migrant workers in construction and low-skilled services (Green *et al*., 2013, 2014) and a broader overview by the Migration Advisory Committee (2014) highlighted that employers tended not to target migrant workers explicitly. Rather, migrant workers met their requirements (for reasons outlined above), while UK workers either did not meet their requirements or did not apply for jobs in the first place. This highlights the availability of migrant workers as a key reason for employing them.

In 2018 the employment rate reached a new high point in the UK, with over 75 per cent of people aged between 16 and 64 years in employment (Clarke and Cominetti, 2019), indicating that supply constraints have become more severe over time. Evidence from the 2017 Employer Skills Survey indicates that across all sectors 19 per cent of employers employed at least one member of staff from an EU (non-UK) member state[2] (Winterbotham *et al*., 2018b). Overall the percentage of employers who had recruited EU (non-UK) workers in the last year was highest at 33 per cent in the hotels and restaurants sector, where the proportion of the workforce that were (non-UK) EU nationals was 19 per cent. The importance of constraints in labour supply as a factor in recruiting migrant workers is indicated by the fact that amongst employers who had vacancies that were proving hard to fill, 34 per cent had attempted to recruit EU nationals to try to help overcome recruitment difficulties. In the hotels and restaurants sector the percentage of employers who sought to fill hard-to-fill vacancies by looking to EU workers was 53 per cent. Hence recruitment of (non-UK) EU nationals is a relatively common way of meeting labour supply requirements.

Focussing solely on evidence from bespoke surveys (conducted after the EU referendum) of the role of migrant workers in the construction sector (Winterbotham *et al*., 2017, 2018a), out of 216 employers surveyed in 2017 and 205 employers surveyed in 2018 who had non-UK workers, 57 per cent and 53 per cent, respectively, indicated that a key or partial reason for employing non-UK workers was insufficient applications from suitable UK people. Forty-five per cent and 44 per cent in 2017 and 2018, respectively, answered that a better attitude and work ethic was a key or partial reason for employing non-UK workers. This underscores availability as the most common reason for employing migrant workers, although attitude and work ethic are important too. By contrast only 8 per cent and 7 per cent, respectively in 2017 and 2018 stated that non-UK workers being cheaper was a reason for employing them.

The rhetoric of the 'good migrant worker' and the 'bad local worker'

The previous sub-sections have highlighted that to date migrant workers have provided an available and flexible (in numerical and functional terms) source of labour with a good work ethic. In the case studies in the construction and low-skilled service sectors (Green *et al*., 2013, 2014), when employers were asked what they thought of migrants, the same characteristics were consistently mentioned. Migrant workers, particularly those from eastern and central Europe, worked very hard (by far the most commonly mentioned characteristic); were willing to work long hours and more days of the week, often at short notice; were smart (in appearance) and polite; were intelligent, enthusiastic and proactive; were punctual and reliable; were willing to work in different departments; were willing to do any sort of

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work, including work that was very physical, outdoors, unattractive due to the time of day they were required to work, or which offered only a temporary contract. These characteristics and the image that they conjure up have fuelled the rhetoric of the 'good migrant worker'. Other studies have shown that particularly desirable characteristics associated with migrant workers and valued by employers are that they are motivated, hard-working, flexible and reliable (Dench *et al*., 2006; House of Lords, 2008; Danson and Gilmore, 2009; MacKenzie and Forde, 2009; Thompson *et al*., 2013).

By contrast behaviours associated with (some) local workers with no/low qualifications that feed into a 'bad local worker' rhetoric are that they are not motivated, have a poor attitude, are inflexible, unreliable and that they do not try hard to find work (with the latter being attributed in part to the operation of the benefit system leading to a reluctance to take up temporary work) and so do not make themselves available. The ease with which it is possible to move off and on to benefits is disputed, but stakeholders interviewed as part of case studies acknowledged that many unemployed people feel that such movement is risky and might yield only limited reward (Green *et al*., 2013, 2014). While a 'bad local rhetoric' is rather simplistic in tending to overlook wider local labour contexts (see Tannock, 2015) it remains powerful, as the quote below illustrates:

> *British people don't want to do those low skilled jobs. That's why they are not doing them: because they don't want to do them. That self-entitlement. They think that they should be working for a million pound salary at a bank when they have neither the skills or the knowledge nor the drive to get that position. I think that's why the migrant workers are getting the low-paid jobs, because they want to do them.* (Construction employer)

As noted by Scott (2013) in research on the UK food industry, set alongside the 'good migrant worker' it feeds into the emergence of migrant–local hiring queues at the bottom of the UK labour market that have occurred since EU enlargement in 2004, which reflect a preference amongst low-wage employers for newly arrived migrants from eastern and central Europe and related prejudice towards would-be domestic workers.

There is evidence to suggest, however, that a good work ethic is predominantly a characteristic of recent migrants and migrant workers may quickly assimilate to behave like 'locals' in their attitudes towards work. Metcalf *et al*. (2009) found employers reporting that eastern European migrants' English language skills improved as they settled (a benefit for some employers using migrant workers in customer facing roles), but other qualities such as productivity, low absence and flexibility declined, as they integrated into local culture and perhaps were less precariously employed and better informed about their rights. Similarly, Dawson *et al*. (2018) found that when A8 migrant workers first arrive in the UK, they record substantially lower absence than native workers, but that these migrant absence levels assimilate within two to four years. Whilst many studies on migrant work ethic are qualitative, this analysis uses quantitative evidence to substantiate these employer perceptions of a distinctive migrant work ethic. They conclude that employers use this information to make hiring decisions, and that this may have negative implications for native workers, but, importantly, only in the short run. So there are important temporal factors at play here.

Business models with a reliance on a supply of migrant workers to fill low-skilled jobs

The pre-Brexit immigration regime has enabled the development of a valid business model in some firms in certain sectors with relatively large proportions of low-skilled jobs in which EEA migrant workers are used to plug hard-to-fill vacancies and address labour shortages more generally. Such a model may be characterised as a 'low road' one from an economic development perspective, since the jobs involved are often characterised by relatively low wages and under-utilisation of many incumbent migrant workers' skills, especially where high-skilled workers fill low-skilled jobs (Anderson *et al*., 2006). The ready availability and willingness of a relatively large pool of migrant workers to offer the flexibility sought by employers in lower-skilled roles (fig. 1, Box A) and to work in conditions that are less acceptable to lower-skilled local (UK) workers, enables employers to recruit them (fig. 1, Box B) and to structure their working practices in a way that utilises this willingness. As long as a supply of willing migrant workers is available, employers do not have to reconsider their employment practices to create and design jobs that would be more commensurate with the preferences of lower-skilled local workers (fig. 1, Box C) (Atfield *et al*., 2011). This business model is then maintained (fig. 1, Box D) as depicted in figure 1.

Importantly, the availability of migrants to perform low-skilled roles impacts on the dynamic between supply and demand. This means that supply and demand are mutually constitutive, rather than generated independently of each other (Ruhs and Anderson, 2010). Recruitment and selection patterns can create path

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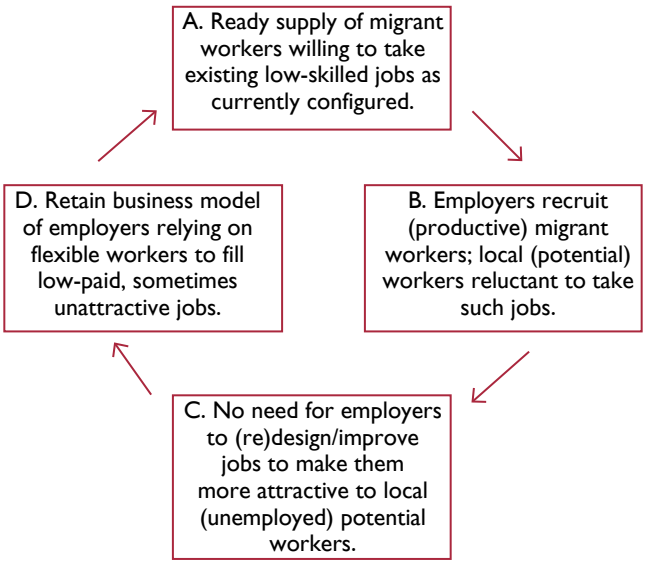
Figure 1. Business model resting on ready supply of migrant workers to fill low-skilled jobs



dependencies which lead to employers' reliance on migrant workers becoming entrenched (Ruhs and Anderson, 2010). While agencies may be used to provide temporary cover and so provide a relatively easy route of entry to low-skilled jobs, case study and survey evidence highlight the importance of informal recruitment methods for low-skilled jobs more generally. For instance, case study research in construction showed that typically recruitment was via 'recommendation' (through word of mouth networks) or through knowledge of an individual's work – for instance, by having used them on a sub-contracting basis, as illustrated in the following quote:

> *I'll ask the guys if they know some person. A lot of the time, it will be someone I already know who they recommend, because they have worked for me before, so I know they are okay. But I have good trust in the guys that they will recommend to me someone good, and they don't let me down.* (Construction employer)

According to the 2016 Employer Perspective Survey, 85 per cent of employers in the construction sector used word of mouth as a recruitment method (compared with 79 per cent across all sectors) and 23 per cent of construction employers who had recruited in the last year had used this method exclusively (compared with an average of 11 per cent across all sectors) (Shury *et al*., 2017).

More generally across case study sectors, word of mouth recruitment through existing employees was thought by employers to provide good quality applicants because the employee who made the recommendation would feel responsible for the worker recruited, so they would be more likely to recommend reliable people and ensure that they worked hard. In this way the employer benefitted from greater self-regulation of the workforce. Of course such recruitment methods disadvantage people (including many of the unemployed) who are less well networked and so more reliant on formal recruitment methods. However, case study evidence indicated that many migrant workers were engaged in 'hot' networking (i.e. with active, vibrant and geographically extensive networks), while those of UK job seekers seemed 'tepid' by comparison (Green *et al*., 2013). The processes described above result in a self-perpetuation of segmentation in the lower-skilled labour market, as similar kinds of people are recruited to those in existing low-skilled jobs.

Once a workforce includes a substantial share of migrant workers, it may be difficult and/or costly for employers to alter the profile. As certain job roles become associated with migrant workers they may come to be perceived as 'migrant jobs' – and local indigenous workers may be reluctant to apply, so further reinforcing existing labour market segmentation. While migrant workers do not necessarily directly displace workers from the local UK population in low-skilled roles in head-to-head competition at the selection stage, their presence and willingness to fill work in particular ways can influence the kinds of workers employers demanded and their ability to fulfil their requirements (Green *et al*., 2016).

In the absence of external shocks – for example, through changes in the immigration regime affecting the supply of migrant workers (discussed in the following section) or the welfare regime affecting labour market activation policy and benefit regulations facing local low-skilled people, so impacting on their supply of labour – the main factors triggering change in 'low road' business models are changes in workers'/job-seekers' frames of reference. Frames of reference are structures of concepts, values and views by which information and opportunities are perceived and evaluated. Workers and potential workers are differentially constrained and have different frames of reference (Ruhs and Anderson, 2010). This means that motivations to work in different types of jobs vary; what may be 'acceptable' to some may not be so to others. Attributes employers associate with particular workers (as outlined in the discussion on 'good migrant workers' and 'bad local workers') stem in part from their different frames of reference. Employers take advantage of these variations in frames of reference aand through network effects access further similar migrant workers (as outlined by Waldinger and Lichter, 2003).

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As noted above, case study research suggests that local UK workers/job seekers with no or low qualifications in general have preferences for local, permanent jobs characterised by fixed working hours (often in the daytime). Newly arrived migrant workers often express preferences for a high number of hours of work (unless they are studying also) and this can be difficult to achieve in certain low-skilled service roles characterised by low hours contracts and fragmented working. However, they are generally willing to regard low-skilled low-paid roles as important in their own right and/or see them as a rung on the ladder to better things, to undertake shift work and to contemplate non-local work (Green *et al.*, 2013, 2014). As noted in the previous section, however, frames of reference may shift over time, with migrant workers wanting more stability (akin to local UK workers) as they become more settled (see also Waldinger and Lichter, 2003), and also expressing growing resentment at employers 'taking advantage' of their flexibility.

Looking forward: a post-Brexit immigration regime and associated challenges and opportunities

In the introduction reference was made to the contrasts between the pre-Brexit immigration regime of free movement from the EEA and managed migration of workers to skilled jobs from non-EEA countries, with employers able to meet requirements for workers for low-skilled jobs via free movement from the EU in addition to recruitment from the local workforce. The proposed new post-Brexit skills-based immigration policy published in December 2018 (HM Government, 2018a) accepted Migration Advisory Committee recommendations that migration policy changes should make it easier for higher-skilled than for lower-skilled workers to come to the UK for work, and that there should be no preference for EU citizens.

The 'skills' element of the new immigration policy has been extended to include workers with intermediate level qualifications (i.e. A-level or equivalent). There is no long-term route specifically for workers from outside the UK (and Ireland) to fill low-skilled. However, the government recognises short-term challenges faced by employers who have become reliant on workers from the EU to fill certain low-skilled jobs and so proposes the introduction of a time-limited transitional route for short-term temporary workers. This would allow workers from certain specified 'low risk' countries (yet to be defined at the time of writing) to come to the UK for up to 12 months, followed by a cooling off period of a further 12 months in order to prevent permanent settlement in the UK. Within their time in the UK such workers would be able to move freely between employers. This route has no provision for bringing dependants to the UK or access to public funds. No special sector-specific schemes are proposed, except for agriculture. So while this scheme could provide some relief in the short term it is less business friendly (and likely both more bureaucratic and more temporally fragmented) than in the pre-Brexit immigration regime when there were no limitations on recruitment of EEA migrant workers to fill low-skilled jobs (even though Tier 3 of the managed migration scheme was closed.

The new immigration regime does not make a distinction between EU citizens (excluding Irish citizens) and non-EU citizens. However, an EU Settlement Scheme gives (non-UK) EU citizens already in the UK, and those arriving during the Implementation Period (at the time of writing proposed to last from 29 March 2019 until 31 December 2020), the opportunity to stay in the UK to live their lives broadly as would have been the case in the pre-Brexit period.[3] Precisely when free movement will cease and the new skills-based immigration system will be is introduced is not clear at the time of writing.[4]

The proposed changes to the immigration regime place greater onus on businesses to recruit and develop local UK workers. For skilled jobs there is a case that this might be feasible only in the longer term given the time taken to develop the necessary skills, but for low-skilled jobs less time should be required for skills development so the same argument does not hold – except in the short term. In a study based on interviews with employers in the low-skilled sectors of food and drink, hospitality and construction before and after the UK Membership of the EU referendum, Rolfe (2017) found that employers were concerned that Brexit would limit the flexibility of their workforce (which, as noted above, the literature shows that they value highly) and exacerbate existing recruitment problems. They felt that to boost recruitment pay would have to be increased substantially, potentially to a level that was unaffordable. An employer in the construction sector had started discussions to review their resourcing strategy to attract more British applicants; this included looking at pay and other aspects of the reward package.

More recent primary research in the construction industry in 2017 and 2018 highlights that in the short term employers are particularly concerned about retaining their existing (younger) non-UK workforce (Winterbotham *et al.*, 2017, 2018a). Employers expressed a preference for (some) free movement, including for less-skilled workers. They also wanted any new

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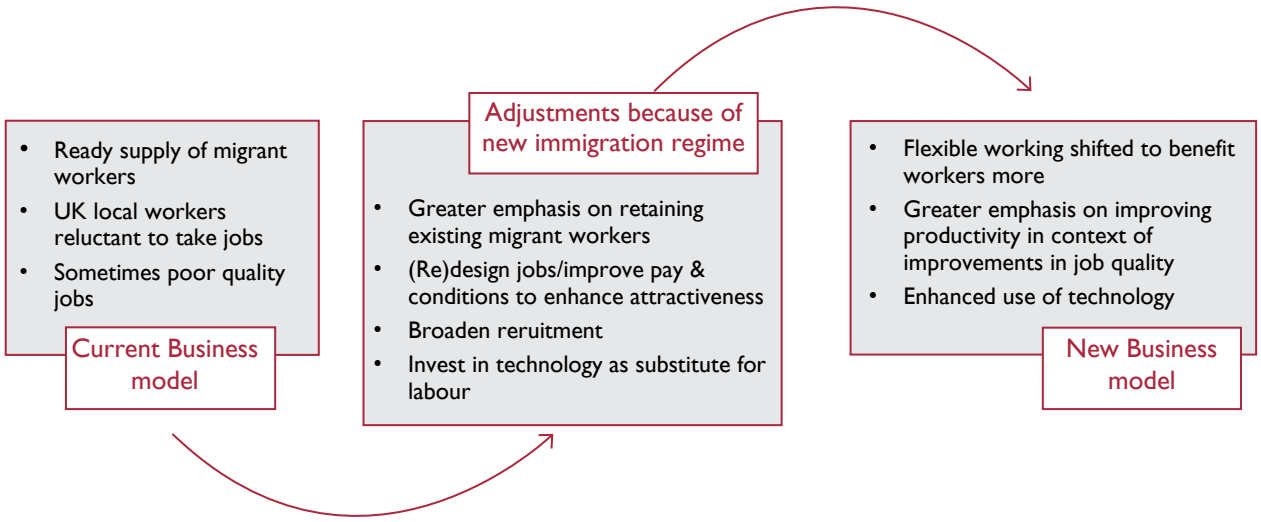
Figure 2. Possible business model changes in a new immigration regime



immigration system to be quick, fair, inexpensive and unbureaucratic. Whilst almost four-fifths of employers surveyed expected no impact from potential restrictions on the number of migrant workers (both skilled and unskilled), this decreased to half of those who had any non-UK workers. Out of 801 employers interviewed in the construction sector (400 in 2017 and 401 in 2018), 27 per cent expected recruitment of semi-skilled and unskilled staff to become harder, 61 per cent expected no change and 10 per cent expected it to become easier (the remainder did not know). For skilled staff the respective shares expecting recruitment to become harder, not to change, or to become easier were 45 per cent, 50 per cent and 4 per cent. However, from across 50 agencies interviewed in 2017 and 2018, 52 per cent considered it would be harder to recruit staff if the number of unskilled migrant workers was restricted. This greater concern may reflect their wider view of recruitment across the sector compared with individual employers. The older age profile of UK workers than of workers from the EEA is also a cause for concern in this sector, given that low-skilled jobs in the sector require physical fitness.

As recognised by the Migration Advisory Committee (2014) and noted by McCollum and Findlay (2015), the availability of a ready supply of well-perceived migrant workers able to move freely to the UK, combined with the low level of labour market regulations, has enabled some employers to maximise the advantages to them and, at the same time, allowed migrants to acquire a significant place in low-skilled sectors in the UK labour market. This extended and sustained flexible labour market structures in the labour market for low-skilled jobs. The UK's flexible labour market, and the associated adaptable approach to labour market regulation, was recognised in the Taylor Review of Modern Working Practices as benefiting the UK in terms of delivering relatively high employment and low unemployment rates, but the weight of evidence presented in the review showed that the balance of risk and responsibility weighed increasingly on workers (Taylor *et al.*, 2017). Rubery *et al.* (2016) also highlight the imbalance between employer-oriented and worker-oriented flexibility, and argue that short-term gains of higher employment rates are outweighed by the costs of low wages and undermining of long-term productivity potential. Similar concerns have also been raised about a high degree of fragmentation caused by a flexible workforce reducing the incentive to invest in workforce skills (House of Commons, 2017).

As illustrated in figure 2, a new immigration regime post-Brexit cuts a ready ongoing supply of migrant workers to fill low-skilled jobs. As indicated in employer interviews cited above, this places greater emphasis on businesses retaining their existing migrant workers. With UK local workers reluctant to take (at least some) low-skilled jobs in the current immigration regime, the onus is on businesses to enhance the attractiveness of such jobs, including through changing work practices and job redesign. Such a strategy would be in line with the recommendation of the Taylor Review of Modern Working Practices (*ibid.*) to play closer attention to the quality of work – encompassing issues of who gains from flexibility, wages, employment quality, education and training, working conditions, work life balance, and collective participation and collective representation. It would also chime with

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the 'Good Work Plan' that the Government published in response in December 2018, setting out its vision for the future of the UK labour market, with a commitment to improving the quality of work at its heart – in principle these developments, alongside a stronger labour market enforcement regime (HM Government, 2018b). Indeed, the 'Good Work Plan' provides added impetus for movement away from a business model placing strong reliance on use of migrant workers in low-skilled jobs. A revised business model for the new immigration regime could also involve making greater effort to broaden – including to the unemployed – the economically inactive and other marginalised groups. If achieved, this would mean enhanced economic inclusion. It could also mean greater investment in technology as a substitute for labour (as outlined in figure 2). The possible new business model outlined in figure 2 is one where, in order to make low-skilled jobs more attractive, the balance of benefits from flexibility is shifted more towards workers; there is greater emphasis on enhancing productivity in the context of improvements made to job quality and greater investment in, and use of, technology.

However, this relatively rosy picture does not take account of the fact that an immigration regime reducing worker inflows, while estimated to have a positive impact on wages in the low-skilled service sector, would be offset by a significant reduction in overall GDP per capita and productivity (Portes and Forte, 2017). Moreover it takes no account of the fact that EEA migrants (at all skills levels) have played an important role more widely in contributing to sustaining the population of some local areas (e.g. remote rural areas) and to population growth in others, and in slowing the ageing of the population (given their younger age profile). This emphasises that the impacts of changes to immigration regimes extend beyond employers' business models to broader fundamentals affecting economic development capacity.

Conclusion

Free movement of labour from the EU has provided a ready supply of migrant workers (sometimes with higher-level skills) to fill low-skilled jobs that are often unattractive to UK workers because of either their precarious nature and/or relatively low rates of pay. In such an environment, there has been limited onus on employers to redesign jobs or otherwise make them more attractive to UK workers. Employment projections suggest a continued demand for workers to fill low-skilled jobs. A new skills-based immigration regime coupled with an end to free movement might be expected to provide the external impetus for employers to adjust their business models. While seeking to retain existing migrant workers, features of new business models could be a shift in the balance of 'who benefits from flexible working' from the employer to the employee, a greater emphasis on job (re)design to improve job quality and so enhance the attractiveness of the jobs on offer to UK workers, or to invest more heavily in technology (where possible). While these present opportunities, adjusting to a new immigration regime – and surviving within it – poses a short-/ medium-term challenge.

NOTES

1 'Low-skilled jobs' in this article to refer to jobs where no/few formal qualifications are required. Often these jobs are characterised by low wages. It is important to note that low-skilled jobs may be filled by workers with higher-level skills.
2 It should be noted that the survey focussed on full-time and part-time employees; agency staff and contractors were excluded, as were the self-employed, so likely understating reliance on such workers.
3 Irish citizens are excluded from these provisions.
4 It depends on how the House of Commons votes on the Brexit Withdrawal Agreement and Political Declaration.

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