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Marek Okólski *Editor*

Do Employers Matter?

Their Impact on Labour Migration

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Editor
Marek Okólski
Centre of Migration Research
University of Warsaw
Warsaw, Poland

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Introduction

The title of this book (*Do Employers Matter? Their Impact on Labour Migration*) may seem provocative. After all, how can one imagine employers not having a significant impact on labour migration when, ultimately, it is they who create the demand for migrant labour? Yet there is an important reason for posing such a question: the almost complete absence of employers in migration theory.

International migration remains an under-theorised area of social research, at least when compared to other fields of human activity. The reasons for this shortcoming were thoroughly discussed by Stephen Castles (2010). Nevertheless, the question of the determinants and mechanisms of labour mobility remains at the very core of several theories of international migration; yet these same theories barely mention employers in the receiving countries, thus failing to attribute to them the role which they deserve—as a group of players who are major beneficiaries of labour migration and who take direct actions to recruit and employ foreign workers

In general, international migration theories can be divided into two main strands: the functionalist strand, focusing on the agency and rationality of actors—specifically migrants and their families optimising their economic strategies—and the historical-structural, which concentrates on structural economic and power inequalities, which ineluctably lead to conflicts within and across societies. While in the former, the employers never appear as influential actors, in the latter, their role is hidden behind macrostructural determinants of labour migration, such as the unequal endowment of countries with factors of production, leading to wage differentials or high labour demand that cannot be satisfied by native workers in times of economic boom or in a specific labour-market segment.

In 1993, an article was published which meticulously reviewed and conducted an in-depth assessment of the state of migration theory. This product, from a team of eminent migration researchers serving on one of the committees of the International Union for Scientific Study of Population (Massey et al., 1993), has since received over 10,000 citations. The authors were prompted to create it by the new post-World War II reality of migration: the intensification of international mobility in a growing number of areas of the world, the emergence of many new immigration countries and the accompanying strong involvement of researchers making various attempts to explain this phenomenon. The list of theories compiled by Douglas Massey and his co-authors, together with their systematisation, was the canon of knowledge on contemporary migration mechanisms for many years and was usually accepted without major modification (and criticism) by researchers.[1] Over time, there was a growing conviction that the fragmentation of theory, which they identified, was an inevitable consequence of the complexity and heterogeneity of the migration phenomenon. At most, as evidenced in essays by Massey (1999, 2012), de Haas (2014) and other publications, there was a recognition that different theories were complementary to each other and that explaining migration required referring to multiple theoretical concepts simultaneously.

Among the groups of theories identified by the authors of the above seminal paper, as well as among the plethora of individual concepts which they considered, not one focused on employers as its significant object. With one single exception, however—Massey and his co-authors refer to Michael Piore's (1979) concept of the dual labour market and recognise the relevance of employers as agents at the origin of labour inflows.

Due to the uniqueness of this concept and the not always mutually compatible interpretations of it, let us clarify its main postulates here. First of all, its historical and institutional context is important—it refers to labour movements from economically relatively backward areas to highly developed areas with economies dominated by mass industrial production. In general, these flows of people are initially and intentionally temporary in nature. Such migration is distinguished by four features: firstly, it is directed to specific jobs, usually occupied by migrants and belonging to the inferior segment of the labour market; secondly, the strategic role in initiating movements to reach these jobs is played by the active recruitment of migrants by employers in highly developed areas or by their agents; thirdly, the initiation of new inflows of foreign workers through their recruitment comes easily to employers because the supply of potential migrants is perfectly elastic and virtually inexhaustible; and fourthly, new flows, once initiated, are extremely difficult to stem, even when the state takes radical legal and administrative measures.

In the long run, the source of migration sustainability conceived in this way is the immanent dualism (i.e. segmentation) of the labour market, which stems from the fundamental difference in the organisation of the capitalist economy between capital and labour, as well as strictly between the owners of capital—who manage, control and bear the risks in the production process—and the workers who, in their quest to support themselves and household members, are reliant on the limitedness or volatility of employment offers. For this reason, 'labor is forced to bear a disproportionate share of the cost of economic flux and uncertainty' (Piore, 1979: p. 36). In general, the uncertainty of the production process prompts concerned employers to retain the most desirable workers—even in times of depression—and offer them more

[1] At least a few works which offered a critique and amendments to the review by Massey and his co-authors might be mentioned here: de Haas (2010a, b), Czaika et al. (2021) and Riosmena (2024a, b). However, these contributions could hardly alleviate the perception of the state of migration theory as highly fragmented.

favourable employment terms (including greater stability) than the rest; workers, on the other hand, especially those who are unionised or have unique qualifications, demand contractual safeguards in the event of a downturn. This leads to a differentiation of jobs and positions and the emergence of a so-called secondary segment in the labour market, where jobs are characterised by inferior and precarious terms of employment, difficult working conditions and an unfriendly environment in the workplace, with limited opportunities for promotion. Access to the privileged, primary segment is limited and there is little mobility between segments. Nevertheless, natives entering the labour market mainly seek work in the primary segment and are reluctant to work in the secondary segment. Consequently, the secondary labour market becomes wide open to newly arriving migrants—usually those intending to work temporarily, who are less qualified, who have limited cultural competence and are unattached. Employers are interested in cultivating and even expanding the secondary segment, as it makes them, on balance, bear lower business costs. This is from where their interest in the influx of foreign workers stems and, ultimately, according to Piore's words (1979: pp. 3, 16–24), their strategic role in the recruitment process and migration itself. To conclude, Piore's concept posits that the primary source of migration, in the above-mentioned context, is structural in nature—the labour-market dualism inherent in the distinction between capital and labour—and that employers play a dual role in migration, firstly when they perpetuate and reinforce segmentation and thus create greater opportunities for newly arrived migrants to take up work and, secondly, when they are directly or indirectly involved in the migrants' recruitment.

Piore's concept, despite its great influence on migration theory and research, has remained solitary when it comes to framing the role of employers. Yet, more than 40 years after its promulgation, the historical and institutional context in which the concept was set has undergone significant changes. Much of the area in which a high demand for migrant labour was located in mass production sectors, especially manufacturing, has changed profoundly. As low-paid jobs have largely moved out of the area to relatively new destinations, employers in the mass-production sectors recruited migrants there. In the most-developed economies, technological breakthroughs have taken place, new economic sectors have developed—especially financial services and IT—and innovative business strategies have emerged, including company fragmentation and outsourcing. The labour market itself has also changed, with a greatly expanded secondary segment whose ranks have been filled by a significant proportion of redundant industrial workers, many of them being non-migrants and in the past holding relatively privileged positions. There has been a growing incidence of self-employment, freelance work, project-tied employment and crowdsourcing, whereas the scale of unionisation and the strength of trade unions have declined. A specific form of this market, the ethnic enclave, has grown. Within it, the initiating factor for the influx of foreigners is the actions of new business owners who are themselves previous migrants. They make use of migrant networks based on ethnicity and kinship. The expansion of this form facilitated insertion of undocumented workers in the labour market and sometimes stimulated illegal migration. This picture of the new reality of labour migration complements the dynamic growth of the migration industry, whose main function—in addition to fulfilling recruitment orders from employers—has become autonomous activities helping migrants to reach their desired destinations, often in an undocumented way. Finally, the role of migration policies affecting the flows of workers to highly developed economies has generally increased, especially the regulatory measures which prioritised the inflow of the highly skilled. Nevertheless, these new elements, although they create a different context for labour migration from that outlined in Piore's concept, do not undermine its contribution to the introduction of an active role for employers in international labour flows to migration theory.

It should also be added that, in the meantime, the theoretical assumptions of this concept have also been subject to numerous critical analyses, as referred to by Chris Forde and his co-authors (2024). First of all, the concept has been criticised for being overly deterministic and oversimplified, focusing too much on labour demand and ignoring the interrelationships between demand and supply. Emphasising employers' agency in the migration process merely overshadowed, according to critics, the important initiative of the migrants themselves and their ability to be mobile in the labour market.

The concept of a dual (segmented) labour market has been comprehensively addressed in a recently updated and critical review of migration theories (Riosmena, 2024a). This latter author admits that employers may play some role in the inflow of foreign workers by responding to structural demand in lower segments of the labour market and the recruiting of those workers. Neither in reference to this concept, however, nor to any other, does he deal with the active role of employers in the migration of a workforce. On the other hand, Piore's claim that the recruitment of migrants by employers is of strategic importance is implicitly considered as exaggerated and applied to incidental situations where 'massive recruitment propitiated by destination and/or origin states […] has been quite relevant in jump- or re-starting many historical flows across the globe with varying degree of coercion used to produce it' (Riosmena, 2024a: p. 687). Segmented labour theory, especially nowadays, does not suffice to explain the essence of the migration of a workforce.

We should also mention that, in the theoretical approach aiming to combine the two prevailing strands of migration theory (the functionalist and the structural) and referring to the structuration theory of Anthony Giddens (1990), employers appear merely as one type of many actors who enable or facilitate migrants' mobility or employment in the receiving country, alongside individual intermediaries, international and national institutions, migrant organisations and complex networks of recruitment agencies (Goss & Lindquist, 1995). It is the migration industry although, paradoxically, not the employers, that remains at the centre of approaches based on social network theories. When referring to an 'institutional theory of migration', yet without providing the names and works of its authors, Massey and his co-authors (1993: p. 461) argue that 'disparities between the supply of and demand for entry visas into core receiving societies create a lucrative niche for entrepreneurs to provide licit and illicit entry services, and that the exploitation that results from this disparity will also prompt humanitarian organizations to intervene on immigrants'. In this view, the entrepreneurs who derive lucrative benefits from international migration are the intermediaries, not the employers in the host country themselves.

In the last decade or so, there have been several attempts to overcome the aforementioned fragmentation of migration theory by proposing a general (if not universal) conception of migration (e.g. Carling, 2002; Carling & Schewel, 2018; de Haas, 2010a, 2021; Skeldon, 1997), the prototype of which can be traced back to Wilbur Zelinsky's (1971) concept of mobility transition, incidentally omitted from the aforementioned review by Massey et al. In the most theoretically far-reaching of these attempts, de Haas (2010a, 2021) undertakes a critical review of migration theory and proposes an approach in which migration is commonly shaped by aspirations and capabilities that evolve in the course of development, an adaptation of Amartya Sen's (1999) classic model. De Haas (2010a: p. 245) concludes that, by applying the capability-based development concept to migration theory, 'it is possible to achieve a more inclusive migration theory covering most forms of migration'. Neither in de Haas's theory, which focuses on the agency of migrants, nor in the preceding evaluation of earlier concepts does the 'employers' theme' appear.

Migration theories, as well as theories formulated in the social sciences in general, draw their inspiration and propositions from empirical research. Many of these studies strongly emphasise the importance and initiatives of employers in stimulating migration processes. A great number of publications has been devoted to their specific and varied demand for certain types of migrants, for example, those with a desired professional profile or personal traits. Empirical research, therefore, takes various directions, sometimes fragmented and divergent, and sometimes comprehensive and complementary, focusing on the one hand on the availability of a specific pool of foreign workers, and on the other on the availability of migrants with specific characteristics. The role of employers manifests itself in complex and variable ways, both in terms of political conditions and historical period. The employers' influence results from diverse, if not conflicting, economic interests and power relations. These interests are determined by the place or position in the labour market and the economy in general. It is probably because of this circumstance that the role of employers has not yet been synthesised, generalised and ultimately included in the theories of migration, which is why we believe, even more fervently, that this is not a sufficient reason to abandon a comprehensive approach to this issue.

Such a comprehensive approach, however, requires several ingredients. These include, first, a specific conceptual framework that not only takes employers as a central category but also defines their capabilities and limits of influence and, second, a research method that is consistent with the conceptual framework and operationalises the diverse economic interests of employers.

The significant and sometimes even dominant trend towards the temporariness of labour migration today originates from the needs of employers, expressed in various forms and with varying intensity. These needs manifest themselves in the direct recruitment of foreign labour, both from abroad and from those already resident in the target country, using employment agencies and, more generally, the structures of the so-called migration industry. They also manifest themselves through lobbying the state to open its borders and labour market or to set desired immigration limits, and through participating in the shaping of immigration policy through influential interest groups. A spectacular illustration of this phenomenon was the US–Mexico Bracero Program, a 20th-century model of temporary labour migration based on bilateral agreements and later observed in different parts of the world (Dowlah, 2022). This programme, which was a direct response to the demands of farmers who feared a severe labour shortage in the face of the mass conscription of US citizens after the country's entry into the Second World War (e.g. Craig, 1971; Martin, 1999), eventually (between 1942 and 1964) led to the influx of millions of migrants from Mexico, to a radical change in the ethnic composition of the immigrant labour force and to a large, uninterrupted wave and chain of influxes of Latin American workers that continues to this day.

The number of studies carried out in recent decades is growing rapidly, and their overall stock seems enormous. The research papers vary according to discipline, host country or region, industry or labour-market sector, type of workers preferred, degree of employer organisation, etc. References to the related literature usually consist of dozens of previous works. In a recent account of relevant research, Forde et al. (2024: p. 103) express no doubts in this respect and conclude that '[E]mployers are key actors in shaping and influencing the ways migration processes are structured and regulated'.

Empirical research on the role of employers in labour migration is currently represented in domains such as migration studies, labour market and employment relations, human relations management, the sociology of work and the field of political economy. Employers as agents lobbying for favourable policy solutions have gained interest in approaches derived from political sciences, according to which 'organised publics' (Freeman, 2002; Freeman & Tendler, 2012; Statham & Geddes, 2006) exert an impact on migration regulations but do not carry the costs of such policies. These approaches concentrate on the active efforts of employers to obtain foreign labour but underplay situations in which, on the one hand, labour migration takes place without the employers' efforts and, on the other, migration corresponds to the employers' needs. Other distinct areas of study include, inter alia, the impact of employer associations, the power resources of employers (Sitkin, 2020), trade unions and other groups (Knotz et al., 2020), the interplay between employers and political parties (Scott 2022; Statham & Geddes, 2006), quiet and loud lobbying strategies (Matuszczyk & Pszczółkowska, forthcoming), employer activity across national boundaries, employer preferences and the segregation of workers (Jakobsen & Sæther, 2023) and employer involvement in the migration industry (Matuszczyk, 2026). A wealth of literature is devoted to the benefits expected or realised by employers, taking into account the performance and work ethics of migrant (and non-migrant) workers (Alberti & Sacchetto, 2025; Dawson et al., 2017; MacKenzie & Forde, 2009). It highlights such characteristics of migrants as above-average reliability in carrying out assigned tasks, lower absenteeism, lower entitlement mentality and a weaker tendency to change jobs, although it is also emphasised that these characteristics manifest themselves to varying degrees depending on the sector of the economy, the size of the company or the migrant's position within the company.

Nevertheless, in general, the body of contemporary empirical research is marked by a dispersion, due to the peculiarities of subdisciplines represented by the authors, the secondary nature of migration itself and the 'peripherality' of the phenomenon in these studies—and, above all, to the specificity if not the uniqueness of the context (country, region, period, sector, etc.). Recently, a new direction of research has been proposed—a multi-level and multi-actor approach to explaining employer strategies towards migration, which is more comprehensive than most previous studies and takes into account local contexts, different sectoral characteristics and changing regulations. Along these lines and appreciating the recent development of empirical research, Forde et al. (2024: p. 91) emphasise the need to embed it, in future, 'within wider analytical frameworks that include recognition of micro, meso- and macro-level factors on actions and outcomes at the organisational and individual worker level'.

The thematic diversity of empirical research on employers suggests that the role of employers is easier to identify in the case of temporary migration than permanent migration, as well as at the beginning, rather than in the case of existing, established and self-perpetuating flows. The extensive geographical panorama of flows of people for temporary employment, referred to relatively recently as guest-workers, encompassing the past 150 years and outlined by Cindy Hahamovitch (2003, 2011), shows that it has usually been relatively well organised, often turning into other forms of migration (e.g. permanent, including undocumented) or inducing quite new flows, driven largely by the interests of influential employers. The importance of temporary labour migration has even strengthened in the globalising business environment since the early 1970s, when labour-market regulations became increasingly liberal and employment practices more flexible (Peck et al., 2005).

Our earlier research, which gave rise to the project presented in this monograph,[2] was precisely concerned with labour migration and its temporary manifestations. It focused on the specific case of Poland, a country that experienced a sudden and profound change in this regard in the 1990s and the first two decades of the current century. At the beginning of this period, the post-communist transformation triggered strong and diverse labour mobility (principally short-term or circular and often undocumented) to Poland's Western neighbours, which were much wealthier and had long been importing workers from abroad (Okólski, 1999, 2001; Stola, 2001). This phenomenon gained momentum shortly after Poland's accession to the European Union in 2004 and the acquisition of free access to its labour market (Grabowska-Lusińska & Okólski, 2009). The EU enlargement-related emigration of young Poles, the vast majority of whom settled abroad, was short-lived and created important shortages in the Polish labour market, where, at the same time, increased investment boosted economic growth. In the 2010s and 2020s, Poland changed its migration status from net-sending to net-receiving (Okólski 2012, 2021), not unlike the previous experience of Western and Southern European countries. Hence, in the space of just

[2] The project 'Employer interests as an underrated factor in labour migration—an institutional approach (E-factor)' was funded by the National Science Centre, Poland (OPUS-20) under Grant No. 2020/39/B/HS4/00885.

three decades, Poland has gone from being the numerically main European sending country to being the EU member state that issues the largest number of first residence permits to third-country nationals, mainly employees (Eurostat, 2024). As evidenced in a number of studies, this change would not have happened without the active influence of Polish employers, who were able to push through the political agenda the simplification of the procedures for recruiting and bringing in workers from abroad (Okólski & Wach, 2020), first in the agricultural sector (Fiałkowska et al., 2022; Górny & Kaczmarczyk, 2018) and, later in other, not necessarily seasonal, jobs (Jaroszewicz et al., 2024; Kaczmarczyk, 2024).

Notwithstanding the rich empirical evidence illustrating the role of employers in the mechanisms of migration, there is currently a clear gap in migration theories. Perhaps this dispersion and lack of a unified conceptual basis thwarts the ‘theorising’ and inclusion of the ‘employers’ topic’ in migration theory and, at the same time, explains the aforementioned ‘absence’. After all, a need for the inclusion of employer interests and activities in these theoretical concepts has been indicated by a number of researchers (Fellini et al., 2007; Freeman & Kessler, 2008; Menz, 2008, 2010; Scott, 2013; Scullion & Pemberton, 2015). This book also grows from our attempts to resolve the epistemological impasse on the role of employers in migration and the allocation of migrants in the labour market. To this end, in the autumn of 2021, the project E-factor took off at the Centre of Migration Research (CMR) at the University of Warsaw. In this systematic study, the shortcomings arising from the identified sources of the dispersion of empirical research have largely been overcome and a basis for the inclusion of employers in migration theory has been established. Throughout its implementation, to secure the highest standards of research and increase the project’s recognition, the CMR staff were assisted and supported by an Advisory Committee of international experts.

The principal objective of this book was to fill the gap in existing theoretical and empirical knowledge about the mechanisms related to the inflow of foreign workers and their employment in the host country, a gap characterised by underestimating the influence exerted on those mechanisms by employers’ interests. We proposed not solely to perceive the role of employers through the lens of their activities but, rather, to take a broader view, which would emphasise any kind of social relations where the interests of employers are considered and advanced. Therefore, it was assumed that, in the context of labour migration, the group interests of employers are expressed, first of all, through activities which they undertake in a bid to influence public policies and also through particular activities which are independent of those policies or even contradictory to their objectives. Moreover, we presupposed that employers’ interests are framed by historically rooted factors which constitute a business-favourable institutional environment (Acemoglu & Robinson, 2012). This brought us to the general research postulate of the project: *Institutions concerning the inflow and employment of immigrants reflect the group interests of employers.*

Given the above, our objective had two dimensions: empirical and theoretical. The empirical dimension consisted of an in-depth analysis of the influence of employers’ interests in different political, economic and socio-cultural contexts in Germany, Italy, Poland and the United Kingdom. The countries researched were chosen for their variety: they represent four different types of market economy (Hall & Soskice, 2001; Hancké et al., 2007) and have very diverse histories of the inflow of foreign workers. Within these four case studies, the aim was to substantiate or verify the general thesis of the project through the examination of three working hypotheses, which were derived on the basis of an extensive review of previous research addressing the issues of this book:

- *Employers undertake particular activities, aimed at granting themselves the desirable inflow or employment of immigrants; the magnitude and intensity of those activities (in other words: a strategy of pursuing group interests) are dependent on the actual situation or on foreseen changes in the labour market.*
- *In certain circumstances, the changes (or creation) of institutions (including regulations) concerning the inflow or employment of immigrants favour the interests of employers without any active participation by them.*
- *The expectations and activities of employers, in the process of the expression of their group interests concerning the inflow and employment of immigrants, have been shaped by social norms proper to a given society.*

Of particular importance in the empirical analysis was the study of the Polish case, where it was possible to make a kind of unique observation—on an ongoing basis, during the course of the project—of the evolution of employers' interests or involvement, moving from being negligible to being very intensive and multifaceted. This evolution accompanied Poland's transformation into a net immigration country and the rapidly growing demand for migrant labour, which recently (2017–2023) made the country one of the largest recipients of foreign workers in Europe. The aim was to evidence how diverse interests (including those of employers) were considered and realised in the political process.

The theoretical objective was to provide an innovative conceptual framework that refers to all three scales of social reality analysis: the macro-scale (the socio-economic or legal environment), micro-scale (individual actors with agency) and mesoscopic scale (organisations that pursue deliberate actions). The proposed study was intended to pioneer the use of the New Institutional Economics (NIE) approach to labour migration, thus establishing new research instruments and enhancing theoretical advancements in this domain.

The present volume includes the major results of this project. It is composed of four distinct components. Drawing on the existing academic literature, the first component (Chap. 1) demonstrates how employers' interests have stimulated labour migration and influenced the utilisation of migrant labour throughout history across various continents. This chapter presents several distinct examples, mainly from the 20th and 21st centuries, which reflect the diverse nature and strength (economic and political effects or impact) of these interests. Its main task, however, is to provide a broad context and empirical support for the hypotheses already mentioned in this Introduction and examined in the following chapters.

The second component (Chaps. 2 and 3) consists of the conceptual basis of this research, its assumptions and methods. In Chap. 2, the concept of 'employer interest' is discussed from the perspective of various social sciences. Further, it offers an innovative approach to the study of employer interests in the field of migration—as adapted from the New Institutional Economics (NIE)—and specifically Oliver Williamson's (2000) concept of the analysis of complex social phenomena. Throughout the chapter, as we describe this innovative approach, we provide a comprehensive review of the literature on the perception of employers' interests and the ways in which these interests are pursued in relation to the migrant workforce. In turn, Chap. 3 presents three research axes designed to reflect the multilevel analytical orientation of the NIE. It also offers methodological guidelines for developing research strategies to trace both the direct actions of employer groups and their indirect institutional influence on migration policy. The third component of the volume (Chaps. 4–7) contains the results of our empirical analyses in the four countries studied. The analyses were carried out on the basis of case studies using the multiple methods described and recommended in Chap. 3. In analysing these cases, we explore the manifestations and implementation of employers' interests in migration in the contemporary labour market, in selected European economies that differ in terms of the 'varieties of capitalism' and their institutional environment. This endeavour required us to draw on expertise in economics, sociology, political science and demography. In respective chapters, we have made an effort to subordinate these diverse disciplinary perspectives to a uniform conceptual (Chap. 2) and analytical (Chap. 3) framework. The case discussed in Chap. 4 refers to Germany, which represents a Coordinated Market Economy and is also one of the largest global labour markets hosting migrants. It analyses the role of employers in shaping recent changes in Germany's migration policy introduced in the context of skilled labour shortages—the New Migration Package (2019). Beyond examining the official claims of employer associations, the analysis explores how employers' interests were articulated in parliamentary debates and media narratives and how other institutional actors evaluated these claims. Chapter 5 demonstrates how British institutions concerning the inflow and employment of immigrants reflect employers' group interests embedded in the Liberal Market Economy. It traces the evolution of these institutions alongside employer activities at key junctures, such as the EU enlargement in 2004 that granted labour-market access to EU8 citizens and the post-Brexit migration framework. The chapter demonstrates how the government acted in the interest of employers without their active lobbying and later responded only to the vocal demands of selected sectors. Chapter 6 focuses on the evolution of migration policy in Italy, highlighting the reactive, top-down nature of four 'great' policy reforms and large-scale migrant regularisations. The analysis, based on a range of primary sources, evidences that employers have had only a limited impact on the formulation of migration policy which, paradoxically, favoured their interests within specific sectors of the economy. This finding reveals the institutional inconsistencies of the Mediterranean mixed-market economy, with the state being weakened by the clientelistic activities of different interest groups. In turn, Chap. 7 is preoccupied with a newly emerged employer-driven migration policy in Poland, examining it as a distinctive example of a dependent market economy and a new immigrant destination. Drawing on unique archival materials and empirical research results, the chapter presents an analysis of employer organisation lobbying and efforts towards labour migration between 2006 and 2025. The Polish case study illustrates the significant influence of employers' interests in agriculture, which played a pivotal role in the substantial liberalisation of migration policy during the recent two decades. Adopting this perspective enables the efforts undertaken by employers' organisations in response to multiple crises (such as acute labour shortages, the pandemic and war) to be explained.

This series of analyses is followed by a comparative chapter (Chap. 8), which investigates how various institutional environments channel the expression of employers' interests. As a common thread across all four country cases, the analysis focuses on the agricultural sector, which provides the grounds for exploring how sector-specific dynamics intersect with national institutional contexts in shaping employer strategies. The chapter demonstrates that, despite institutional differences linked to the variety of capitalism and dissimilar path-dependencies, including different labour migration histories, agricultural employers are effective in guaranteeing themselves access to inexpensive and flexible migrant labour.

In the final segment of this volume (Chap. 9), we return to our theoretical considerations and reflect on how the findings of our project may help to construct a comprehensive framework for studying employers' interests in international labour migration. In particular, referring to other well-known theories explaining labour migration and building on the empirical evidence of this book, Chap. 9 explores the adoption of the NIE in studying the relationship between employers' interests and migration policy. It revises the usefulness of the NIE concepts of bargaining strength, transaction costs and interest groups and demonstrates how the multi-scale analysis of institutions and the interactions between them overcomes the conceptual problem of allowing for both individual agency and structural constraints.

As we conclude this project, migration continues to be a topic of intense debate in nearly all migrant-receiving countries. These discussions are often one-sided, with a predominant focus on security concerns and on the conditions in sending countries—such as poverty—viewed as the primary drivers of migration. However, despite the strong emphasis in public debate on security as a priority of migration policy and the associated trend towards restrictions on asylum seeking, there are growing calls (and, in fact, activities) in many countries for a greater openness to the influx of foreign workers—and not necessarily highly skilled ones. Behind this debate lie various group interests, which are not always disclosed or properly understood. This book highlights circumstances on the receiving side: the role of employers in developed countries, who generate the demand for migrant labour and influence its allocation in the labour market. In so doing, we aim to foster more balanced and nuanced public debates on the issue of migration.

Marek Okólski

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The authors are all members of the team that carried out this project between 2021 and 2025. Five of them, Anita Brzozowska, sociologist, Agnieszka Fihel, economist, Kamil Matuszczyk, political scientist, Dominika Pszczółkowska, political scientist, and Marek Okólski, economist, who led the team, also participated in the concept development phase. Sara Bojarczuk, a sociologist, joined the team immediately after funding was secured, while Diego Caballero-Vèlez and Kamila Kowalska, both political scientists, collaborated with the team during their research on the ‘Italian case’. The team also included PhD student Mateusz Jamro.

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Contents

Contributors

Sara Bojarczuk University of Warsaw, Centre of Migration Research, Warsaw, Poland

Anita Brzozowska University of Warsaw, Centre of Migration Research, Warsaw, Poland

Diego Caballero-Vélez Faculty of Economics and Social Sciences, University of Latvia, Riga, Latvia

Agnieszka Fihel University of Warsaw, Centre of Migration Research, Warsaw, Poland

Mateusz Jamro University of Warsaw, Centre of Migration Research, Warsaw, Poland

Kamila Kowalska Faculty of Social Sciences, University of Gdańsk, Gdańsk, Poland

Kamil Matuszczyk University of Warsaw, Centre of Migration Research, Warsaw, Poland

Marek Okólski University of Warsaw, Centre of Migration Research, Warsaw, Poland

Dominika Pszczółkowska University of Warsaw, Centre of Migration Research, Warsaw, Poland

Chapter 1
Employers' Influence on Labour Migration throughout History

Dominika Pszczółkowska, Marek Okólski, Agnieszka Fihel, and Kamil Matuszczyk

1.1 Scope of this Overview and Selection of Cases

The empirical research discussed in subsequent chapters of this book focuses on events from recent decades in four European countries. However, employers in Europe and elsewhere (in the form of warlords, religious leaders, household heads, landowners and others) have created a demand for 'foreign' workers at least since antiquity. This demand was filled, for example, by slaves taken long distances within the Roman Empire (de Ligt & Tacoma, 2016) or by Slavs captured by Viking warriors and sold to Western Europe and Asia – hence the word 'slave' (Frankopan, 2015). Later, employers' activities aimed at recruiting workers from distant locations had a fundamental impact on world economic development. This was the case from colonisation through the nineteenth-century industrial revolutions to the twentieth and twenty-first-century construction booms, e.g., in Dubai or Kuala Lumpur. None of the above would have been possible without migrant workers, whose presence increased production capacities and allowed employers to accumulate capital for investment (Hahamovitch, 2011; Saari et al., 2025).

Before learning about the contemporary cases discussed in this book, the reader thus deserves to be presented with a broad overview of the employers' role in previous

D. Pszczółkowska (✉) · M. Okólski · A. Fihel · K. Matuszczyk
University of Warsaw, Centre of Migration Research, Warsaw, Poland
e-mail: d.pszczolkows2@uw.edu.pl

M. Okólski
e-mail: moko@uw.edu.pl

A. Fihel
e-mail: a.fihel@uw.edu.pl

K. Matuszczyk
e-mail: kamil_t_matuszczyk@uw.edu.pl

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decades and centuries, which puts recent events in context. To demonstrate the universality of employers' impact, this chapter returns to fundamental moments in labour migration history. Through a secondary analysis of existing academic literature, it demonstrates that, despite the variety of institutional environments and natural and technical circumstances, employers' interests have had a decisive influence on international labour migration worldwide. A search for common mechanisms of employers' pursuit of their interests has led us to formulate the three general research hypotheses underlying this entire project (see the Introduction and the conclusions of this chapter). They concern employers' activities undertaken to provide themselves with migrant workers, as well as situations when they do not undertake such activities, but new or modified institutions nevertheless favour their interests. We also hypothesize that the expression of employers' group interests is influenced by social norms.

This chapter provides an empirical foundation for these hypotheses. We did not aim here to conduct a systematic review of the academic literature on employers and migrant labour. Rather, by taking a fresh look at key historical moments and focusing on the role of employers and their interest, we highlight the commonalities and recurring patterns of their involvement (and, at times, strategic non-involvement, when their interests are considered nevertheless). Our employer-centred perspective is opposite to the dominant one in migration studies, which focuses on migrant workers, and treats demand for labour as part of the broad structural conditions which influence migrants' decisions.

The economic contribution of migrant workers and their inferior position have been extensively described in academic literature at least since Karl Marx's writing on Irish workers in England during industrialisation. This literature has underlined the particularly asymmetrical bargaining power of non-locals (Fudge, 2013; Lewis et al., 2015; Marx, 1870; Piore, 1979; Rioux et al., 2020; Rodriguez, 2004). Nevertheless, research on the role of the other side of any employment transaction – the employers – in creating demand for migrant labour has remained piecemeal and fails to do justice to their comprehensive impact (Forde et al., 2024; Okólski, 2019; Scott, 2022). This is the case particularly if, as we do in this book, one wishes to understand the influence of not only employers' activities aimed at bringing into the country or employing foreign workers but also of their broadly conceived economic and non-economic interests (Nee & Swedberg, 2005; Zweynert, 2009), which are sometimes taken into consideration by states without any activity on the employers' part. These interests are channelled by formal and informal norms which, together with their enforcement, create a dynamic ensemble – the institutional environment (North, 1990). Employers are both influenced by the institutional environment, which is partly path-dependent, and succeed in shaping it during the *play of the game* (Pszczółkowska et al., 2026; Williamson, 2000).

Instead of providing a general historical overview, which would necessarily be superficial, the chapter looks in detail at key moments in the employment of migrants. It is divided into two parts. The main one discusses four instances when employers resorted to migrant workers in very large numbers in the 20th and 21st centuries: (I) the Bracero Program in the United States during and after World War II, (II) the post-World War II guest-worker programmes in Western Europe, (III) the *kafala* system in the Persian Gulf states and (IV) flexible post-Fordist employment worldwide since the 1970s. This is preceded by the discussion of a more historically distant 'prelude' – the use of migrant labour during the British colonisation of North America, which we consider an archetypal instance of the exploitation of foreign labour to serve the interests of employers – a pattern that has been replicated right up to the present day in various institutional contexts. The account in this part concerns the use of indentured labour (indentured servitude) to lay the foundations for the colonisation of North America, and allows us to precisely identify the interests of capital owners and the mechanism by which they acquired and exploited migrant labour in a clinically pure situation, resembling a natural experiment, where migrants were practically the sole source of wage labour. The reason for presenting this history here is that the main features of the institution of indentured migrant labour, despite the fact that it was widely condemned and explicitly prohibited in several national legislations, are still present today, including in the temporary migration programmes in the United States, Western Europe and the Middle East described in this chapter.

The following three twentieth-century systems of importing migrant labour: the Bracero Program, guest-worker programmes in Western Europe, and the *kafala* system in the Persian Gulf, which can all be considered variations of guest-worker programmes, deserve our attention because of their scale and impact, which led to fundamental economic changes in the regions concerned (Hahamovitch, 2003). The Bracero Program involved 4.6 million Mexican agricultural workers admitted to the US over two decades (1942–1966), while European guest-worker programmes rotated a total of 30 million workers from Southern Europe, Turkey and North Africa in and out of Western European countries – mainly Germany and France – from the 1940s to 1973 (Dowlah, 2022). In the Gulf Cooperation Council countries, labour migrants constituted 'an irreplaceable component of the labour force' (Birks et al., 1986), by 2022, accounting for 55 percent of the GCC group's total population, that is, 31 million people (GLMM, 2025). The common aim of all these guest-worker programmes was to provide the labour force which employers needed while, at the same time, preventing the newcomers from becoming part of society and generating social costs such as the education of children (Castles, 1986). In contrast to the previous great historical system of importing migrant labour – indenture, which brought migrants on several-year contracts, after which they were free to settle in the destination – guest-workers were expected to leave after ending their employment (Hahamovitch, 2003).

Finally, the 'case' of flexible or post-Fordist employment – characterised by a diversification of forms of mostly short-term employment – is included in this chapter not only because of its increasing prevalence worldwide but also because it is both a cause and an effect of globalisation. Global competition and fluctuating fashions and the demand for various goods meant employers no longer needed stable workforces, as in the previous Fordist era of mass production (Taylor & Rioux, 2018). At the same time, they could increasingly resort to non-local workers, by either moving production abroad, subcontracting locally or resorting to agency workers, who were frequently migrants. As a result, businesses managed to circumvent employment regulations, creating new forms of contractual or non-contractual employment better adapted to their needs for a flexible workforce. Such short-term employment had long been frequent in less-developed countries but constituted a fundamental departure from traditional employment relations in the developed world (Slavnić, 2007). The case-focused sections are followed by conclusions in which we return to our hypotheses and highlight the identifiable commonalities regarding employers' interests and strategies. We demonstrate that employers' interests have consistently been the reason behind international labour migration, even if they manifest themselves differently depending on the institutional environment and other circumstances (Hoerder & Neissl, 2024). Legal regulations, as well as economic, demographic and other realities, influence the demand for workers, determining whether employers need long- or short-term migration and the types of qualifications and profiles of migrants which they sought. Nevertheless, as we attempt to demonstrate in this chapter, irrespective of the continent and historical period, employers have repeatedly resorted to labour migration and their interests regarding such workers have fundamentally impacted on the directions of the development of world economies.

1.2 Prelude. How the Virginia Company Coped with the Shortage of Labour in America

To introduce the problematique of this chapter, we present here the case of the British crown's colonisation of the east coast of North America. It will serve as an illustration and a convenient reference to the historical experience of the manifestations of employers' interests in relation to foreign labour and the manner in which they were realised. We regard it as emblematic and a kind of natural experiment in which – in a somewhat virgin territory – we may observe the interests and behaviour of an essentially sole employer (the capital company) whose demand for labour could be (and was) met solely by importing labour. We argue that the key to the satisfaction of this demand and even to the success of colonisation itself has become the institution of indentured servitude.

To make this case more persuasive, we begin with an attempt to briefly outline the context of this phenomenon. Until the end of the sixteenth century, this area was inhabited exclusively by numerous indigenous tribes – and penetration by Europeans (Spaniards, French, Dutch or Swedes) resulted only in the establishment of impermanent, if ephemeral, trading posts.[1] The indigenous Indians, clustered in numerically small but mobile and semi-settled groups, subsisted on a natural economy, mainly hunting, fishing and gathering, although also, on a very limited scale, cultivating the land. Their level of economic and military technology was far inferior to that of Europe.

[1] The absolute exception was the Spanish settlement (later fortress) of St Augustin, in Florida, founded in 1565.

The European powers, in the decades following a series of great geographical discoveries made thanks, among other things, to the improvement of maritime means of navigation, embarked on a rivalry to subjugate and appropriate new, distant territories. One of them, Spain, did not stop at monopolising certain oceanic trade routes and economic contacts with coastal peoples but, by the beginning of the sixteenth century, had already conquered the most powerful countries of Central and South America (the Aztecs and Incas) and seized a large part of that continent. It plundered huge amounts of gold and silver from them, which contributed to the economic prosperity of the metropolis, the strengthening of its military power and the growth of its political importance in Europe. Encouraged by this effect, other significant states in Europe – England among them – made similar attempts at expansion.

Although, as early as 1584, the English monarch, Elizabeth I, formally opened the way to take possession of the hitherto uncolonised territories of America,[2] concrete steps in this direction – due to the lack of adequate state funding – were not realised until a quarter of a century later. In 1606 her successor, James I, established twin joint-stock companies in London and Plymouth under the name of the Virginia Company, with the aim of colonising part of the east coast of this continent and exploiting its riches. The lack of funds in the royal treasury to finance this venture was offset by the private capital of the company's shareholders.

Consequently, in 1607, an expedition of the Virginia Company of London, comprising slightly over 100 future settlers, reached Chesapeake Bay and established the first permanent settlement called Jamestown. Over the next few years, the colonists, dependent almost entirely on supplies of food and other goods from Europe, were decimated by disease, famine and skirmishes with local tribes, despite the influx of new adventurers. The fruitless search for gold and precious stones was quickly abandoned, and the colonists realised that a valuable resource for the company was the local forest, a source of timber and its derivatives (e.g. potash and tar) – in high demand in England at that time. A prerequisite for the successful colonisation of these areas, however, was to achieve self-sufficiency in food and services requiring specialist skills (carpentry, joinery, locksmithing, medical care, etc.). Food production posed particular difficulties, as it required the prior arduous clearing of trees and bushes and mastery in cultivating crops appropriate for the local climate. To cope with this, the company's shareholders and the few colonists they recruited needed a workforce that was essentially unavailable locally.[3] The need to import labour became all the more important as, after the first few years of pioneer settlement, the labour-intensive cultivation of tobacco was undertaken which, due to

[2] A royal charter issued in 1584 to Sir Walter Raleigh granted him and his subordinates the right to: '[...] to take possession of heathen and barbarous lands, countries and territories not hitherto belonging to any Christian prince, nor inhabited by Christian people'. At the same time, it guaranteed the future colonists the same rights, privileges and duties that applied to all inhabitants of England (Lee, 2018).

[3] In the words of David Galenson (1984: p. 2), '[p]erhaps the most critical economic problem facing early investors in the Virginia Company and the settlers they sent to North America in the decade after 1607 was that of recruiting and motivating labour force'.

its high quality, soon became the primary, highly profitable commodity traded by the Virginia Company of London.[4]

Under such circumstances, the events that are the essence of the above-mentioned case of British colonisation occurred in a relatively short time. Through a series of trials and errors concerning the acquisition of the necessary workforce, the Virginia Company eventually became the *de facto* employer or labour broker that initiated and laid the foundation for a sustained transoceanic flow of labour into North America. How did this happen?

There is no doubt that there was a high demand for labour, including hired workers, in Virginia (in Jamestown and other Chesapeake Bay settlements). The primary difficulties in meeting it that the shareholders and other adventurers encountered were the high cost of travel, its long duration and the risks involved. Indeed, it appeared that colonists, who consisted of Company shareholders or settlers who moved across the Ocean (often with family members) to take possession of a relatively large parcel of land, although able to pay for their journey themselves, were rarely willing to incur the additional expense of importing the necessary labourers. On the other hand, given the high transaction costs, this demand could by no means be met by hiring indigent people in England and other European countries, despite a supply of labour there matching the needs of the colonies.

Under such circumstances, towards the end of the first decade of the seventeenth century, the Company came up with an initiative that drew on the institution of hired labour (principally, service in husbandry but also craft apprenticeship) that existed in pre-industrial England (and some other Western European countries), involving 'patrons' (landowners or people of other professions) entering into fixed-term contracts (usually lasting one but often several years) with 'loose' people willing to work in exchange for subsistence and a set wage. This form of work, associated with the 'Western family pattern' of the time (to use a term proposed by Peter Laslett, 1977: p. 13), implicated adolescent young people (predominantly men) leaving their households to take up employment elsewhere as servants or journeymen. A series of single contracts usually lasted 5–10 years, until the workers started their own families. This phenomenon resulted in numerous internal migrations – both locally and over longer distances – and the consequent permanent presence of a significant pool of mobile labour. Such were the people that the Virginia Company was reaching for at the time (Gemery, 1986).

Initially, even before 1610, the Company recruited suitable candidates and directed them to work (serve) in the colony in its own ventures, usually in land cultivation. It entered into multi-year contracts with them which, in return for the provision of unpaid labour, provided that the Company would commit to covering the cost of the new settler's transoceanic journey, to provide for his or her subsistence during the term of the contract and to pay an agreed 'gratuity' (in cash, in kind or even a share of the Company's profit) when the contract expired (Galenson, 1981). This formula, however, did not bring the expected economic outcomes for the Company.

[4] There is a wealth of literature devoted to the beginnings of the Jamestown colony. The basic events and accompanying circumstances are concisely described in Lee (2018).

The main reason was the limited financial resources which, given the high demand for labour, would have to be spent on the transfer of recruits to the colonies, especially as the outlay was fraught with considerable risk and could only be recouped after a relatively long time. Moreover, the migrants' labour productivity and often their fulfilment of the formal provisions of the contract proved unsatisfactory due to the lack of effective means of motivation and supervision (Galenson, 1984).

After a short period, the Company fundamentally changed this arrangement, creating the conditions for the emergence of an intermediation and market for the contracts concluded with imported workers. It confined itself to fulfilling part of the contract – namely organising and financing the migrants' travel – and transferred the remainder, through immediate (and profitable) resale of the contract, to individual colonists (usually small planters) claiming the labour. This significantly reduced the capital commitment of the Company's shareholders or other English merchants who, under the new conditions, only expended (advanced) their funds for the duration of the migrant's stay on board the ship (two–three months), instead of, as before, for the entire duration of the contract (four years or more) (Gemery, 1986). Moreover, oversight and implementation of the contract's provisions proved more effective when carried out by individual colonists with few migrants in their care. As one researcher of this phenomenon points out, '[t]he cost of entry into the servant trade was low and the industry soon became one in which many European merchants who traded with the colonies participated' (Galenson, 1984: p. 8). It should be added here that the importation of labour did not only occur at the initiative or through the Virginia Company; in some cases, colonists did it themselves, using their own resources and contacts in England. Even then, however, they generally used the form of service developed by the Company (van den Boogaart & Emmer, 1986).

This particular form of service was called 'indentured servitude'. In a generalised and abbreviated version, it could be depicted as 'a credit system under which human labour was leased. It functioned through two markets linked by a recruiting agent' (Galenson, 1981: p. 447). Some authors also emphasise its voluntary, temporary and contractual nature (Engerman, 1986: p. 263), while others add that, under the contract, the worker (servant) agreed to be 'completely at the disposal' of the employer or patron (Tomlins, 2001: p. 6).

The use of indentured servitude during the early period of colonisation of North America contributed to a surge in the influx of people into the English colonies and, in the relatively short term, to the resolution of a shrinking settler population and acute labour shortage. In 1610, there were only 350 immigrants in Virginia – the first systematically settled colony; by the end of the next decade, there were 1500, including some 1200 indentured servants arriving from the British Isles. By the end of the seventeenth century, 108,000 people had arrived in the entire Chesapeake Bay region, according to a conservative estimate by Christopher Tomlins (2001: p. 10, 34), of whom 80 percent were indentured servants, mainly English and Scottish.[5] The

[5] Moreover, an additional 16,000 indentured servants arrived in the other and somewhat later settled English colonies at this time, although there the proportion of immigrants was lower than in the Chesapeake (Tomlins, 2001: p. 34).

abundant influx of dependent labour undoubtedly provided an important impetus for further migrations from Europe to North America, although the institution of indentured servitude diminished in importance in the following two centuries. Nevertheless, as David Galenson (1984: p. 13) noted: '[t]he ability to satisfy the changing demands of the colonial labour market at critical periods helped make indentured servitude one of the central institutions of colonial American society', while Farley Grubb (1985: p. 855) called the institution 'one of the most important private-market solutions to financing the colonial migration of poor Europeans'.

Indentured servants, like English servants in husbandry, were overwhelmingly very young men. The gross disproportion in the sex composition of servants settled in America triggered a reaction in the form of an increased influx of young women, without whom the men, having fulfilled their servitude contract, would have had no opportunity to start a family and undertake self-employment.

During the early period of colonisation, in addition to the immigration of indentured servants, there were other streams of settlers from the British Isles. One of these, strongly stimulated by the interests of planters, especially those associated with the Virginia Company, consisted of an influx of convicts and even unaccompanied children who, on reaching America, tended to swell the population of servants.[6] Another stream, headed especially to Plymouth and other colonies in the New England area, was the immigration of religious groups – in a sense dissident – and individuals or whole families driven by individual motives or economic interests. All of these contributed to the consolidation and perpetuation of the presence of newcomers, subjects of the English crown, on the American continent, although arguably some of them would not have occurred or their scale would have been smaller had it not been for the solidification and economic development of the colonies, one of the primary factors of which was the systematic and increasing importation of indentured servants.

At this point, it seems legitimate to ask what made England succeed in settling and maintaining its possession in eastern North America, which was unfriendly to Europeans (at least in the seventeenth century), although similar attempts by other states (Denmark, France, Spain, the Netherlands and Sweden) failed. As we have seen above, the main immediate factor was the interests of a private capital group, the Virginia Company, which used the institution of indentured servitude to achieve its goals – secure its labour resources and, ultimately, permanently settle and expand the

[6] One of the main spokesmen and enforcers of the idea of getting rid of this undesirable 'element' and, *inter alia*, empty prisons by sending inmates to colonies in North America was Sir John Popham, who presided over the English judiciary (as Lord Chief Justice of England) from 1592 to 1607 and was also the main shareholder of the Virginia Company of Plymouth and an active colonist in Maine. From 1607 until the end of that century, some 5000 convicts released from English prisons were transported to America in exchange for their agreement to serve the local colonists. The Company profited considerably from this as it received, on the one hand, a subsidy from the government for each deported prisoner and, on the other, a payment (mainly in kind) from the patron to whom the new servant was directed. It similarly gained from the deportation of children (aged 8–16) convicted of vagrancy in London, although the transportation of children overseas began several years later than that of convicts (in 1619) (Jordan & Walsh, 2008).

territory it possessed. It would be a great simplification, however, to consider that the emergence of this institution and its widespread use was a sufficient circumstance.

The answer to this question is similar to that which economic historians have long been pondering: why did England and not, for example, France or the Netherlands become the cradle of the Industrial Revolution in the seventeenth century and, later, as a consequence, a major global power (e.g. Acemoglu et al., 2005; Acemoglu & Robinson, 2012; Braudel, 1979; Landes, 1998; North & Thomas, 1973)? We argue that, in both cases, the source was that it took advantage of a confluence of circumstances or, more precisely, a favourable chain of certain watershed events or critical junctures. Coincidence played a role – and historical legacies another. However, no individual factor was decisive or sufficient.

The attempt to explain the phenomenon of English success as a series of institutional shocks leading to innovation and industrialisation led Daren Acemoglu and James Robinson (2012) to conclude that its origins can be traced to the legal and institutional legacy of the Roman Empire which, even under feudal relations and absolute rule, enabled changes that built pluralistic and inclusive institutions, including civil and property rights. Landmark events such as the plague epidemic in the mid-fourteenth century, which resulted in, among other things, a shortage of agricultural labour and (in Western Europe, unlike in the East) reforms gradually replacing feudal burdens (e.g. arbitrarily determined duties of landowners) with a monetary market mechanism, played an important role. This was followed by the specialisation and division of labour, the creation of numerous local centres housing small-scale industries and increased labour mobility. Another favourable event was the weakening of the Church's political influence and economic power and its independence from Rome in the sixteenth century, which ensured the centralisation of political institutions and a wider political representation of society. The monasteries' deprivation, in 1534, of their landholdings, representing about a third of the land in England, contributed to the creation of a land market and began the modernisation of land tenure relationships. 'This led to division of labour, innovation, greater productivity, rationalisation of property rights, and changes in social structure. Ultimately, these factors coalesced into industrialisation in those places where the monasteries held lands centuries before the Industrial Revolution' (Robinson et al., 2017: p. 1). The fundamental role of chance can be spoken of, for example, in the case of the unexpected crushing of the Spanish navy in 1588, which led England to a significant position at sea and in intercontinental trade and the simultaneous emergence of a new class of merchants and entrepreneurs. All of this meant that, by the early seventeenth century, the country was equipped with institutions conducive to domestic development and international commercial expansion and, importantly for the case at hand, the colonisation of new territories.

A combination of several favourable circumstances also contributed to the establishment of a number of English colonies in North America in the seventeenth century, which later, in 1776, formed the independent state of the United States. Two of these have already been mentioned: the abundance and capacity of private capital (the Virginia Company) and the availability of free and mobile labour in England (service in husbandry).

The pioneering settlement attempts of the Virginia Company, involving only shareholder capital, would not have been possible without, shall we say in simple terms, a royal placard. The state wanted colonial conquest but, lacking adequate financial resources, entrusted the task to the private sector and strictly private capital. This capital, the source of which was large-scale land ownership, had already been involved in non-agricultural activities, e.g. from the end of the fifteenth century in 'textile industrialisation' as well as trade and financial services (Heldring et al., 2017). This was fostered by political centralisation, economic freedoms resulting in an advanced division of labour and respect for property rights, as well as an internationally unusual currency stability that lasted from 1561 for over 300 years (Braudel, 1979). Last but not least, the shareholders involved in the colonisation of America possessed not only financial resources but also powerful political influence, sitting in parliament and holding important state offices (Galenson, 1984; Jordan & Walsh, 2008).

As for the availability of people willing to serve the colonists, as we have already mentioned, this was linked to the established custom of apprenticeship to patrons – on farms in the countryside or in craft workshops – by young single people, usually boys and young men, until they became independent, which was often linked to marriage. Service was performed on the basis of contracts usually concluded for one year and repeatedly renewed with patrons in different localities, which weakened the link with one's own family and resulted in high territorial mobility. A circumstance conducive to recruitment to work overseas was the high incidence of service in husbandry in regions of the country not far from the headquarters of the two branches of the company, namely London and Plymouth. It has been argued by Henry Gemery (1986) that the willingness of young people from indigent, large families to undertake the risky journey and several years of service far from home may have been justified by 'extrapolating' the English experience to the colonial.[7]

Other important factors favouring the intake of much-needed labour to the English colonies at the time included a well-developed institutional infrastructure and a network of financial and transport services. Dozens of competing brokering, shipping and insurance companies sprang up like mushrooms in the ports of London and Plymouth. A sophisticated forward labour-contracts market had emerged that took into account the multifaceted risks associated with indentured servitude.[8] It should be added that the good location of the seaports and fleet, close to the operations of both branches of the Virginia Company, was also of considerable importance. A major transmission belt in setting migrants in motion were the canvassers doing the

[7] As this author (Gemery, 1986: p. 46) suggests '[e]nvisioning some degree of customary and legal protection, they [servants in husbandry] could approach an overseas move more readily than a population without experience in formal or informal contracting'.

[8] '[F]orward-labor contracts [...] guaranteed the contract terms to the servant before sailing and then sold the contract in the colonies at auction. Merchants had to forecast the colonial price of each contract to successfully compete for servants in Europe. Separating predictable from unpredictable sources of price variance indicates that recruiters used information known at the time of recruitment with relative efficiency. They successfully arbitraged known profit opportunities relating to expected differences in colonial servant values' (Grubb, 1985: p. 868).

recruiting and the intermediaries between the company and the person recruited for servitude. Typically, the latter role was performed by ship-owners or captains. Once the ship landed in America, another intermediary was often used to resell the contract (by auction) to specific colonists, usually planters. All these circumstances created a complex and complementary arrangement that ensured the effective transfer of labour from the British Isles to the colonies. Ultimately, this served well the interests of enterprising individuals investing capital in the exploitation of the colonies.

The pursuit of the interests of the colonisers – indeed, the first employers on the continent – resulted in an influx of over 100,000 indentured servants in the seventeenth century alone. Although the relationship between capital and labour and the forms of employment of the workforce later changed, their availability contributed to the economic stabilisation and subsequent development of the English colonies in America and, ultimately, to sustained mass immigration not only from the British Isles. Moreover, it is fair to agree with Gemery (1986: p. 33), who emphasises that, at the time, England's ability to mobilise dozens of times more migrants to work (serve) in the colony than other countries – which allowed it to distance itself in its colonisation drive – was due to the uniqueness of the totality of economic and social conditions prevailing in England and the institutions formed on this basis.

The above model of resorting to migrant labour to facilitate the accumulation of capital and economic modernisation was later replicated during various historical periods, including during the post-World War II Bracero Program in the US, discussed below.

1.3 The US–Mexico Bracero Program of Temporary Labour

The Bracero Program consisted of a series of bilateral agreements between the US and Mexican governments (and, during its course, unilateral actions on the part of the US) regarding temporary migrants taking up work in US agriculture. It began in 1942 and formally ended in 1964.

It deserves special attention in this chapter for several reasons. Firstly, it was the largest programme in US history, involving government and federal legislation, to regulate the influx of foreign workers. It covered more than 4.5 million Mexicans. Secondly, it made the temporary migration of agricultural workers a structural feature of agriculture and an integral part of US migration policy. After the Bracero Program expired, its function was taken over by the H-2 visa programme, initiated after the Second World War and previously aimed at temporary migrants from the Caribbean (since 1986, its separate part, the H-2A, was exclusively for temporary agricultural workers). Thirdly, it triggered massive and sustained undocumented labour migration – still a major concern of US migration policy today. It is estimated that, during the programme alone, the number of undocumented arrivals from Mexico reached several million, more than those registered in the programme itself. Fourthly, it has been the source of the ‘spillover’ of Mexican migrants throughout the country and across many non-agricultural sectors. Fifthly, it has contributed decisively to a radical change in the geographic direction of immigration for, since the Bracero Program, there has been an almost uninterrupted mass influx of people from across the southern border – mainly Mexicans but also other Latin Americans. Their share among immigrants, already many years ago, far exceeded that of the previously dominant Europeans. Sixth and finally, the Bracero Program was implemented at the initiative and insistence of US employers, primarily the big farmers of California, Arizona and Texas.

The not-so-distant history of migration for seasonal agricultural work in the US Southwest, dating back to the second half of the nineteenth century, deserves a separate description (Okólski, 2023). At this point, it is worth mentioning that the first large ethnic group of seasonal workers, the Chinese, was decimated by a series of targeted exclusionary laws, initiated in 1882; two decades later, Japanese immigrants suffered the same fate. Their place was taken by Mexicans (Burawoy, 1976). Despite competition for labour from the local workforce (largely migrants from the east coast), Mexican workers maintained their position until the Great Depression, when they – along with most other Mexicans residing in the US – were forced to leave the country. Until this expulsion, American law ‘privileged’ Mexicans because it did not impose immigration restrictions on them. Migrants from Mexico were seen as a flexible labour force, rarely seeking to settle in the United States, unlike Asians and Europeans (Henderson, 2011; Young, 2015). This clearly favoured US business interests, including big farmers. We should add that seasonal migrants – from the time of the employment of the Chinese and later the Japanese and finally the Mexicans – were subject to exploitation and discrimination by employers and even racism but were attractive to them because they represented a cheap and rather vulnerable labour force, easy to contract and dismiss when needed (Blakemore, 2017; Burawoy, 1976; Morefield, 1965).

As early as 1936, agribusiness representatives, influenced by the marked improvement in the economy (and the exodus of local farm workers to more lucrative jobs), began lobbying Congress and the federal government to get access to temporary migrant labour, arguing that an inadequate supply of agricultural workers posed a threat to the sector’s viability (Dowlah, 2022; Martin, 1999). They succeeded in 1942 only when, at the request (or rather, at the insistence) of the big farmer lobby, the US government entered into a labour import agreement with the Mexican government, the seed of the Bracero Program (Calavita, 1992; Craig, 1971). The strength of farmers in pursuing their group interests could not be matched with that of workers’ unions, who tirelessly contested the argument of scarcity of local agricultural labour (Galarza, 1964).

This agreement was to be a temporary wartime measure that was to expire in 1947, to supplement the dwindling of the agricultural workforce caused by conscription and its transfer to militarised industries (Calavita, 1992; Craig, 1971; Rodriguez, 2004). It was followed, however, by a series of administrative orders, public and congressional debates and federal laws which, amidst arguments voiced by workers’ unions, citizen/

civic organisations and many politicians, ultimately tended to preserve the availability of Mexican workers to farmers (Craig, 1971). In all, the programme lasted 22 years.

During the Bracero Program, the realisation of the farmers' interests, i.e. access to a labour force that was cheap (not benefiting from the protection typically granted to unionised labour) and highly mobile, was facilitated not only by external circumstances (the Second World War and the Korean War) but also by the institutional environment of that time – on the one hand, legal regulations providing employers with government intermediation and periodically granting full autonomy and freedom to recruit workers, tying the migrant to a specific employer, prohibiting recruited workers from organised protests and even granting state benefits for migrant travel costs between Mexico and the workplace and, on the other hand, a relative tolerance of discriminatory practices, rooted in the aforementioned ethnic or racial prejudices (Dowlah, 2022; Martin, 1999). A peculiar manifestation of the realisation of these interests became the granting of legal access to undocumented migrants through their inclusion in the programme, which reduced transaction costs and relieved employers of the burden of administrative procedures in the recruitment process (Rodriguez, 2004). During the period of protracted legislative work to codify the programme (between 1947 and 1951), eventually finalised in the form of Public Law 78, the power of employers manifested itself in delaying the enforcement of legislation or administrative regulations which were unfavourable to them, limiting their discretion in dealing with migrants. Debates in governmental and parliamentary forums regarding the imposition of sanctions for non-compliance by employers generally ended in the employers' favour. One striking manifestation of regulations favouring their group interests was the derogation from one provision of the law (Public Law 283), criminalising assistance to anyone entering the United States illegally or harbouring illegal migrants but, at the same time, acknowledging that the employment of illegal migrants did not constitute harbouring them, which was considered in the literature to be an expression of the hypocrisy of the legislation (Morgan, 2004).

During the Bracero Program, a game of exploiting Mexican workers as profitably as possible was played throughout, involving bending the rules, abusing the law and, in extreme cases, avoiding responsibility for breaking the law (Craig, 1971). One of the most commonly described manifestations of this was the setting of a common wage rate significantly lower than that provided for in the programme through informal agreements by farmers' associations (Burawoy, 1976; Galarza, 1964). In numerous cases, farmers remunerated migrants not – as was stipulated in the programme – at hourly wages but at piece rates, a rule much less favourable to seasonal workers. Frequent and unpunished violations of employers' obligations included not only negative wage practices but also working conditions and workers' rights (Calavita, 1992). As Dowlah (2022: p. 286) noted, 'the programme [...] earned a "notorious reputation" for abusing and mistreating of *braceros*'.

According to scholars of this phenomenon, the programme's arrangements defining the entitlements of Mexican farm workers were not respected in practice, mainly because the government appointed agencies favourable to farmer interests to oversee their implementation (Craig, 1971; Galarza, 1964). According to Burawoy

(1976: p. 1074), '[t]ogether with associations of farm employers, these bodies worked out ways to circumvent the provisions [of the programme]'. The author points out that the pursuit of their interests was served by the farmers' long history of collaboration with immigration authorities and 'a collusion between farmers and state police in suppressing labour organisations and labour protest' (Burawoy, 1976: p. 1072). He commented as follows on the source of such employer practices: 'Unilateral wage fixing, monopolistic recruitment, militant anti-unionism and powerful lobbies in central government imply an inordinate concentration of employers' power' (1976: p. 1073).

The Bracero Program came to an end at a time when the growing strength of Mexican farm workers, grassroots movements in the USA and the political process regarding migration policy precluded the possibility of agribusiness in the American southwest continuing to benefit from the programme. The big farmers, however, entered the post-Bracero period well prepared, having – largely thanks to the capital accumulated during the programme – a modernised, mechanised and labour-saving economy (Martin, 1999). In turn, those who still needed temporary foreign workers could draw on the abundant source resulting from the – already mentioned – H-2A visa programme.

1.4 Guest-Workers in Post-war Western Europe

The European guest-worker systems, implemented in the Western and Northern parts of the continent from the immediate aftermath of World War II until the oil crisis in 1973, were mainly based on bilateral agreements between the labour-recruiting states and source countries in Southern Europe and North Africa (de Bock, 2018). In contrast to the United States, the workers were recruited mainly for industry, not agriculture – from manufacturing to construction. Another fundamental difference compared to the US was that European industrialists hardly needed to lobby for them, as governments believed that the national interest required bringing in large numbers of workers to rebuild the continent after World War II and reposition Europe as a manufacturing powerhouse. By 1973, there were 11 to 12 million guest-workers in Western Europe, with by far the largest numbers in West Germany and France, followed by the UK and Switzerland (Martin, 1977). The total number of foreign employees who rotated in and out of Europe during the guest-worker period is estimated at around 30 million (Dowlah, 2022). The European guest-worker example deserves our attention not only because of its scale but also because it demonstrates the path dependency of certain institutions, in terms of the geographical directions of recruiting workers and the modes of employment (de Bock, 2018).

Although the details of guest-worker agreements differed between countries and evolved with time, their main premise was uniform: to bring in temporary workers on a rotational basis, who would contribute to the economy but not become part of society (Surak, 2013). Guest-workers were tied to their employers – in terms of work and often also housing – and permitted to stay for determined periods, in the initial years of these programmes, without their families (Comte, 2018). This guaranteed employers great control over their workers. As Castles & Miller (1998: p. 71) describe the German system, 'policies conceived migrant workers as temporary labour units, which could be recruited, utilised and sent away again as employers required'. Moreover, temporary employment motivated workers to accumulate as much income as possible in the given time and to not contravene any employer-imposed rules, as this could lead to the immediate termination of the contract. Employers were also guaranteed the possibility to easily lay off workers in case of an economic downturn (Dowlah, 2022).

Austria, Belgium, Denmark, France, Luxembourg, the Netherlands, the United Kingdom, West Germany, Sweden and Switzerland all created some variants of guest-worker schemes (Comte, 2018). Workers were recruited from Italy, Yugoslavia, Turkey, Greece, Spain and Portugal, as well as from former colonies. Switzerland, less severely affected by the war than other Western European countries, was the first to resort to such recruitment and – with great intensity – in the first two decades of the post-war period, the proportion of foreigners in its labour force at times exceeded 35 percent (Martin, 1977: p. 267). The UK, immediately after the war, recruited guest-workers from among Polish disbanded armed forces in the UK, from refugee camps and from Italy, tying the male newcomers to a job for three years but also offering possibilities of settlement. Its labour needs were, however, largely fulfilled by workers from Ireland and the disintegrating British Empire (Castles, 1986). France signed an agreement on guest-workers with Italy in 1946 and later recruited from its colonies and former colonies – Tunisia, Algeria and Morocco – as well as Spain and Portugal. Nevertheless, a majority of its 2 million foreign workers entered illegally and were later regularised (Dowlah, 2022; Hahamovitch, 2003). In the early years after the war, West Germany profited from the inflow of ethnic Germans from territories in the East (including East Germany). When political developments and the construction of the Berlin Wall made such migrations almost impossible, it concluded its first guest-worker agreement with Italy in 1955, followed by Greece and Spain. The agreement with Turkey in 1961, in particular, resulted in a large inflow (Dietz & Kaczmarczyk, 2008). Belgium recruited its guest-workers mainly from Italy but abandoned its *contingentensysteem* already in 1963, later relying on spontaneous migrants from Southern Europe who were regularised upon employment. The Netherlands recruited from its former colonies – Indonesia, Surinam, the Netherlands Antilles – and, later, concluded guest-worker agreements with Southern European countries (Castles, 1986). Austria, a latecomer in this process, entered its first (of many) bilateral agreement with Spain only in 1962 (Fassmann & Reeger, 2012).

The guest-worker system's roots reach back to the nineteenth century, when European industrialisation depended on an army of readily available, cheap and temporary workers from neighbouring countries – particularly the Irish in the case of England and the Polish in the case of Germany (Surak, 2013) – and when, for the first time, systems of documents and border checks allowed countries to have control over who was coming in and for how long. Although the term was not yet used, the first guest-worker programme dated back to nineteenth-century Prussia – followed by South

Africa and Australia, as well as European countries such as France and Switzerland (Castles, 1986; Hahamovitch, 2011; Herbert, 1997). The Prussian authorities reconciled the interests of employers – particularly landowners and, later, industrialists from the coal and steel sectors – and public fears of a 'Polonisation' by creating regulations and a system of permits. These were issued to men only, coming from the Russian- and Austrian-occupied parts of Poland. Holders were obliged to remain with a given employer for the whole season and to return home every winter. Poles were banned both from speaking German to prevent them from integrating and from conducting gatherings in Polish to prevent them from organising (Hahamovitch, 2003; Herbert, 1997). Many of these nineteenth-century immigration regulations later inspired guest-worker programmes.

Since then, Western European employers have continually resorted to foreign workers, who were more flexible and more willing than locals, to undertake hard or dangerous work and who were more docile due to their unequal bargaining strength *vis-à-vis* employers (Potts, 1990). The racial and national discrimination of guest-workers was a built-in element of the system, which originated from informal norms dating as far back as antiquity when, for example, Greek city-states outlawed slavery for their citizens but not for foreigners (Dowlah, 2020, 2022). These traditions of discrimination were the source of formal norms allowing for wage discrimination and limiting the personal freedom of guest-workers, for example, to move within the hosting country, choose their place of residence or change employer. As Castles argued, the guest-worker system 'had been based on the inferiority and the separation of the foreigner. Western European societies did not integrate immigrants as equals, but as economically disadvantaged and racially discriminated minorities' (Castles, 2006: p. 743). The guest-worker system was thus based on an institutional environment of formal discriminatory norms, which were underwritten by informal ones with deep historical roots, making this group as attractive to employers as in the nineteenth century and earlier (Hoerder & Neissl, 2024). Moreover, the enforcement of regulations also favoured employers, with workers having very little opportunity to pursue their rights (which were limited to begin with).

Guest-worker systems offered migrants some improvements in working conditions compared to previous peacetime arrangements; these conditions got better over time, as European countries competed between themselves for workers. Under trade-union pressure, guest-workers in Germany were guaranteed the same wages as locals (Jürgens, 2010). Most had annual work permits which could be renewed and, by the 1970s, these were often replaced with indefinite permits (Ellermann, 2015). Family reunification, although initially not foreseen, was allowed in Germany and other countries in the 1960s, as Western European employers increasingly competed for migrant workers by offering employment to their wives (Harris, 1995). By 1968, 30 percent all adult foreigners in Germany had arrived as the spouses of guest-workers (Ellermann, 2015). The proportion was almost as large in France – the 2 million workers who came between 1946 and 1970 were accompanied by 690,000 dependents (Castles, 1986). This led Castles to announce the death of the guest-worker system because it had, in fact, turned into settlement migration.

Nevertheless, migrants' employment conditions and prospects for promotion in the workplace were still far inferior to those for locals. This made labour migration continually attractive to employers. The benefits concerned working conditions (such as poor equipment and protective gear in factories or on construction sites), the organisation of the work process in factories (which could be more flexible if workers did not have family obligations and were usually interested in working overtime) and especially the numerical flexibility provided by migrant workers – the possibility to quickly increase or cut down the number of workers in line with economic cycles and the needs of particular sectors (Caviedes, 2010). Moreover, states took actions to make it difficult for foreign workers to organise and constitute an important part of trade unions – for example, France forbade Spanish-language publications by unions (Castles & Kosack, 1973: p. 127). The positions of trade unions regarding migrant workers were not unanimous and fluctuated – with, for example, the French *Confédération générale du travail* (CGT) first in a Marxist spirit supporting immigration, on condition of equal rights for foreign workers but, already by 1947, changing its position to the protection of the native workforce (Watts, 2002). By the late 1960s and early 1970s, it again returned to a more universalist position, claiming that the struggle for immigrant workers' rights fitted within the framework of the struggle for all workers. The lack of unionisation of most migrant workers and the ambiguous positions of trade unions facilitated keeping migrant workers docile, since they were unable to collectively demand changes in their situation.

The convergence of state and employer interests greatly facilitated the latter's pursuit of their interests. As Sassen (1990) has pointed out, since the creation of nation-states able to control borders, international labour migration has been simultaneously in the interest of employers and states – while the former obtain flexible and docile workers, the latter do not have to bear the costs of the 'production' and support of these workers. These interests converged particularly strongly in the post-war period of reconstruction and fast economic development. In France, under President Charles de Gaulle (1959–1969), the government perceived the development of large enterprises as being in the national interest, 'justified in terms of national grandeur' (Hollifield, 1992: p. 65). French government advisors argued for the recruitment of a minimum of 5 million migrants (Akgündüz, 2012). Labour recruitment was organised by a state institution – the *Office National d'Immigration* (ONI) – although later employers took it into their own hands. In Germany, a state agency – the *Bundesantalt für Arbeit* (BfA) – recruited suitably qualified and healthy workers, issued documents and providing ready-to-work foreigners to companies; public ceremonies were organised to honour guest-workers (Akgündüz, 2012; Watts, 2002). Employers thus did not need to lobby the government for regulations regarding foreign workers.

They also did not need to convince public opinion of the need for guest-worker programmes, as these latter were agreed upon in tripartite negotiations with the government and trade unions, with little public debate (Jürgens, 2010). The ensuing public discourse underlined the economic benefits of the migrants' presence. Moreover, the use of foreign workers for manual labour allowed for the advancement of many locals into white-collar jobs – with, for example, 1.1 million West Germans making such a professional move between 1961 and 1968 (Harris, 1995: p. 10). This structural adjustment enabled locals to avoid physically demanding and sometimes also dangerous work in sectors such as agriculture, mining, construction, including with the use of asbestos, and metallurgy – and later increasingly also manufacturing. This tangible benefit contributed to positive public attitudes towards the presence of foreign workers, which was generally the case until the late 1960s and 1970s, when the economies of many countries slowed down and the social costs of the presence of whole families of migrants became evident (Castles, 1986).

As the above demonstrates, the convergence of state and employer interests resulted in an institutional environment of formal and informal norms, which were a continuation of previous practices and particularly favourable for the pursuit of employers' interests regarding migrant labour (de Bock, 2018). This pursuit took place not through lobbying for regulations but mainly on the ground, through employment decisions, as employers had little difficulty convincing the government or even public opinion of the benefits of importing labour.

Guest-worker programmes were deeply rooted in history and, at the same time, served as the basis for future policies, not only as positive but also as negative examples, which created space for policy-learning (Ellermann, 2015; Hall, 1993). Although Western European guest-worker programmes ended in the 1970s, bilateral agreements inspired by them have been reborn in a number of countries, both within and outside Europe, replicating many of their features – e.g., limiting the time which migrants could spend in the country or attaching them to particular employers. Germany again resorted to bilateral agreements in the 1990s, recruiting mainly from Central and Eastern European countries, which stopped restricting the departures of their citizens after the fall of communism. Italy introduced a kind of guest-worker system in 2002 (for details, see Chapter 6). In this context, Canada's temporary migration programmes have attracted a great deal of attention, having been cited since the 2000s as an example of best practice in contemporary migration schemes (Hennerby & Preibisch, 2012). Since establishing bilateral relations with sending Caribbean countries in the 1960s, the Canadian government has sought to avoid the mistakes or pitfalls experienced by their predecessors from the nineteenth century onwards (Koslowski, 2014). Some researchers and international bodies (e.g. the International Labour Organization, the International Organization for Migration) have pointed to the Canadian Seasonal Agricultural Worker Program (SAWP) as an example of a second-generation guest-worker scheme and an effective way of managing temporary migrant employment (Hennerby & Preibisch, 2012). The programme, subject to many modifications over several decades, was identified as the most suitable policy solution at the dawn of the twenty-first century, combining the interests of the state with those of employers facing shortages in the agri-food sector. Hennerby and Preibisch (2012) argue that its demand-driven nature, operation outside quotas and caps, low administrative cost and ability to offer employees terms of employment that native workers would not accept were key 'inspirational' strengths. Crucially, employers who benefitted from the programme could recruit workers based on their own preferences and the needs of their agricultural production, taking into account factors such as age, gender, origin, language skills and family status (Hennerby & Preibisch, 2012). Despite numerous reports of the abuse of recruited workers and criticism from immigrant organisations regarding their precarious migration status (Basok, 2002; Satzewich, 2007), the Canadian SAWP has inspired other countries, including the United States.

1.5 Guest-Workers in the Gulf Cooperation Council Countries

Rising oil prices, which contributed to diminishing labour demand in the Western world, simultaneously led to a very significant rise in *state revenues* in oil-producing countries of the Persian Gulf. This resulted in the creation of the next great migration system between Asia and the Middle East, which was strongly rooted in the informal and formal institutions of the region, but which can also be understood as a type of guest-worker system.

The six countries of today's Gulf Cooperation Council[9] (GCC) have a relatively short history of labour migration but the intensity of recruitment abroad and its importance for economic development constitute exceptional circumstances in which the economic interests behind the inflows are tangible and easily identifiable. The emergence of the oil industry and the entire infrastructure necessary for extracting, pre-processing and transporting this raw material would not have been possible without the mass recruitment of both high- and low-skilled foreign labour. In just three decades, from the start of industrial-scale oil extraction between the 1930s and the 1970s, foreign workers became an indispensable part of the national labour force and an important group of inhabitants. At that time, they constituted over 20 percent of the population in Saudi Arabia and Kuwait (Evans & Papps, 1999). Today, they make up around half of the population of the entire region. As oil revenues increased, migrant employment in GCC countries spread to other economic sectors, such as construction, transport, domestic services and hospitality (Malit & Naufal, 2017) and this was accompanied by irregular stays on a large scale. What makes the GCC countries' case even more exceptional is that, since the nationalisation of oil resources in the 1970s, national governments have become an indirect driving force in recruiting and supplying local employers with foreign workers. Migration policy changed according to public interest. Whenever migrant workers became politically or economically inconvenient, policies were modified. This was the case, for example, when immigrants from other Arab countries became radicalised and were replaced by Asian workers. Last but not least, immigration to the GCC countries follows a path dependency marked by social relations based on sponsorship, which preceded the contemporary system commonly known as *kafala*.

This Arabic word can have several meanings, such as feeding and providing for someone, vouching for and being responsible for someone and being the legal guardian (AlShehabi, 2021). In the context of labour migration, the word *kafala* is used in the sense of sponsorship provided by an individual employer or other sponsor

[9] Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE).

(*kafil* or *kafeel*) to the participants of temporary labour programmes introduced in the GCC countries (Migrant Forum in Asia, 2012). Unlike numerous cases of debt-bondage labour migration throughout history, the *kafala* system does not necessarily involve debt obligations; rather, it requires a native sponsor who is legally bound to a foreign employee. This is the main feature that distinguishes the *kafala* system from other temporary labour-migration programmes: in order to receive an entry visa and residence permit, a migrant must be 'sponsored' by an employer or a government agency intermediating between migrants and employers (Baldwin-Edwards, 2011).

The *kafala* system originated at the beginning of the twentieth century, long before the discovery of oil fields and the establishment of the oil-exporting industry. To explain these origins, AlShehabi (2021) points to the temporary migration of workers in Bahrain during the early decades of the century. In short, Bahrain was a destination for intense seasonal migration in the 1910s and 1920s for the purposes of pearl production and trade. Migrants, who were recruited from other parts of the British Empire and from nearby areas such as Saudi Arabia, Qatar and the Iranian coast of the Gulf, were subject to the jurisdiction of British officials installed in the Arab Gulf territories. The scale of seasonal migration, which reached half of the local population, far exceeded the capacities of British consular authorities, especially since the movement across borders started to be increasingly institutionalised, with the obligation of travel documents (passports, visas) introduced by the emerging national states of Iran, Iraq and present-day Saudi Arabia. Migrants from other Gulf areas under British protection, as well as from Saudi Arabia, could cross the Bahraini border without visas, with only travel documents whose credibility was often questionable. Due to repeated forgeries, the British authorities decided to delegate responsibility for the arrival and presence of foreign workers from the state to private individuals – that is, employers. According to the proclamation made in late 1928 and the passport regulations that came into effect in 1929, each ship captain was obliged to provide a list of names and present valid travel permits for his crew and was legally responsible for the foreign pearl-divers on board. Facing the threat of ship confiscation, every captain was responsible for ensuring that none of the foreign workers remained in Bahrain once the pearl season was over. These regulations were, as AlShehabi (2021) claims, the effect of the typical political strategy of the British authorities in the colonial empire, consisting of withdrawing from managing people's movements (of any kind) and limiting the official measures to the control of inflows and, importantly, returns and the execution of penalties. Also, the weakness of state institutions, whether the relatively small British administration in the colonies or the local authorities of the soon-to-be independent Gulf Arab states, led to employers being given responsibility for the management of foreign recruitment and employment. Thus, the contemporary sponsorship-based system of immigration has been culturally embedded in the GCC societies and their colonial history, which explains, to some extent, the persistence of *kafala* even though today's demographic and economic conditions differ significantly from those of the past.

Thus, by the time that oil was discovered in Bahrain in 1932, the rules of the game, using neo-institutional parlance, had already been established, with employers responsible for controlling foreign labour and preventing jobless migrants from overstaying. All foreigners entering the country for any purpose, be it work, a visit or residence, were required to have a no-objection certificate from the British officials in Bahrain, accompanied by a surety deposit paid by a national employer (a sponsor), which was given back upon the migrant's return. These documents were necessary to obtain a travel visa for entry into the country. Such restrictive measures made family migration impossible, resulting in an influx of mainly young, unmarried males.

Oil was discovered in Saudi Arabia in 1938, followed by Kuwait, Qatar, the UAE and, most recently, Oman (Winckler, 2009). However, it was not until the end of World War II – the critical juncture for labour migration into the region – that Western companies began to exploit the oil fields effectively. At that time, the Gulf Arab region was largely underdeveloped and lacked the infrastructure necessary for extracting and transporting oil. Still operating under traditional tribal systems, the region also lacked the demographic potential required by the emerging industrial sector, in terms of both numbers and skills. This refers not only to highly qualified experts – who arrived as employees of oil companies from Western countries – but also to semi- or low-skilled workers accustomed to hard physical work and contractual employment. Consequently, the foreign workforce became an imperative for the oil extraction and the economic development in the Gulf region and the soon-to-be-independent Arab states.

To facilitate labour migration, employers, mainly emerging large oil companies, started seeking the services of international recruitment agencies. In Kuwait and Qatar, where oil exploitation began in the 1940s and 1950s, oil companies used to appoint their own agents to organise the overseas recruitment and transportation of workers from their countries of origin (AlShehabi, 2021). Initially, labour migration took place within the British Empire, primarily from Bangladesh, India, and Pakistan, where the pool of potential workers far exceeded the needs of the Gulf's oil sector. Later, recruitment duties, including paying the workers, were delegated to intermediate agencies. In the second half of the twentieth century, the countries of origin – Bangladesh, India, Pakistan – started granting and requiring licences for recruitment agencies (Ashraful, 2019). Amidst the wave of decolonisation and the rising Arab nationalism, the governments of the newly established GCC countries favoured Muslim workers from the region and from other countries. Different measures regulating the inflow were applied depending on the country of origin. For instance, Kuwait did not require work visas from the nationals of other Gulf states or from neighbouring countries such as Egypt, Iraq, Lebanon, Saudi Arabia and Syria – or from stateless Palestinians in the 1950s. From the mid-1960s to the mid-1970s, most people arriving in Gulf Arab countries were Egyptians, Yemenis, Palestinians, Jordanians, Lebanese and Sudanese (Castles & Miller, 1993). Well-educated Jordanians and Palestinians contributed to the development of public services such as education and health care (Evans & Papps, 1999). At that time, the foreign Arab workers had the possibility of settling down in the GCC region and acquiring citizenship. However, due to growing labour demand and the political radicalisation of Arab migrants, who had started organising strikes and undertaking anti-regime activities, the GCC authorities began, in the 1980s, recruiting nationals of Asian countries, not only of Bangladesh, India, Pakistan and Sri Lanka but also, in the case of female migrants working in domestic services, of Thailand, the Philippines and Indonesia (Evans & Papps, 1999). What is important from the employers' perspective was that Asian workers appeared to be cheaper, more submissive and obedient due to long traditions of indentured labour in their countries and, unlike foreign workers of Arab nationalities, they rarely had any claims.

Large profits from the oil industry, nationalised when the GCC countries became sovereign and independent, strengthened state budgets and public sectors. The oil industry 'fuelled' the development of other economic branches, such as construction and transport infrastructure and, although the GCC countries used oil revenues to stimulate economic development, the involvement of foreign manpower remained indispensable. In 1973, the rise in oil prices led to an increase in state revenues and an expansion of the welfare state. By 1975, foreigners constituted 43 percent of the labour force in Saudi Arabia and 68 percent of the population in Kuwait; however, in 1990, these numbers increased to 68 and 86 percent, respectively (Evans & Papps, 1999). Incentives for nationals to participate in the labour market remained relatively weak. The segmentation of the labour market became evident, with the public (primary) sector offering full welfare protection and elevated salaries to native labour and the secondary (private) sector (mainly agriculture, construction, manufacturing, trade) being dedicated to foreign workers, mostly unskilled and underpaid (Baldwin-Edwards, 2011; Fargues, 2006). The attributes related to employment in the public sector included prestige, high reservation wages, stable work positions and subsidised welfare-state services – housing, retirement benefits, family allowances and free health care – and, therefore, employment in the public sector has been seen, in the first place, as a way of involving the natives in the economic activity and, thus, gaining their loyalty as civil servants for the state (Evans & Papps, 1999).

Built on the colonial legacy, the contemporary *kafala* system is no longer based on private arrangements between oil companies and their recruitment agents. Initially, after World War II, recruitment was based on government-to-government requests but, as labour demand grew, the governments of the countries of origin established systems for granting licences to recruitment agencies operating in many sectors of the economy, including domestic services. This happened in Bangladesh in 1976, Pakistan in 1979, India in 1983 and Sri Lanka in 1985 (Ashraful, 2019; Shah, 1998). A system of licenced recruitment agencies was also put in place in the destination countries, with agencies frequently being held financially responsible for each worker recruited from abroad. Thus, the system included more intermediaries (Ashraful, 2019) and increased the cost of procuring work (Shah, 1998). Rather than a fee being paid by a future employer to an agency in the country of origin for each worker recruited, the procedure involved an agency in the destination country charging its counterpart in the country of origin for providing a work visa. In any case, the fees were passed on to the recruited workers. The reliance on intermediary agencies did not prevent abusive practices towards workers, for whom any objections or claims may lead to serious consequences. Namely, given the specific institutional environment – the absence of a minimum wage, trade unions and integration policies; the ability of employers to easily recruit and lay off workers; and the impossibility of migrants becoming naturalised (Fargues, 2006) – labour migration to the GCC region constitutes a vivid example of an extreme asymmetry of employment relations. The 'business-friendly' regulations for the employers made the exploitation of foreigners possible (Forstenlechner et al., 2012), reminiscent of enslavement in many situations, whereas restrictive immigration procedures for the employees constituted incentives for irregular migration in the form of trafficking, overstaying or irregular visa trading (Baldwin-Edwards, 2011). A migrant staying without a residence permit or overstaying the granted visa period is subject to criminal law, with imprisonment or deportation as the most probable consequence. Deportation is also a consequence of working for an employer other than the sponsor, on an illegally purchased visa. A sponsor has the full right to continue or end a work contract or, upon the expiration of a visa, to renew the visa or not, whereas a migrant is obliged to respect commitments undertaken in the work contract. A migrant worker wishing to end the contract without the written consent of the employer may be charged with 'escape', which is a criminal offence (Migrant Forum in Asia, 2012).

However, the strict rules enforced by GCC governments were not simply the result of assuming that the *kafala* system was designed for short-term migration. The fact that 'disregard for the rights of migrants is commonplace in the Arab world' (Boudahrain, 1985: p. 103) contributed to highly exploitative practices by employers in the GCC countries and asymmetrical relations between them and foreign workers. As a survey among foreign workers in Kuwait shows, the terms of employment are usually incorrectly specified in the written contracts (Shah, 1998): the work conditions are worse than described – with lower wages and/or longer working hours – and no protection is granted against the misleading practices of recruiting agents or abusive conditions imposed by employers. Little is known about the true scale of human- and labour-rights abuse in today's *kafala* system but domestic workers are particularly exposed to human-rights abuse as they are not considered as employees and, therefore, national regulations do not address their working conditions, status and relations with employees. These workers remain under the control of their employers, with passports confiscated and limited freedom to move around the household. A virtually infinite number of potential employees in Asian countries and the reliance of migrants' families on remittances constitute other circumstances used by employers to keep low standards of work and impose exploitative practices on foreign workers.

The over-reliance on foreign labour exerted an important external effect on the receiving countries, namely a persistent segmentation of labour markets, in which foreign workers have not become substitutes for the indigenous workforce but, rather, a structural feature of the national economy. The GCC governments, so restrictive and overregulated otherwise, became largely inefficient in controlling the scale of labour migration during economic downturns. Between 1981 and 1984, global oil demand diminished, which meant a decrease in the public revenues and expenditures of GCC countries, including investments in construction and infrastructure. As a result, the inflows of foreign workers dropped by less than 10 percent but the number of renewed work permits significantly increased, as the employers decided to retain as many foreign employees as possible (Birks et al., 1986). In some sectors, national employers are reluctant to hire compatriots, considering them more expensive, less suitable for the positions on offer and 'more difficult to control' in terms of hiring, managing and firing. This highlights the importance of a flexible workforce for employers. Other authors argue that employers are anxious about losing less-expensive but more-qualified foreign workers (Randeree, 2012). Therefore, the economic stagnation of the 1980s and the tightening immigration procedures created incentives for employers to retain foreign workers who were indispensable for maintaining and operating industrial and construction plants and, in fact, for the continuation of the GCC guest-worker system (Birks et al., 1986).

1.6 The Employment of Migrants in Flexible (Post-fordist) Labour Markets

In contrast to the previously discussed cases, that of flexible or post-Fordist employment, intensifying from the outset of the 'second' globalisation in the 1970s, is not geographically limited to one country or region. On the contrary, it is a phenomenon that stretches across various countries and continents (Hoerder & Neissl, 2024). It is included in this chapter not only because of its prevalence in the past half-century in both developed and developing countries – from the Americas to Australia – but also because of its strong interrelation with labour migration. As some authors have argued, migration is both an effect and a partial cause of globalisation, facilitating employers' quests for more flexible employment relations (Forde et al., 2024; Moutsatsos, 2009; Taylor & Rioux, 2018).

The beginning of the post-Fordist era can be dated back to the 1973 oil crisis, when oil-producing countries abruptly raised their prices, increasing the production costs of various goods. Simultaneously, Asian countries, later followed by formerly communist European states, joined the capitalist world and started manufacturing at competitive prices. Western employers responded with cost-cutting strategies, particularly regarding employment in labour-intensive sectors which, up to this period, had usually been based on full-time contracts of indefinite duration, guaranteeing access to insurance and social benefits. Instead, employers started resorting to contingent, part-time or non-contractual forms of employment. This flexibilisation of employment relations, along with a diversity of types and durations of employment contracts (or non-contractual agreements), is the characteristic feature of post-Fordist employment (Slavnić, 2007).

Businesses reduced costs and increased flexibility through various strategies aimed at circumventing employment regulations, particularly outsourcing, subcontracting or resorting to agency workers. Large companies opted for offshoring or outsourcing – that is, moving their operations to locations where less-stringent employment regulations were applied and costs were lower – or passing on entire tasks to other companies in the same country or abroad (Moutsatsos, 2009). This frequently resulted in production chains spanning several countries or even continents. A good example of outsourcing comes from the construction sector in Europe. The European Union implemented the freedom to provide services in the whole of the EU but did not homogenise employment regulations. After the reunification of Germany, when the construction sector was booming in Berlin and elsewhere, companies from the Iberian Peninsula and later from Central and Eastern Europe, took over whole construction processes (Menz, 2005), employing workers in Spain or Poland and posting them to Germany (Comte, 2018). This outsourcing allowed businesses to profit from the differences in legal wages, more-flexible employment regulations and less-stringent work security regulations (Fellini et al., 2007; Schierup, 2007). After the 2004 EU enlargement, the process was repeated in Scandinavia and elsewhere (Lillie et al., 2025). Companies from less-developed member states posted workers to more-developed ones, remunerating them at home-country wages and thus bringing down the costs for the large businesses at the top of the chain.

Similarly, local systems of subcontracting through chains of increasingly small companies allowed businesses to cut employment costs within countries. These smaller companies did not have to comply with many labour regulations – for example, regarding severance payments. Moreover, they were more difficult for the state to control and frequently did not follow regulations such as resorting to informal employment and thus saving on the employer's social-security contributions (Munck et al., 2020). Subcontracting also blurred responsibility in case of accidents, which was an important cost-cutting measure in sectors such as construction. Perhaps the best-known example of subcontracting comes from clothes, footwear and toy manufacturers in the 1980s and 1990s (Schierup, 2007). They were especially prominent in what Sassen (2002) describes as 'global cities' – from London and Los Angeles to São Paulo, Hong Kong and Sydney – where immigrant workers toiled in sweatshops, notorious for their poor working environments. Alternatively, the lowest-level employers in these chains of production ran a system of homework, whereby the worker, who usually did not hold a work permit, performed the task at home, not unlike nineteenth-century seamstresses (Iskander, 2000).

It can be argued that this 'hierarchy of exploitation' (Mitter, 1986) was possible in part due to long-existing informal norms of perceiving both people of colour and women as inferior. Their exploitation to gain a price advantage in production was more easily accepted. In this hierarchy, only men had any likelihood of upward professional mobility to petty entrepreneur status (Morokvasic et al., 1986). The system was also operational due to the history of migration regulations, which favoured men. After possibilities of circular or temporary migration were cut off, these men were joined by their wives, who constituted a large pool of workers. The sweatshop system, built upon informal norms and which allowed for the unequal treatment and tolerance of discrimination of 'others' – be they of different nationality, skin colour or gender (Sassen, 1990, 1991) – provided employers with great financial and organisational benefits, compared to regular employment.

The above example demonstrates that reliance on migrant workers is a fundamental feature facilitating the creation of flexible forms of employment. As Caviedes (2010) points out, non-local workers are particularly sought because they guarantee various types of flexibility: (i) of wages, since they often compare their earnings to what is available back home and are willing to accept lower rates than locals; (ii) numerical flexibility, since their temporary permits and incomplete migration strategies make them easier to hire and fire in line with demand; and (iii) temporal flexibility, since they are willing to work overtime when abroad, which fits with some production cycles or seasonal work. Frequently, migrants are also particularly exploitable due to their legal status, which prevents them from complaining about their employment conditions. In the globalisation era, which has coincided with strict limits on labour immigration in many Western countries (Harris, 1995), this concerns, in particular, migrants who do not have the right to reside and who are employed in the grey economy or are in semi-compliance with regulations by residing legally but not having the right to undertake employment (Ruhs & Anderson, 2010). These characteristics of the migrants' situations have made them so attractive to employers that whole sectors have come to rely primarily on their services.

Although most of the academic literature focuses on work in sectors requiring low or vocational qualifications, such as agriculture or certain tasks in construction, the post-Fordist era has also witnessed a large demand for highly qualified migrant employees, such as IT specialists or medical staff. Since the 1990s in the UK and the early 2000s in Germany, France and other countries, employers have been successful in convincing the authorities and the public that, while immigration in general may not be welcome, bringing in certain specialists in shortage occupations, which local education systems were not providing in sufficient numbers, was necessary to improve the continent's competitiveness (Castles, 2006; Menz, 2010). By the early 2000s, the three largest economies of Western Europe – Germany, France and the UK – along with others, were all implementing regulations to facilitate the inflow of highly qualified workers from outside the EU (Castles, 2006; Jürgens, 2010). Most of the economies of Western Europe were already based primarily on services, many of which – such as IT or financial services – demanded not only qualified workers but also workers with skills particular to a given sector (Menz & Caviedes, 2010). This was one of the arguments brought up by employers. As a result, sectoral schemes and those directed at specific professional groups were implemented, contributing to a variety of employment regimes adapted to the diverse needs of employers in the globalisation era.

However, it transpired that, under the guise of attracting young, highly skilled migrants, cheap labour had also been entering countries through the 'side door' since the 1990s. The literature provides striking examples of such programmes, which have created mechanisms that enable low-wage employers in peripheral regions to recruit temporary workers despite restrictions on low-skilled migration. Australia is one of the pioneers of this approach, with '*de facto* low-skilled immigration' having been observed under the Temporary Graduate Workers and Working Holiday Makers programme (Wright & Clibborn, 2017). In addition to spending their holidays or studying in Australia, temporary visa holders were granted the right to take up employment for a limited stay (Robertson, 2014). Research among employers shows that they were quick to take advantage of this option to recruit trustworthy and conscientious workers, offering them neither decent working conditions nor appropriate wages in return (Tan & Lester, 2012). Importantly, thanks to the active efforts of employers in peripheral regions, these programmes placed workers throughout the country.

A similar solution has been adopted in Japan, a country with, officially, 'no migration policy'. As early as the 1980s, employers began lobbying hard to attract special technical experts and this was successfully pushed through among the political elite (Kwon, 2019). Finally, in 1993, a special apprenticeship programme, the Technical Intern Training Program (TITP), was established, which has become a breakthrough in Japan's position to date and proved to be a 'gateway' to importing cheap labour (Hamaguchi, 2019). The scheme was quickly identified as a back door for importing foreigners, who could take up employment in any sector of the economy for up to three years. Although contracts were concluded for a relatively long period, interns were not treated as employees but, rather, as temporary workers who could be dismissed, as needed, by employers (Thränhardt, 1999). When designing this programme, the legislator assumed that trainees would gain the necessary skills and experience through placements in Japanese companies, e.g., in industry or services. It turned out that, under the TITP, migrants were employed mainly by farmers and smaller employers (Martin, 2013). As explained by Ando and Horiguchi (2013), Japanese farmers preferred to hire interns instead of Japanese with a migration background from Brazil (Jap. *Nikkeijin*), due to the obligatory attachment of interns to a given employer for the entire period of the internship.

Another strategy of employers to provide themselves with temporary workers is to resort to agency workers (Peck et al., 2005). Although labour intermediation has been known for centuries, particularly from the mass transatlantic migrations of the nineteenth century (Light, 2013), the sector has boomed since the last decades of the 1900s and the beginning of the 2000s (Martin, 2017). Recruitment through private labour-market intermediaries has become the norm in some sectors, for example, agriculture (Findlay & McCollum, 2013), construction (Krings et al., 2011), domestic work (Leiber et al., 2019) or the health sector in various sending and receiving countries (Tissot, 2018). Such employment offers businesses the opportunity to source workers in countries where they do not have the competence to do so themselves and to use migrants' services flexibly, reporting demand for work even on a daily basis. It also allows for outsourcing legal tasks and the organisation of travel, housing and other services. At times, agencies also act as the formal employers of migrants, thus taking various risks off the shoulders of employers. All the above contribute to the popularity of agency workers in times when regular employment would entail various obligations towards employees and when individual employers would have difficulty navigating complex international migration regulations (Matuszczyk & Bojarczuk, 2024). The existence and dynamic development of employment agencies facilitates and, simultaneously, stimulates the importation of migrant labour (Cranston, 2018). Moreover, not only employers but also states at times delegate certain functions, such as choosing and vetting work candidates, to intermediaries or employers' organisations (Ambrosini, 2017; Forde et al., 2015; Menz, 2012). As a result, employers' interests become entrenched in various aspects of immigration systems.

In view of the above pattern, Israel is a distinct example of private labour-market intermediaries actively pursuing employers' specific interests in recruiting foreign workers. Under the foreign worker employment model developed in the 2000s, manpower corporations were assigned responsibility for sourcing workers in the construction, domestic care and agricultural sectors (Ida & Talit, 2015). Kemp and Raijman (2014) describe the transfer of this responsibility to commercial actors as 'governing labour migration at a distance'. However, this process encountered significant opposition from farmers, who strongly preferred to hire employees individually and were therefore reluctant to accept the growing role of private labour-market intermediaries.

A striking feature underlying the post-Fordist architecture of labour-market relations, evident in migration management, is the increasingly strong alliance between public and non-state actors (Franck & Anderson, 2019). Within the framework of public–private partnerships, the interests of employers and private migration intermediaries gain a unique momentum to emerge and be implemented. Johansson (2014) points out that, since the 1960s, Swedish migration policy has been characterised by competing interests between state-coordinated trade unions and employer organisations, which have mobilised political forces in favour of a market-liberal migration policy. Sweden's immigration policy since the 2000s, especially work-permit administration, is an example of how such a cooperation network can be built and strengthened (Axelsson & Pettersson, 2021). To streamline procedures and reduce waiting times for documents for foreign nationals, the Swedish Migration Agency has set up a system that allows verified employers and immigration service-providers to become involved in administrative work directly. An example of state actors building alliances with intermediaries and employers is the management of the temporary migration of Thai workers for the Swedish wild berry industry. Those responsible for migration policy have created an institutional environment that gives employers the freedom to recruit workers from Thailand, thereby taking responsibility for the proper conduct of this mobility (Hedberg, 2021).

A similar model of public–private cooperation was developed in Malaysia in the 1990s (Kaur, 2014). Under a selective temporary-migration policy, employers were granted full authority to recruit, employ and deport foreign workers. They used the services of specialised, certified outsourcing and employment agencies, which also operated in the workers' countries of origin (Franck & Anderson, 2019). While the central administration was responsible for designating the sectors from which employers could recruit cheap foreign workers (Kaur, 2014), it was these non-state actors that drove immigration to Malaysia. Consequently, as Kaur (2014) concludes, the bargaining position of workers was structurally limited, and their employment conditions and treatment were strictly subordinated to the interests of the employers to whom the immigrants were formally tied.

Post-Fordist forms of employment, despite their diversity, share several characteristics. Most importantly, they are flexible and limited in time, guaranteeing the employer not only financial savings on social security and other costs but also the possibility of parting ways with the worker immediately if the latter is no longer needed. This flexibility is achieved through several most prevalent strategies: (i) global or local chains of production (outsourcing or subcontracting), which include companies of various sizes and forms, with the line between the formal and informal economy becoming blurred (Slavnić, 2007). The increasing number of small, one-person companies and self-employment has also blurred the line between who is an employer and who is an employee, making enforcing traditional employment regulations particularly difficult. From the end of the twentieth century – and even more so in the twenty-first century – (ii) employment through agencies offering temporary staffing has also become an increasingly popular solution, guaranteeing employers great workforce flexibility. Finally, (iii) non-contractual employment (also termed employment in the grey economy), although known historically and in less-developed countries, has made its way into some previously Fordist economies. Employers are often able to resort to the above forms of flexible employment in increasingly globalised economies due to the availability of migrants, who can travel at lower costs than previously and who can be offered worse forms of employment due to formal and informal norms limiting their rights and facilitating discrimination. Globalisation thus both increases competition pressures for companies and allows for the alleviation of some of these pressures through resorting to migrant labour.

1.7 Conclusions

This chapter has looked back at key periods in recent world history when the institutional environments of employment, particularly the employment of migrant labour, were shaped and re-shaped. It has served to articulate the hypotheses in the project on which this book is based.[10] These hypotheses, already mentioned in the Introduction, helped to focus and streamline our research. As we demonstrated, in each of the above cases, employers' interests were fundamental in influencing immigration regulations. These interests were not only purely financial – with migrants often willing to accept lower wages than locals – but were also related to the flexibility of employment (especially in the post-Fordist era) and the control which employers could exert over their workers (especially in GCC countries). In some circumstances, for example, when the US–Mexico Bracero Program was established and prolonged, these interests manifested themselves through strong and publicly visible lobbying by employers – namely, farmers from the South-West. Their economic and political arguments and the resources they could devote to this pursuit, trumped the arguments of less-powerful players – particularly trade unions – and led to the creation of an institutional environment which favoured their interests, through both formal norms and their (non-)enforcement. In other cases, when economic or political circumstances

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were not conducive to publicly arguing for migrant labour, employers resorted to less-visible, on-the-ground activities, such as subcontracting to foreign-registered companies in order to circumvent some employment regulations (as in the EU construction sector) or employing the families of previous migrants in illegal or semi-legal conditions (as was the case in sweatshops). These observations have led us to formulate the first and most common-sense hypothesis of this project:

(i) *Employers undertake particular activities, which aim at granting themselves the desirable inflow or employment of immigrants; the magnitude and intensity of those activities (in other words: a strategy of pursuing group interests) are dependent on the actual situation or foreseen changes in the labour market.*

In some historical circumstances, migration regulations have favoured employers, although they did not strongly (at least publicly) argue in favour of inviting foreign labour. This was the case in post-World War II Western Europe, when political leaders prioritised the physical, economic and demographic reconstruction of the continent after the war. Guest-worker systems were established to expedite this, giving employers not only the possibility of employing foreign labour but also a very strong bargaining position *vis-à-vis* the incoming foreigners. This has inspired our second project hypothesis, that:

(ii) *In certain circumstances, the changes (or creation) of institutions (including regulations) concerning the inflow or employment of immigrants favour the interests of employers without an active participation of the latter.*

The above observations raise the issue of why, apart from economic reasons, employers have been so effective in pursuing their migration-related interests, despite the variety of physical, demographic and economic circumstances in different historical periods worldwide, as well as varying institutional environments. The above overview demonstrates that, despite their diversity, informal norms frequently favour employers' interests and shape their strategies regarding foreign labour. In the Western world, these norms included the discrimination of people of darker skin colour or women, which facilitated separating and differentiating them in terms of employment conditions from local employees (as was the case in the European guest-worker systems) or banning them from migration for certain types of employment altogether. In the post-Fordist era, the gender and racial divisions of labour also facilitated delegating unpaid or worse-paid tasks to women or migrants (frequently, female migrants). These deeply rooted cultural norms were strengthened through persisting local legal traditions, such as guest-worker programmes repeatedly directed at single people, mostly men, since the nineteenth century or the *kafala* system in the Gulf countries, which was rooted in traditions from the period of British colonialism, when employers were first granted control and responsibility over their foreign workers. These observations have led us to formulate our third project hypothesis, that:

(iii) *The expectations and activities of employers in the process of expression of their group interests concerning the inflow and employment of immigrants have been shaped by social norms proper to a given society.*

The three hypotheses have been empirically explored in the course of the project, and the major outcomes of this endeavour are presented in the respective chapters of this book.

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Chapter 2
Employers' Interests in Labour Migration Research – A Conceptual Framework within New Institutional Economics

Marek Okólski, Sara Bojarczuk, Anita Brzozowska, Agnieszka Fihel, Kamil Matuszczyk, and Dominika Pszczółkowska

2.1 Introduction

This chapter highlights a significant gap in the academic debates surrounding international labour migration, where the importance of employers' interests is underestimated, despite their crucial role in shaping migration (Caviedes, 2010; Emilsson, 2016; Facchini et al., 2011; Freeman & Kessler, 2008; Knotz et al., 2020; Scott, 2013). As discussed in the Introduction, on the micro scale, migration theory focuses on the decisions of migrants, not of their employers, while on the macro scale, it treats labour demand as a structural factor. Consequently, empirical research focuses, on the one hand, on structural factors affecting labour flows and, on the other, on the strategies of migrants (Anderson et al., 2021; Clibborn & Wright, 2023; Stojanov et al., 2022; Wright et al., 2017). Recently, the role of employers in shaping migration

M. Okólski (✉) · S. Bojarczuk · A. Brzozowska · A. Fihel · K. Matuszczyk · D. Pszczółkowska
University of Warsaw, Centre of Migration Research, Warsaw, Poland
e-mail: moko@uw.edu.pl

S. Bojarczuk
e-mail: s.bojarczuk@uw.edu.pl

A. Brzozowska
e-mail: anita.brzozowska@uw.edu.pl

A. Fihel
e-mail: a.fihel@uw.edu.pl

K. Matuszczyk
e-mail: kamil_t_matuszczyk@uw.edu.pl

D. Pszczółkowska
e-mail: d.pszczolkows2@uw.edu.pl

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has gained increasing interest (Forde et al., 2024) but much of this research focuses on only one scale – the macro scale of lobbying and policy-making (e.g., Menz, 2008; Menz & Caviedes, 2010; Scott, 2022) or the micro scale of employers' hiring strategies on the ground (e.g., MacKenzie & Forde, 2009; Scott & Rye, 2021). Moreover, most publications concern a single economic sector – e.g., agri-food (see King et al., 2021; Matuszczyk, 2024; Palumbo, 2022; Plewa, 2013) or care (Ambrosini, 2017; Triandafyllidou & Marchetti, 2015). In this chapter, based on a review of the academic literature on the employers' role in migrations, we argue that, although there is a wealth of relevant research focusing on specific sectors, it is fragmented and does not provide a comprehensive picture of the impact of employers on international labour migration. Thus, a broader conceptual framework is needed. In particular, to facilitate the understanding of the employers' influence on labour migration, such a framework should consider their actions and strategies and the broadly conceived institutional circumstances in which these take place (Afonso & Devitt, 2016).

To provide a broad perspective, we define employers as non-state actors who offer employment and generate demand for workers – e.g., entrepreneurs, farmers or households (individuals making decisions to employ household help) who, in some circumstances, are interested in hiring migrants (Bauder, 2006). Part of the difficulty of investigating the interests of such a diverse group lies in the variety of workers they require. Employers may seek migrant workers from a range of skill levels, from low-wage to highly skilled. In some sectors, workers may be needed for only a few weeks; in others, employers may seek permanent employees from abroad (Plöger, 2020; Trampusch, 2020). While some require generalist skills, others seek very specific ones to fill distinct needs resulting from skills mismatches in the labour market (Cook-Martin, 2024). Depending on the sector, season or even size of the company within the same sector, employers may perceive labour immigration as either being or not being in their interest (Afonso, 2012; Pszczółkowska, 2026).

Employers pursue their interests in a variety of ways at the micro-, meso- and macro scales, from hiring strategies on the ground and cooperation with other actors, such as intermediaries, to participation in group bargaining and lobbying by individual firms and employers' organisations (Jaeck, 2024; Kerr et al., 2014; Taylor & Rioux, 2018). To push through their vision of migration policy, they make public claims, form coalitions and create an infrastructure for implementing their goals (Maletzky, 2017). Sometimes they refrain from pursuing their interests – for example, they do not lobby for regulations – but governments nevertheless implement policies aligned with their interests (Bredgaard et al., 2023; for historical examples, see Chapter 1). Because of the above, it is important to consider how employers' *interests*, not only their activities, influence policies. Moreover, employers may deliberately obscure their migration-related intentions – e.g., to circumvent laws (Bartram, 2005) or act in semi-compliance with regulations – by hiring legally resident migrants but expecting them to work in abuse of the employment restrictions attached to their immigration status (Alberti & Sachetto, 2024; Ruhs & Anderson, 2010a). In doing so, they strive to maximise economic benefits and minimise the threat of legal sanctions (Ruhs, 2009).

Given the above diversity of interests, strategies and social contexts, we sought an approach that would encompass and integrate the activities and interests of employers at all levels, while taking into account the structural conditions and roles of all stakeholders. To capture the complex relationships between employers' interests and foreign labour inflow and allocation, the chapter proposes to situate employers' interests within the framework of New Institutional Economics (NIE), using in particular the analytical model developed by Oliver Williamson (2000), which presents social phenomena on four levels: (I) informal rules, (II) formal regulations, (III) *play of the game* and (IV) allocation of resources. We also resort to the concept of the institutional environment. Williamson defined the institutional environment as informal and formal institutions, at levels I and II. We argue that, to grasp the full environment which channels employers' pursuit of their migration-related interests, a broader understanding of the concept is needed. The institutional environment should be understood as an ensemble of formal and informal institutions which are in constant interaction, rendered dynamic by phenomena and players from level III, such as the enforcement of rules or the presence and standard-setting by powerful companies and other organisations. Such an approach allows for a comprehensive understanding of the multidimensional nature of employers' interests, both financial and non-financial, accounting for the historical contexts within which these interests are embedded and pursued. By enriching migration studies through the adaptation of the NIE model, the proposed conceptualisation explores the intricate dynamics of employers' interest and their impact on migration policy and practice.

This chapter begins with the conceptualisation of interests in the light of the rationality axiom and the argumentation on why employers (may) have an interest in importing and employing a foreign workforce. It then locates the concept of employers' interests and its categories in migration research and relevant theoretical orientations that have addressed the situation in the labour market in different varieties of market economies. It reiterates the main points of neoclassical economics, economic sociology and comparative political economy and addresses their limitations when researching employers' interests. The identification and assessment of these limitations lead us to propose an elaboration of the concept of the institutional environment, locating it on three of the four levels of Williamson's model. Although we define the concept more broadly than has been done to date, we are able to specify its scope by focusing exclusively on the environment of employers' interests in international labour migrations. The chapter offers a catalogue of institutions from each of Williamson's levels, which should be considered when studying this environment. It concludes with a reflection on the applicability of our framework and implications for further conceptual and empirical developments.

2.2 Conceptualisation of Interests

With a long and complex history in philosophy, political science, sociology and economics (Heilbron, 2001; Hirschman, 2013; Swedberg, 2005) in the twentieth century, the concept of interest was reduced to economic self-interest in isolation from the cultural environment and became part of the *Homo oeconomicus* model – pioneered by John Stuart Mill as referring to a consistently rational agent performing a cost/benefit calculation to maximise his utility in conditions of limited resources. In the theory of rational choice, an agent carries out his rational strategies in isolation from the cultural milieu. In further work developing the neoclassical theory, scholars have operationalised economic interests in terms of consumer preferences or producers' returns that optimise utility and profit, respectively. Thus, the notion of interest was primarily embedded in social-science considerations and played a central role in mainstream economics based on the rationality axiom (Goodwin et al., 2013). The neoclassical model presents a one-dimensional view of human nature in which rational action is exclusively interest-driven and not motivated by social norms, commitment or prestige. Agents are not constrained by real-life environments or determined by their social, cultural, geographical and historical context. The model does not take into account the bounded rationality of economic agents (Simon, 1955), the embeddedness of economic actions in structures of social relations and cultures (Granovetter, 1985) and the collective and individual history that influences people's behaviour (Bourdieu, 2005). In effect, the simplifying assumptions of complete rationality, symmetric and perfect information and zero costs associated with economic transactions add little to our understanding of actual behaviour (Bourdieu, 2005; Herfeld, 2022; Nee, 2005). Moreover, as argued by Hirschman (2013), the mainstream concept of interest used in economic analysis tends to be tautological because it tries to explain everything as the result of interest, regardless of whether human behaviour is compulsive, passionate or calculated.

Bearing in mind these critical arguments, the concept of interest can be broadly perceived not only as goals pursued through a strategic and instrumental calculation but also as purposes set by 'established routines or familiar patterns of behavior' (Hall & Taylor, 1996: p. 939) that have evolved from cultural templates and historical path-dependencies (Hall & Taylor, 1996; Hirschman, 2013; Swedberg, 2005). Such meaning helps to explain conflicts and struggles in a society which arise when the interests of different actors clash. Furthermore, it allows us to elucidate the impact of culture on economic behaviour, as interests are shaped by customs, shared beliefs, norms and rules (Nee & Swedberg, 2005; Swedberg, 2005).

Despite these conceptual contributions, systematic empirical studies attempting to identify the financial and non-financial interests related to labour migration are scattered, especially concerning employers (Mares, 2001; Menz, 2008; Rodriguez, 2004; Scott, 2022; Scullion & Pemberton, 2015). In what follows, we focus on employers who, in pursuit of their economic interests, may find it advantageous to recruit and employ foreign workers.

2.3 The Rationality of Employers' Interests in Engaging Foreign Labour

Hiring foreign workers is usually not the first choice of employers to meet their labour needs, as it involves the use of resources to obtain information about the foreign labour force and the need to bear the direct financial costs of recruitment, transport, employment and adaptation of migrants to work (Bartram, 2005). Moreover, even if migrants are already present on a given labour market, selecting workers from this group can be relatively costly – for example, because of their inadequate skills or imperfect information about their skills. Nevertheless, recourse to foreign labour is a phenomenon that has been observed throughout human history and around the world (Dowlah, 2022; Martin, 2017; McPhee, 2012; Scullion & Pemberton, 2015). Apart from the circumstances of absolute local labour shortages, the main interest of employers in recruiting foreign labour stems from its flexibility (McCollum & Findlay, 2015), which can be understood not only in terms of price elasticity but also, if not primarily, in terms of temporal responsiveness to labour demand. The latter changes with the seasons, economic cycles and structural shifts that generate urgent skill mismatches (Caviedes, 2010; Stojanov et al., 2022). Such an approach postulates that the employment of foreign workers cannot be reduced to the financial aspects of employers' calculations. Moreover, the different dimensions of flexibility in terms of wage, time responsiveness and skills remain inextricably linked – for example, when the relatively low reservation wages of migrant workers are accompanied by scarce welfare state protection, forcing them to immediately take up any available job opportunities (McCollum & Findlay, 2015).

Thus, whenever the benefits of employing foreign workers – be it the reservation wage or their temporal responsiveness or any combination of flexibility-related characteristics – exceed the costs associated with their recruitment and employment, recourse to migrants is a rational choice for employers. This is all the more evident because employers are in a privileged position when it comes to offering contractual conditions to workers, for several reasons (Burawoy, 1976). Firstly, the employer has a high degree of autonomy in transactions related to the employment contract, while the employee's autonomy is significantly limited (Okólski, 2023). The political and social rules enforced and applied in the country of destination are even more important than the contractual provisions in determining the extent to which employers comply with their obligations. As non-citizens, migrant workers are not subject to the host country's law to the same extent as national employers, despite the increasingly blurred line between citizens and non-citizens (Soysal, 1995) who are diverse in terms of access to various resources and capital (e.g. assets, networks). Thus, foreign employees' ability to ensure fair contract conditions (rights to resources, decisions, information, etc.) and to enforce the full execution of those obligations is limited (de Lange, 2011). Secondly, in a foreign country, the failure to fulfil work obligations may force migrant workers to return to their home country (i.e. they may not only lose actual jobs but may also be excluded from the labour market of the host country). If the cost of returning home exceeds the cost of fulfilling the work obligations, the commitment becomes more binding. Importantly from the employer's perspective, the migrant is more likely to fulfil the contract and not terminate it prematurely.

In this asymmetric situation, the subordinate position of migrants is an additional power advantage for employers, who allocate jobs to different groups of migrants and benefit from their obedience (Burawoy, 1976; Waldinger & Lichter, 2003). Although this does not concern exclusively foreign workers, employers have an interest in employing a tractable (Waldinger & Lichter, 2003) or even self-disciplined (Rodriguez, 2004) workforce made up of vulnerable workers with low labour-market power (e.g. due to poverty, debt, low educational attainment, undocumented legal status or other types of insecurity related to labour migration), described by employers as 'good workers' with a strong 'work ethic' (MacKenzie & Forde, 2009). It may also be in the interest of employers to maintain the lowest possible level of employment protection, as this allows them greater flexibility to adapt to market needs (Ruhs & Anderson, 2010b). Thus, the worker's independence is more or less restricted and is located on the continuum of unfreedoms, which includes not only modern slavery, forced labour, indebtedness and wage-withholding but also disciplinary mechanisms used by employers who benefit from employees' internalised sense of duty and responsibility or perception of debt and obligation (Rioux et al., 2020).

Concerning migrant workers, sector-specific groups of employers, such as farmers, capitalise on the temporary migration programmes that often include the condition of seasonal workers' attachment to a specific employer, which aims to ensure the continuity of the work process (Martin, 2017; Rodriguez, 2004; Scott, 2013). Implementing these programmes allows employers to save on investing in new technologies or improving working conditions (Dowlah, 2022; Taylor et al., 2012). Moreover, in the absence of coherent solutions at the governmental level and the delegation of responsibility to private actors, migrants are dependent and readily exploitable (Pande, 2013), with their position today not fundamentally different to that of indentured labour bound by contracts in past centuries (Dowlah, 2022).

Conversely, workers seek the highest possible protection, as it provides them with a sense of security and stability in their lives, so there is constant tension in the relationship between employers and workers as a result of their opposing interests (Alberti & Saccetto, 2024; de Lange, 2011). Just as capital and labour cannot be regarded as unanimous and monolithic, so the conflict over social protection and rights cannot be defined as a zero-sum game (Mares, 2001, 2003). The history of modern capitalism has shown that, in times of high social unrest endangering the *status quo*, when the benefits of introducing social insurance outweigh the cost, employers make concessions to support the extension of social welfare (Paster, 2013). Involvement in the formulation of public policies, in turn, indirectly incentivises firms and workers to invest in firm-specific skills development (Mares, 2001, 2003). Through offering assistance to workers facing employment-related risks like unemployment, disability or sickness, social policies enable workers to decline low-paid job offers that do not align with their qualifications. The assumptions referring only to the political balance of power and the structural asymmetry of the employment relationship fall short of providing comprehensive analyses of employers' preferences towards different public policy arrangements and conditions facilitating the formation of coalitions among unions and employers. To understand the preferences of employers, we need to consider the firm size, the incidence of a risk facing the employees of a firm and the skill composition of a firm, pointing out potential intersectoral conflicts.

The extent to which the rights and obligations of workers, including migrant workers, are respected depends on the quality and effectiveness of the formal rules that underpin labour relations in the host country. The rules vary over time and space, with different degrees of global competition and economic liberalisation on the one hand and legal norms and country-specific welfare-state requirements on the other (Peters, 2014). These factors, in turn, determine the structure of the labour market and employment relations, including the varying degrees of symmetry – or lack of it – in industrial relations. The latter are not only subject to the formal laws governing employment relations but also depend on the extent to which these rules are enforced, embedded in the local culture and respected or circumvented by employers.

2.4 Locating Employers' Interests within Varieties of Market Economies

In different capitalist systems, namely 'liberal market economies' (LMEs) and 'coordinated market economies' (CMEs), employers implement various production strategies (Hall & Soskice, 2001; Menz, 2010a), including their preferences for skilled migrant workers conditioned by international competition for innovation (Cerna, 2009; Chaloff & Lemaître, 2009). The sector-specific educational pathways characteristic of coordinated market economies fail to respond quickly to technological innovation, and employers are forced to supplement the national labour force with highly skilled workers from abroad (Menz, 2008, 2010a). For example, in Germany, employers seek graduates with readily usable and specific occupational skills (Liu-Farrer & Shire, 2021). In liberal market economies, on the other hand – e.g. the UK – education systems remain both generalist and sector-specific, with employers opting for foreign workers of all qualifications and skills (Arnholtz & Wright, 2023). Other features of the organisation of the labour market have an important impact on employers' strategies for pursuing their interests – in particular, the degree of segmentation of the labour market, flexibility and its openness to international exchange.

Many countries escape the dichotomy of economies into liberalism and corporatism (Amable, 2003; Coates, 2014; Della Sala, 2004; Schmidt, 2002). For instance, unlike LMEs and CMEs, the countries of Southern Europe can be characterised by a central role of the state, which not only owns a large part of the industry and finance but also intervenes in the relations between socio-economic actors. Molina and Rhodes (2007) described this as a Mediterranean mixed-market economy (MME), where weak capacities for coordination between economic actors allow the state to directly intervene in the relationship between trade unions and employers' organisations. This, in turn, creates incentives for economic actors to solicit the government for access to resources (Hassel, 2014), thereby entangling the government in their specific interests. Unilateral, top-down policymaking and governments siding with particular actors weaken the stability of institutions (Della Sala, 2004; Rangone & Solari, 2015).

Since the fall of communism in Central and Eastern Europe, a vivid debate has also been concerned with where these newly capitalist countries 'fit' within the varieties of capitalism. While some authors (e.g., Crowley & Stanojević, 2011) saw them as converging towards the CME or LME model, others classified them into new types, albeit with similarities to CMEs or LMEs (e.g., Bohle & Greskovits, 2007; Myant & Drahokoupil, 2012) or saw them as a 'patchwork' variety, exhibiting strong institutional ambiguity (Rapacki, 2019). The dominant view is that these economies have enough commonalities to be classified as a separate variety – the dependent market economy or DME (Nölke & Vliegenthart, 2009).

DMEs, which offer low labour costs and relatively qualified workforces, especially in technical fields, are strongly dependent on foreign companies investing in the region. This translates into Central and Eastern Europe's position in global supply chains as an important assembly platform for medium- to low-value-added goods, with a high share of labour-intensive sectors and a high demand for low- and medium-skilled workers, often performing manual and repetitive tasks. DMEs are also characterised by a high concentration of small and medium-sized enterprises which are unable to compete globally for resources and influence – and thus a dispersion and diversity of strategies and business interests (Nölke & Vliegenthart, 2009). In a DME, employers often operate within tight constraints set by multinational corporations and global supply chain dynamics, limiting their strategic autonomy. This encourages a focus on cost-efficiency and flexibility, often translating into a preference for low-paid, low-skilled and easily replaceable labour.

The above classifications have inspired the choice of country cases studied in the E-factor project,[1] which are extensively discussed in this book. The four European countries chosen are representative of the above varieties – the UK as an LME, Germany as a CME, Italy as the Mediterranean variety and Poland as a DME. They also have varied histories of migration. Although the two from Western Europe may be considered old immigration countries, the history of their migration policies and practices differs significantly, influenced by the UK's intense connections with its former colonies and Germany's guest-worker traditions. Italy, with a more recent history of immigration dating from the 1980s, is characterised by its relative tolerance towards employment on an irregular basis or in the grey economy (high importance of informal institutions). Finally, Poland, with a large dependence on foreign capital and the comparatively small involvement of central authorities in the coordination and management of the labour inflow, constitutes an example of an *in statu nascendi* immigration country. This variety provides the opportunity to compare the role of employers' interests in various economic, social and historical circumstances.

[1] The project 'Employer interests as an underrated factor in labour migration – an institutional approach (E-factor)' was funded by the National Science Centre, Poland (OPUS-20) under grant no. 2020/39/B/HS4/00885.

2.5 From Mainstream Approaches to New Institutional Economics

Power resource theory has frequently been used to explain employment relations. Focusing on the innate conflict of interests between employers and employees, it views regulations passed as a result of the relative strength of employers' organisations and trade unions at a given moment, with this strength resulting from factors such as trade-union membership or links with political parties (Emmenegger, 2014; Kelly, 2005). However, it has been pointed out that perceiving employers as unanimous against social policies benefiting workers is simplistic, with employers' preferences depending, for example, on the political situation. With the diminishing role of collective bargaining and forms of employment which fall outside the norms of the primary sector of the labour market (Piore, 1979), the theory's practical scope seems to be narrowing (Fudge, 2017). Freeman's (2002) concept of organised publics – which includes any groups with a defined agenda, such as NGOs – has more recently been used to explain the role of employers' interests in foreign labour flows and employment. These approaches attempt to explain employers' interests by focusing on public policy formulation. Political scientists have examined the role of employers as lobbyists for migration regulations in Australia (Wright, 2017), the United States (Facchini et al., 2011; Nicholson-Crotty & Nicholson-Crotty, 2011), Canada (Rheault, 2013), Japan (Oishi, 2021), Israel (Bartam, 2005) or the United Kingdom (Ruhs & Anderson, 2010a, 2010b; Scullion & Pemberton, 2015). Employers are overwhelmingly portrayed as supporters of the 'borderless world' idea of migration management, while immigration facilitation was intended to serve their profit-maximising efforts (Scullion & Pemberton, 2015). However, these approaches ignore employers' actions at other, non-policy levels and the influence of their unarticulated interests.

Attempts to overcome the above limitations can be seen in the rebirth of economic sociology, which has brought with it new kinds of research questions and data to be sought, postulating that analysis should be centred around a concept of interest and redefining institutions as distinct configurations of interests and social relations (Swedberg, 2005). Defined as such, institutions determine incentive structures for individuals and organisations that are stable over time, as they are often enforced by law (Nee & Swedberg, 2005). In developing their approach to analysing economic performance, sociologists have sought to emphasise the role that social relations and norms play in the concept of institutions and to clarify the relationship between informal and formal elements of social structures. However, the perspective faced significant challenges in the application of explanatory concepts across various levels of analysis, as highlighted by scholars such as Portes (2010), Nee and Swedberg (2005) and Granovetter (2017). For example, meta-theoretical principles were employed as explanatory concepts but remained too abstract to offer adequate causal guidance (Portes, 2010: p. 2).

We argue that this limitation can be addressed by applying an approach inspired by New Institutional Economics (NIE). It allows us to analyse institutions which influence employers' pursuit of their interests in labour migration. Those interests range from the very specific, such as the labour code or immigration regulations, to the very general, such as norms permitting national, ethnic or gender prejudice – or the welfare state regime. To date, most related studies have taken into consideration only particular types of institutions, for example, employment regulations, when studying when and how employers seek migrant labour (Freeman & Kessler, 2008; Kogan, 2007).

In our book, we propose to apply this very approach to specifically examine the impact of employers' interests on labour migration. The NIE captures behavioural manifestations based on bounded rationality and opportunism and investigates the relevance of transaction costs and contracts to the pursuit of economic interests. It enables, on the one hand, to move beyond self-interest-seeking assumptions in the analyses. On the other hand, it restores the importance of the institutional environment in which these interests are pursued, given the key role of contract enforcement mechanisms through formal and informal rules – and other elements of the labour relations environment (e.g. collective bargaining). Moreover, the NIE paradigm allows one to understand culture as a heterogeneous set of tools which actors use when constructing lines of action and to include the concepts of interest in analyses (Zweynert, 2009). For these reasons, NIE, with its broad and multidisciplinary scope (using a variety of methods), proves its usefulness for understanding real phenomena (Ménard & Shirley, 2022).

2.6 The Institutional Environment of Labour Migration as the Core of Williamson's Model

To consider the wide variety of institutions that influence the pursuit of interests in labour migrations, we adapt Williamson's (2000) four-level model of institutional analysis. Before doing so, it is important to clarify our understanding of institutions and the institutional environment. The *institutions-as-rules* approach within NIE, pioneered by North (1990), treats institutions as formal and informal rules of the game, distinct from the players. The game theory-inspired *institutions-as-equilibria* approach views institutions as the equilibrium outcomes of games (Aoki, 2001; Schotter, 1981; see Greif & Kingston, 2011 and Hindriks & Guala, 2015 for a discussion on the differences between the two approaches and their possible reconciliation). We subscribe to the former view – institutions are rules which structure all social interactions, limiting the choice of possible behaviours. However, they are not automatically enforced, which gives the players some choice regarding their behaviour and power to co-create the rules. For a rule to be an institution, it must be socially operative, not only declared or stipulated by a law (Hodgson, 2019). Moreover, we allow for some powerful players to be treated as institutions when they co-create rules for others through their actions or even their very existence.

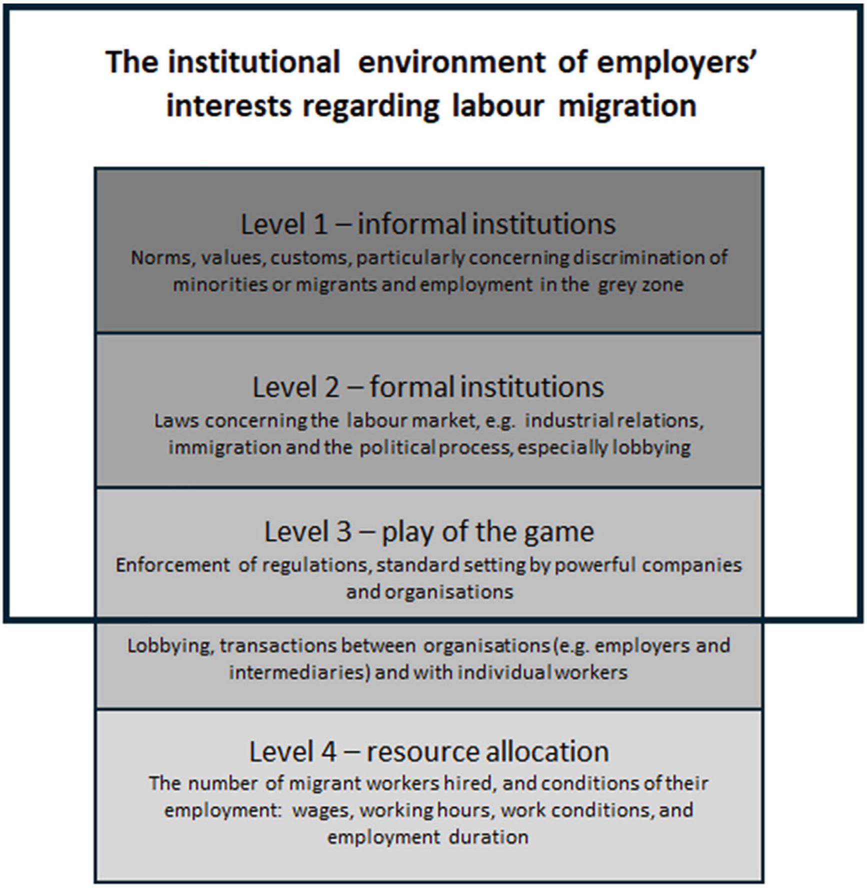
Williamson (2000) classified social phenomena from the most all-encompassing to the most case- and time-specific. Level I, *embeddedness*, includes informal institutions – norms, customs, religious values and traditions – which are understood by some as culture (Alesina & Giuliano, 2015; de Jong, 2009; Granovetter, 2017). Level II, the *formal rules of the game,* are legal rules: constitutions, laws, government and administrative regulations, which create the most precise frameworks for all organisations and individuals. Both informal and formal institutions contribute to the reduction of uncertainty and transaction costs. Level III – the *play of the game* – is where transactions are negotiated and concluded between organisations, including companies, trade unions, employers' organisations and individuals – and where lobbying and industrial bargaining take place. In line with North (1990), we consider enforcement of the rules to be an important element of Level III. Enforcement can never be perfect but it determines which formal and informal institutions are implemented (Greif, 2006; North, 1990; Voigt, 2013; Williamson, 1995) and thus 'the structure of enforcement mechanisms and the frequency and severity of imperfection play a major role in the costs of transacting and in the forms that contracts take' (North, 1990: p. 54). The effects of institutions and the *play of the game* manifest themselves at Level IV, *resource allocation*, which is 'the level at which neoclassical analysis works' (Williamson, 2000: p. 600). It concerns prices and quantities – the direct manifestation of actual transactions.

Williamson understood Levels I and II as consisting of institutions. In his view, these two levels formed the institutional environment. Inspired by the *institutions-as-equilibria* view, we argue for a broader perspective. Some organisations (e.g., monopolies or powerful trade unions) are so influential that their very existence constitutes a structural element (Bourdieu, 2005) – a rule of the game for others. Thus, actors such as powerful companies, trade unions and employers' organisations, which co-construct the conditions for others, should be treated as part of the institutional environment (see also Pszczółkowska et al., 2026).

Enforcement is a key part of this environment (North, 1990), rendering it dynamic and determining whether rules are applied. In contrast to Williamson (2000), who placed it on Level II and, in line with North (1990), we argue that enforcement is performed during the *play of the game* at Level III. It should be understood as the third essential element of the institutional environment, together with formal and informal rules. The institutional environment is thus not only the sum of institutions but, rather, their dynamic ensemble, in which institutions interact with each other and with various players (Greif, 2006; North, 1988, 1991; Voigt, 2019; Wallis, 2014). It is rendered dynamic through the enforcement of regulations and other interactions, such as lobbying for desired regulations or standard-setting by business organisations or trade unions.

Given that social phenomena are always complex and that no research can consider all their features, we advocate focusing on sections of the institutional environment, such as – in this book – the institutional environment of labour migration (see Graph 2.1). Although attempts to classify the spectrum of labour-market institutions within the four levels of institutional analysis had already been made (de Jong, 2009;

Woźniak-Jęchorek, 2016), these classifications did not include the full range of institutions influencing the employment of migrant labour. Another issue concerns the institutional environment's geographical or political boundaries. Rules and norms at the international level certainly influence labour migrations (Anderson et al., 2021) and employers may be active transnationally in the source countries (Iskander, 2021). However, this framework focuses on the migrant-receiving country – the context in which employers' interests manifest themselves most intensely.



Graph 2.1 The institutional environment of employers' interests regarding labour migration. *Source* Own elaboration based on Williamson (2000).

2.6.1 Level I

Norms from Level I, *embeddedness*, are the most elusive. Williamson defined them in a somewhat general manner, focusing his analysis on Levels II (*formal institutions*) and III (*play of the game*). Nevertheless, below we attempt to specify which informal norms should receive attention when researching labour relations and immigration. Among them, the tolerance of ethnic, national and gender discrimination is fundamental, as well as the tolerance of illegal practices, such as employment in the grey economy.

Given that labour is a commodity which cannot be separated from the person selling it, informal norms allowing for discrimination based on ethnicity, nationality, gender and religion influence labour migrations and the employment of migrants (Bauder, 2006). Level I norms allow discrimination which, in turn, might impact upon the legal system (Level II), for example, through the existence of various types of work and employment contracts and through some workers not being covered by protective labour regulations. These norms manifest themselves the most forcefully during the *play of the game* (Level III), when employers and society expect certain workers – e.g. migrants, women and ethnic minorities – to work in particular sectors and positions. This leads to the segmentation of the labour market (Piore, 1979) and has fundamental consequences for wages and other employment conditions, such as job duration or employment protection – observed at Level IV (Saint-Paul, 2002). Although the presence of immigrants constitutes a vital element of segmentation in labour markets, employer discrimination deriving from racialisation is the crucial factor shaping the dualisation of the labour force in a particular country (Felbo-Kolding et al., 2019). Discrimination is also evident in the attitudes of the inhabitants of the host countries regarding welfare deservingness (Nielsen et al., 2020).

Norms concerning the position of women and youth in the labour market also shape labour migration. For example, as women's and mothers' professional careers became increasingly acceptable or desirable and they moved up the professional ladder, precarious, part-time or underpaid jobs previously treated as 'women's work' were filled by (often female) migrants; demand for immigrant labour was inversely proportional to female participation in the labour market, which was in part the result of attitudes towards female employment (Afonso, 2019). The tolerance of gender discrimination shaped hierarchies in the labour market, either together or in conjunction with ethnic or national discrimination (Mitter, 1986). Attitudes towards employing the youth, usually in non-qualified positions, also influence the demand for migrant labour.

The tolerance of illegal practices is another fundamental informal norm influencing labour migration. It determines the extent to which employers follow legal regulations or resort to risk-associated or illicit behaviours (on Level III). The degree of tolerance of illegal practices may determine the size of the grey economy and often stimulates the inflow and supply of migrant workers (Peters, 2014).

Although institutions from Level I are considered the most stable of all the levels, situations when they may change rapidly – so-called defining moments (Williamson, 1998: p. 28) – are also possible; situations such as the fall of communism in Central and Eastern Europe could be considered such a moment. Williamson believed that Level I institutions changed over centuries, but other authors suggested somewhat shorter periods – for example, two or more generations for the cultural values of immigrants to the US to change (Alesina & Guiliano, 2015). Although path dependency is still considered an important factor limiting choices and thus changes in institutions, it has also been pointed out that institutions constantly evolve as a result of new technologies or scientific discoveries, which change beliefs or cognitive rules regarding the world, sometimes in fundamental ways (Acemoglu & Robinson, 2012; Greif & Mokyr, 2017).

2.6.2 Level II

The employers' pursuit of their interests regarding labour migrations or migrant work is impacted by formal institutions related to two main spheres: the labour market and immigration (Busemeyer & Trampusch, 2019; Knotz et al., 2020; Kogan, 2007). Studies abound on the role of labour market legal regulations, especially their influence on wages, employment and unemployment (Arpaia & Mourre, 2005). Most empirical research within labour economics has focused on the effects of formal regulations on the labour market, particularly concerning minimum wages, taxation of labour, the tax wedge, employment protection and unemployment benefits (Arpaia & Mourre, 2005; Boeri & van Ours, 2008; OECD, 2023; Woźniak-Jęchorek, 2016). Other frequently included formal institutions pertaining to the industrial relations in a country are union density, collective bargaining coverage, professional education systems, active labour market policies and access to trades. Product market regulations, which facilitate or impede market entry for new companies, are also treated as labour market institutions, since they may affect employment (Guzi et al., 2021; OECD, 2023).

The influence of each institution of the labour market cannot be studied separately, as they are multidimensional and act conjointly with other institutions (Arpaia & Mourre, 2005; Rueda, 2005). Institutions related to the welfare state, such as support for parents, disability and pension programmes, the public healthcare system or housing support, also determine the availability and price of labour (Eichhorst et al., 2008; Esping-Andersen, 1990; Rubery et al., 2022).

Legal regulations concerning immigration and access to the labour market constitute key institutions for employers' pursuit of their interests regarding foreign labour. This applies not only to the number of migrants allowed, their origin or sectoral limits on employment but also to systems (such as points systems) which determine what types of worker can enter and rules regarding the duration and forms of employment (seasonal, temporary, long-term) (Knotz et al., 2020). Employers display different preferences regarding these formal rules, which depend on the sector of their activity, their size and their position in the market: small employers without international contacts can fear that large competitors can become even more dominant by employing cheaper or more flexible migrant labour. Short-term access to the labour market may be in the interest of some employers (in agriculture, construction or hospitality) but against the interests of others (in the medium and high-wage sectors), who seek a more stable workforce.

Much less attention has so far been paid to the expressed interests of employers towards highly skilled migrants and related institutions. With the increase in demand for ICT or medical professionals and competition for these workers in the global marketplace, employers have actively begun to engage in policy solutions for attracting and retaining workers in the country. An apt example is the EU Blue Card or the 'green card' introduced in Germany in 2000 (Maletzky, 2017). Employers' strategic actions are also influenced by the system of nostrification of diplomas or the length of waiting times for the issuing of dedicated residence and work permits in the destination country. Analyses covering the approaches of employers' organisations towards skilled migrants confirm the deliberate exclusion of some workers through the system of recognition of credentials, which devalues the human capital of the newcomers and privileges the local workforce (Trampusch, 2020).

Regulations concerning the labour market and migration are in constant interplay. Boeri and van Ours (2008) note that migration policy is influenced mainly by core labour market institutions like minimum wage regulations, trade unions' positions or unemployment benefits. Devitt (2018) posits that the demand for immigrants results from the existence of labour market formal institutions that trigger low-wage and low-standard jobs – and other regulations (e.g. related to family policy) that produce obstacles and disincentives to employment for local workers. Eichhorst et al. (2008) point out that employment protection can reduce the likelihood of outsiders (e.g. migrant workers) being employed. Where employment protection only covers those on permanent contracts (i.e. insiders, Rueda, 2005), employers may realise their interests by resorting to more flexible, temporary workers from abroad.

Legal regulations of industrial relations, vocational and educational training and welfare regimes determine the costs and availability of hiring the local labour force – and thus the demand for immigrant workers (Esping-Andersen, 1990; Guzi et al., 2021; Ortlieb & Winterheller, 2020). The labour market position of migrants is shaped by the credential recognition system. Depending on the degree of acceptance of a worker's qualifications in the host country, their employment-induced benefits, including income, will differ significantly. Moreover, the elements of the welfare state which are offered to newcomers, such as care and education for children, health care or housing subsidies, may influence the number of available migrant workers (Esping-Andersen, 1990). Institutions that are not directly focused on the labour market should also be considered, such as regulations regarding asylum-seekers, students, family reunification or the acquisition of citizenship, since – as Menz (2008) argues – they are important components of the inflow and supply of migrant workers.

The advantage of employing NIE in the analysis of employer interest regarding migrations lies not only in the broad spectrum of institutions which can be included but also in the focus on their dynamic interplay. As has been argued, legal institutions from Level II shape one another; in particular, regulations concerning the labour market affect how many and what types of workers are lacking and thus determine migration policy. At times, regulations not directly focused on the labour market, e.g. refugee regulations, also influence this market. As Williamson's (2000) model suggests, informal and formal institutions create the framework in which the *play of the game* (Level III) concerning migrant workers takes place. However, bottom-up effects should also be considered, with legal regulations influencing informal norms – for example, anti-corruption or anti-discrimination laws (Level II) have led to changes in norms of what is acceptable in many societies, including regarding the treatment of workers. In turn, lobbying, which is part of the *play of the game* (Level III), is frequently successful in changing (Level II) legal regulations.

2.6.3 Level III

Level III is the level at which transaction cost economics (TCE) operates (Williamson, 1998, 2010) – transactions concluded by employers with employees and other entities, such as intermediaries, are the key element. The types of transactions and partners with which employers choose to interact change constantly. In the case of the labour market, the classical make-or-buy dilemma of TCE takes the shape of employ-or-subcontract, since firms have the choice of employing workers or subcontracting certain tasks to other companies, including by outsourcing to other countries. Sometimes, subcontracting reduces costs by moving tasks into the grey economy, as has been the case, for example, in the 'sweatshop' sector.

Enforcement, such as the enforcement of labour protection rules, is key at Level III – it determines the degree to which employers can pursue their interests. In the case of labour contracts, which are usually incomplete (they do not fully describe the job or worker specifications), both the employer and the employee can revert to opportunism, thus increasing the cost of transacting for the other side. However, the asymmetry of power is usually in favour of the employer. Employers may also deliberately switch from local to migrant workers if there is a greater asymmetry in the relationship (due to formal or informal rules – for example, when migrants are not covered by the same employment codes as locals or are restricted from staying in the country for long). This allows for greater bargaining power over the vulnerable workers or greater flexibility in terms of wages, the duration of contracts or work time (McCollum & Findlay, 2015; Saint-Paul, 2002). Enforcement is conducted mainly, although not exclusively, by the state (Bourdieu, 2005), and its effectiveness depends on such factors as the functioning of the state apparatus or the level of tolerance of the grey economy (Level I).

Some organisations operating at Level III are treated here as part of the institutional environment because of their influential role in co-creating the rules for others, due to their dominant market position or their ability to set standards. A particular example of this is labour intermediation between countries, which has gained importance in the last three decades (Ambrosini, 2017; Goh et al., 2017; Hernandez-Leon, 2013; Martin, 2017; Matuszczyk & Bojarczuk, 2024). The emergence and progressive structuring of this institution, which includes formal and informal actors like smugglers, recruiters, lawyers and migrants-turned-entrepreneurs (Hernandez-Leon, 2013), resulted from a deepening shortage of workers with the required skills who were willing to take up employment in labour market niches (Martin, 2017). The increasing reliance of employers on labour market intermediation is a way of reducing the costs and uncertainty related to searching for appropriate employees – especially when a company wishes to employ migrants but is not knowledgeable about the supply of labour in a foreign country (Coe et al., 2010; van den Broek et al., 2016). However, it can also be a method of shifting responsibility by facilitating the circumvention of employment regulations, thus further strengthening the position of employers *vis-à-vis* workers. Within the EU, similar mechanisms are resorted to through the freedom of providing services and the posting of workers, when employers rely on workers provided by external entities, usually from poorer countries (Leiber et al., 2019; Lens et al., 2022; Lillie et al., 2024; Wagner, 2018). Moreover, in recent years, some states have also started outsourcing tasks – such as checking employment candidates – to employer organisations and private agencies (Bisong, 2022; Infantino, 2024). As a result, intermediaries in some countries have become influential during the implementation of particular solutions and, at times, also during their creation.

Lobbying in favour of desired regulations and collective bargaining are also important elements of the *play of the game*. Employers frequently engage in collective behaviour (Olson, 1971) and form organised interest groups (employers' organisations) that seek to shape policy (Freeman & Tendler, 2012; Knotz et al., 2020). The literature concerning the business–government interface has demonstrated that, on the one hand, companies adapt their strategies to the institution regulating this interface in a particular country (Hillman & Keim, 1995) and, on the other, that corporate political activity is frequently effective in influencing politicians – and thus institutions – through financial, relational or informational strategies (Rajwani & Azaaviele Liedong, 2015).

Organised lobbying in favour of employers' interests has taken place in the United States and European countries since at least the nineteenth century and became a major instrument – to which significant financial resources were devoted – in the late-twentieth century (Demougin et al., 2019; Menz, 2010b; Okólski, 2023). Agriculture or construction, especially of key infrastructure, have been examples of sectors where employers exerted strong pressure for regulations allowing the inflow of seasonal workers or extending their employment periods. Apart from the reliance on a labour force that is available depending on seasons, business cycles and skills needed, other production-related characteristics of firms differentiate the employers' strategic positions. Caviedes (2010) points to the skill intensity and the involvement in export that vary across economic sectors but, even within a sector, employers' preferences are far from uniform. For example, Afonso (2012) has demonstrated that producers of non-tradable goods, facing competition from foreign enterprises and their posted workers, are – paradoxically – interested in advocating for wage regulation. However, whether the employers engage in strategic interactions with trade unions and the state depends on the country-specific power relations within their associations – for example, whether these organisations represent the interests of large international companies used to subcontracting or delegating posted workers, whether membership is compulsory for all companies regardless of size or whether the employers have equal or proportional voting rights within their organisations (Afonso, 2009, 2012).

Similarly, employers' interactions with other labour market actors, in particular their willingness to form coalitions with organised labour, are subject to a whole variety of circumstances, some of which are the result of structural economic factors but some of which are specific to the power relations within and between these actors. Employers are willing to cooperate when trade unions' claims threaten their vital interests (Paster, 2013) or when the unilateral government intervention becomes politically salient (Afonso, 2012), forming alliances with unions supporting not only their preferred outcome but also employers' second-best choice (Mares, 2003). More often, however, employers prefer to act behind the scenes, quietly (Culpepper, 2010; Morgan & Ibsen, 2021) or even allow their interests to be pursued by other actors, for instance when trade unions, anti-discrimination NGOs and the Catholic Church advocate the regularisation of undocumented migrant workers (Statham & Geddes, 2006; Watts, 2002). Employers' and other actors' attempts to change the *play of the game* are constrained (although not determined) by their own and previous generations' decisions, making the choices path-dependent (Acemoglu & Robinson, 2012; Zweynert, 2009).

The dynamic character of the institutional environment, which manifests itself at Level III, has long been acknowledged. Institutions influence each other horizontally (within the same level of analysis – e.g., laws limiting what other laws can be passed) and vertically (between various levels). The top-down direction predominates – institutions from one level influence those of the levels below (Williamson, 2000). Level I institutions guarantee stability but may hinder the implementation of new and potentially beneficial laws – for example, a tolerance for informal practices may obstruct anti-corruption regulations. Collective and individual histories limit choices and render decisions path-dependent (Acemoglu & Robinson, 2012; Dias-Abey, 2022; Ménard & Shirley, 2022; Putnam, 1993; Voigt, 2018) but, exceptionally, even informal institutions can change abruptly. The interplay of institutions is constant – for example, between regulations concerning the labour market and migration (Arnholz & Wright, 2023; Boeri & van Ours, 2008; Devitt, 2018). The institutional environment of labour migration is also particularly dynamic due to varied degrees and modes of implementation of regulations (Arpaia & Mourre, 2005), with similar regulations producing vastly different results in various countries or even regions.

We thus argue that the institutional environment should be understood as a dynamic ensemble of informal rules (Williamson's Level I – *embeddedness*), legal rules (Level II – *formal rules*) and some elements of the *play of the game* (Level III). At this last level, rules are rendered effective and dynamic, interact with each other and are co-created by some influential organisations. The *play of the game* may influence formal regulations and sometimes also informal norms. The institutional environment is thus much more than the sum of institutions. It should be understood as a dynamic, interactive and context-specific ensemble of formal and informal institutions, constantly influenced and shaped by the varied and unstable enforcement of rules and the interplay between institutions, including some organisations, and other actors.

2.6.4 Level IV

Williamson's Level IV (*resource allocation*) does not form part of the institutional environment but includes the measurable effects of the interactions within it. This is the level at which the results of formal and informal institutions and the *play of the game* manifest themselves in the quantities and sectoral structure of migrant workers hired and the conditions of their employment: their wages, working hours, work conditions and employment duration (Saint-Paul, 2002). These are the direct results of legal regulations (Level II), the *play of the game* (Level III) and the direct or indirect consequences of informal norms (Level I). A particularly significant effect of informal norms is the segmentation of labour markets into jobs and sectors employing predominantly locals and those relying on a large percentage of migrant workers – or even migrants of particular nationalities (Moriarty et al., 2012). All elements constituting Level IV are variable due to changing supply and demand, fluctuating prices of factors of production, the appearance, disappearance and actions of other organisations (including competing firms), changing legal, environmental and technological conditions, changes in the cost of information and the evolution of informal norms (Nee, 2005). Level IV constitutes a dynamic grid of labour market indicators, which serves as an empirical basis for the formulation of strategies and decision-making during the *play of the game*, including by employers and their organisations.

2.7 Discussion and Conclusion

A large body of research implies that the concept of interests has significant potential in economic analysis. As demonstrated, it helps to explain conflicts that occur when interests clash and allows one to link employers' preferences with the role of culture in economic behaviour. The economic interests are very diverse and, therefore, the study of their functioning (manifestations, interactions and consequences) requires distinct approaches, specific conceptualisation and operationalisation. In this chapter, we have presented comprehensive arguments for the relevance of employers and their interests in enhancing immigration, recruiting migrant workers and placing them on the labour market and the need to take into account employers' preferences in this regard. By using different theoretical perspectives, researchers risk missing important assumptions and questions about the manifestation and pursuit of employers' interests in the context of labour migration. The NIE framework, on the other hand, is broad enough to systematically accommodate all the factors and interactions that influence employers' preferences and allows for the possibility that their interests are defined, negotiated and pursued in different ways.

The adaptation of the concept of the institutional environment within Williamson's four-level analytical model, inspired by NIE, allows us to address and explain economic processes through the concept of institutions, in which economic analysis is integrally linked to non-economic factors (historical, legal, socio-cultural and political). This approach represents employers' interests as being deeply embedded in the culture and social relations present in the given setting. It also captures the legitimacy of the interests within existing and evolving legal and informal norms. Consequently, this approach provides a basis for identifying the mechanisms of the manifestation of these interests. In particular, it brings together diverse aspects of the exercise of employers' interests, including collective action, lobbying and information asymmetry, to name but a few.

Employers' interests manifest themselves in and are constrained by the particular institutional environment. We define this environment as an ensemble of institutions operating at the first two levels of analysis – informal and formal norms – rendered dynamic through their enforcement and through the interactions of influential organisations, which take place at Level III. It includes, on the one hand, informal, culturally rooted norms on respect for the law and equal treatment, which affect the level of acceptance of irregularities and discrimination in the labour market and migration and, on the other hand, regulations defining labour standards, labour taxation and social security, regulations on immigration and migrant labour, as well as regulations on employers' possible avenues of influencing labour market and migration policy.

The clash of interests of the various employers and their groups with the interests of other labour market and migration actors is the subject of the third level of analysis, where the *play of the game* is identified. This play concerns the process of creation and amending of laws, when employers and other organisations lobby for their preferred solutions, the process of law enforcement by the state, group wage bargaining and forms of organising industrial relations and interest group activities. The *game* also takes place between business organisations, with employers reverting to players in the shadow economy, subcontracting or to the intermediation of the migration industry to minimise employment costs and to profit from information asymmetry or take advantage of their position in the labour market.

Individual employers recruit workers (including migrants) and enter into (written or tacit) contracts with them. Our approach captures the negotiation of these transactions at Level III and their outcomes at Level IV, which concerns the number of employees hired, wages paid in practice and the actual terms and conditions of employment, including those relating to work intensity and workplace standards. This is also the level where the segmentation of the labour market, which results especially from the implementation of informal norms regarding acceptable discrimination during the *play of the game*, manifests itself in the distribution of different workers by sector and type of job. At Level IV, the outcomes of clashing labour market interests can be expressed in the form of detailed empirical indicators which, in turn, become a source of information for actors of the game taking place at Level

III. Access to this information and the cost of acquiring it have a significant impact on the transactions concluded.

Nonetheless, the adaptation of Williamson's model is not without its challenges. The lack of clearly defined conceptual boundaries opens the avenue for modifications and creates the risk of vagueness and an inability to capture the complexity of the phenomenon being studied. Further, the entanglements and interdependence both between and within levels of analysis require extensive adaptation of various theories and measurements. This then leads to the fundamental gap in Williamson's model – namely, the lack of specified methodological tools suitable for addressing each level, as well as the dynamics between them. In the following chapters, we attempt to fill this gap by outlining the methodological steps for systematically studying employers' interests related to international labour migration and suggesting the axes around which such research can be focused (Chapter 3). We then present the results of our empirical research in four countries (Chapters 4–7) and in a comparative perspective (Chapter 8). Finally, in reference to the tendency – mentioned at the beginning of this chapter – for labour migration research to focus, on the one hand, on the motives or decision-making mechanisms of migrants and, on the other, on the mechanisms governing labour markets, we believe that the conceptual framework presented here allows for a change of orientation in this research and the emergence of a new and promising cognitive perspective. By focusing on employers' diversified interests, labour migration researchers will consider the broad context in which these interests are manifested and realised. This context encompasses the formal and informal rules of the game, the *play of the game* and its outcomes at the four above-described levels. It takes into account variables such as the type of capitalism, path dependency (with its historical socio-cultural heritage), ongoing changes in technology and the political voice of employers (or their organisations) related to their degree of centralisation or economic power. We believe that such a broad perspective will help to overcome the current fragmentation of research on employers' interests and international labour migration.

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Chapter 3
Methodological Steps in Studying Employers' Interests

Anita Brzozowska and Agnieszka Fihel

3.1 Introduction

As argued in Chapter 2, the New Institutional Economics (NIE) is a suitable and comprehensive framework for studying employers' diverse interests in labour migration. First, the NIE approach provides useful conceptual tools for studying the function of meso-level relations in facilitating and fueling international workflows and incorporating the behavioural factors crucial for establishing and enforcing rules characterising modern social orders. Second, it provides conceptual grounds for encompassing all three scales of social analysis (macro-, micro- and mesoscopic), interconnected through Oliver Williamson's (2000) framework, which facilitates formulating research questions and empirically testable hypotheses. Third, the NIE enables the study of both the direct actions of employers' groups of interest and their indirect influence on institutions related to labour migration.

Given the complexity of the subject matter, the methods used to investigate employers' interests and their influence on the mechanisms related to the inflow of foreign workers and their allocation in the labour market should closely align with the theoretical stipulations of the institutionalist approaches and support the empirical testing of diverse hypotheses. Grounded within this framework, the project[1] presented in this monograph structured its investigation into employers' interests through the hypotheses justified by the historical evidence provided in Chapter 1 and

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A. Brzozowska (✉) · A. Fihel
Centre of Migration Research, University of Warsaw, Warsaw, Poland
e-mail: anita.brzozowska@uw.edu.pl

A. Fihel
e-mail: a.fihel@uw.edu.pl

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the results of previous research presented in Chapter 2. Chapter 3 thus puts forward three research axes designed to reflect the multi-level analytical orientation of the New Institutional Economics. These axes, derived from NIE theoretical premises, address employer activities and influence, beginning at the micro-scale of individual decisions and choices, extending to the meso-scale of organisational and collective action before reaching the macro-scale of broader economic and legal environments. The axes are presented in the first part of this chapter, which defines the research field. The second part outlines methodological considerations for systematically studying such complex phenomena, discussing both the promises and the pitfalls of prevalent methodological options, paying particular attention to the potential of multiple-case-study designs. It further addresses specific issues such as the criteria for case selection, the identification of variables and units of analysis, the integration of multiple forms of evidence – including official documents, media coverage and data from in-depth interviews – the methods for tracing influence and the strategies for recognising negative evidence and cases where actors may not need to intervene actively because policy is already moving in a direction consistent with their preferences. This attention to both action and inaction helps ensure robust and unbiased research results. The aim of the chapter is therefore not only to present the methodology applied in the study discussed in this book but, more importantly, to draw attention to the key issues and limitations that should be taken into account when designing research of this nature. The chapter concludes by pointing to promising directions for future research.

3.2 Conceptual Delimitation of the Research Field

According to the Theory of Transaction Costs, which won Ronald Coase (1937) and Williamson (1975, 1985, 1996) Nobel prizes in economic sciences, the costs that are inherent to any economic transaction determine whether the exchange of goods and services takes place in the market or is internalised by the enterprises. In the case of an exchange of services, whereby one party provides a service, and the other party pays for it, employment is a rational means by which enterprises internalise the so-called transaction costs. These costs accompany each transaction – i.e. the exchange of work for money – and include the cost of acquiring the information about the subject and the terms of the transaction, the costs incurred when negotiating, drafting and agreeing on a contract that defines the transaction and, last but not least, the efforts required to properly monitor and enforce the contract (North, 1990; Williamson, 1985). Therefore, rather than bearing the tangible financial costs and risks associated with each single exchange of services, an enterprise is better off establishing a stable employment contract with the service-provider, who then becomes its employee. In this way, an enterprise saves on the costs of finding the most suitable person in terms of skills and expertise, negotiating the terms of contracts and supervising worker performance. According to this theory, an enterprise becomes a ‘coordination mechanism’ (Garrouste & Saussier, 2008), whereby the services are exchanged internally within one institutional entity, rather than through the market exchange, the latter being less efficient when transaction costs are high (we will address this issue further).

Each stage of the transaction can be characterised by power asymmetries (Williamson, 1985) that place the managers – according to the NIE terminology – or the employers in a privileged position relative to employees. Since human behaviour is opportunistic, managers impose the employment terms that favour the enterprise's interests and reinforce the hierarchical control over how work is performed. In other words, managers exert their *bargaining power* over employees, which is all the more important in relation to workers who are dispersed, have non-unique competencies or have a constrained legal status and access to rights in a given country, as is the case for a significant number of migrant workers. The concept of bargaining power, although already used by John Commons (1934), was specified by Alfred Kuhn (1964, p. 50) as 'the ability to get advantageous terms in the transaction'. With bargaining power identified as crucial for the employers' pursuit of their interests, we can formulate the first research axis to be investigated in the following way:

> *The characteristics of economic transactions that contribute to the bargaining power of employers towards migrant workers.*

We can approach this matter by referring to the legacy of NIE and identifying the causes of relatively high transaction costs. The higher the transaction costs, the greater the incentive to internalise economic transactions in the form of employment within an enterprise and the weaker the bargaining power of employers in relation to workers. Williamson (1975, 1985) distinguished three characteristics of work that cause relatively high transaction costs: frequency, asset specificity and uncertainty. While the frequency and repeatability of tasks are simply a prerequisite for establishing an employment relationship, the other two characteristics are particularly relevant in reference to migrant workers. The specificity of assets constitutes, notably, the knowledge and skills that are important for a firm while the uncertainty refers to the unpredictable market conditions in which the transaction takes place. As for the former, specific assets require investments, which encourages managers to establish long-term contracts with workers and to create financial and non-financial incentives for employees to remain within the firm. This explains why employers are interested in attracting highly skilled workers or those with lower, albeit rare, qualifications – both natives and migrants. This principle also works the other way around: workers without specific knowledge and skills are easily replaceable, as reflected in the relatively poor terms of their employment contracts. Workers with lower bargaining power, including migrant workers, often have no choice but to accept such terms. This premise is empirically confirmed by the fact that migrant workers tend to be concentrated at the two extremes of the labour market: in highly specialised jobs and low-skilled, poorly paid jobs.

As for the uncertainty about future conditions, managers (employers) are forced to renegotiate contract terms whenever they need to adapt tasks and work processes to changing product demand, technological progress, and market volatility. However, renegotiating contracts is always costly and long-term employment contracts mitigate these costs, albeit not entirely. To govern uncertainty, managers hire workers on advantageous terms whenever the tasks are complex and difficult to specify in advance – and require specific assets. For simple tasks that do not require specific assets but are characterised by a high level of uncertainty, it is beneficial for enterprises to externalise the risk to workers through precarious contracts, by outsourcing services to self-employed individuals or intermediate work agencies. Once again, the similarity with typical forms of migrant-worker employment, such as in agriculture, catering or construction, is no coincidence.

Obviously, all economic transactions take place in the broader institutional environment (Williamson, 1991) with institutions – whether formal (e.g. law, enforcement systems and organisations) or informal (e.g. norms and trust) – and interactions between them defining the rules of the game and shaping the incentives and constraints for employers' actions (North, 1990). Economic interests in minimising transaction costs are therefore not abstract or external but are contingent on the institutional structure in which they occur. Institutions determine the extent to which the cooperation between employers is advantageous for pursuing common *group interests* relating to recruitment and employment, how these collective actions can be pursued and the limits of these actions. If this is beneficial, the firms can exert collective influence to secure a public good (Olson, 1965), which is a classic term of welfare economics: it is a good that, once provided, usually by the government, is accessible to everyone and whose quantity cannot be reduced as the number of actors using it increases (Samuelson, 1954). These two characteristics of public goods: non-excludability and non-rivalry, perfectly describe the instruments of migration policy, such as work schemes: once established, they serve all employers to an unlimited extent. Employers, as an interest group, can therefore act collectively to secure favourable legal solutions regarding employment conditions or the possibility of recruiting migrant workers. This brings us to the second axis of research:

> *The circumstances under which employers' collective actions effectively influence the institutions governing the inflow and employment of immigrants.*

Here institutions are defined broadly, including both formal (e.g. the regulatory framework of immigration) and informal elements (e.g. the tolerance of migrants' poor remuneration and working conditions).

The pioneering work by Mancur Olson (1965) focuses on the effects of interactions between individual actors, demonstrating that collective action often yields more rational outcomes than individual strategies – but also that not all members of a group are interested in paying the cost of securing the collective good. In particular, large, fragmented groups of employers, whose members would benefit from a collective good available to everyone – such as a favourable migration policy – risk the 'free-rider' problem, when members avoid paying the cost of securing access to the collective good. Private households that employ migrants for domestic tasks do not coordinate collective action to recruit workers from abroad, because the *milieu* is too dispersed and the potential individual benefits of securing favourable policy solutions would not outweigh the costs of exerting the political influence. Conversely, we can imagine an economic sector consisting of a small number of large enterprises that establish employers' organisations to pursue and protect sector-specific interests, such as favourable work schemes for foreign employees. In these sectors, establishing employers' organisations can mitigate the free-rider problem; these organisations can, according to Olson (1965), create incentives for their members to align private and group interests that go beyond the public good pursued, such as providing access to joint legal services, lobbying influence or industry-specific information. In this way, organisations not only reduce transaction costs but also structure incentives for group formation and cooperation.

Just as business activities do not take place in an institutional vacuum, the institutional environment should not be considered apart from its historical legacy. Institutions develop incrementally not revolutionarily, 'connecting the past with the present and the future', to quote Douglass North (1991, p. 97), another Nobel-Prize winner in economic sciences. Yet there is more to the gradual adaptation of institutions than simply their pace; according to North, there are several reasons why institutions, particularly informal ones, evolve rather than change abruptly: particular actors have vested interests in the *status quo* and any change incurs the costs of coordinating, learning new rules and altering collective agreements. Any deviation from a previously taken institutional path is initially costly, difficult and inefficient. Therefore, the mechanism of *path dependence* prevails, defined by North (1990, 1991) as a process in which previous institutional choices constrain subsequent decisions, even if alternative options could be more economically or socially optimal. Such institutional inertia occurs in all policy areas, including international migration. In this domain, institutional routines, organisational structures and legal precedents determine the scope for potential reforms. For this reason, we propose to investigate migration policy in terms of its institutional legacy, addressing the following research axis:

The extent to which migration policy is path-dependent on early decisions in policymaking.

The three research axes above constitute the basis of the proposed research field: from employers' bargaining power over migrant workers, *via* the pursuit of employers' group interests in migration policymaking, to migration policy that reflects these interests, regardless of its current optimality, in line with the previously chosen trajectory. At the same time, these axes designate three scales at which the empirical analysis of employers' interests can be conducted: micro-, meso- and macroscopic, with an enterprise, an interest group or a migration policy as the main subjects of study. Before presenting methodological guidelines to such research, we examine how these three scales of analysis intersect with four institutional levels proposed by Oliver Williamson (2000), as discussed in detail in Chapter 2. Employers' interests with regard to labour migration can simultaneously operate at different institutional levels and social scales (see Table 3.1), with informal social norms (Williamson's Level 1) shaping both contract negotiations within enterprises, collective actions between enterprises and the principles that underlie migration policy. Rules of the game (Level 2) define the legal framework for work relationships, collective actions and labour migration, whereas the *play of the game* (Level 3) translates these rules into concrete practices of contracting, enforcement and lobbying, which ultimately

Table 3.1 Examples of research subjects

Williamson's institutional levels	Scales of analysis		
	Micro (enterprise)	Meso (interest group)	Macro (migration policy)
Level 1: *Informal institutions (embeddedness)*	Modes of contract negotiation	Readiness for collective actions	National identity and acceptance of migration
Level 2: *Rules of the game*	Labour law	Lobbying law	Admission and work rules
Level 3: *Play of the game*	Enforcement of work contracts	Lobbying activities	Enforcement of administrative procedures
Level 4: *Allocation of resources*	Work and remuneration conditions	Political influence of employer organisations	Migrant worker quotas

Source Authors' own elaboration

determine the resource allocation (Level 4) – that is, the number of migrant workers and the conditions of migrant employment. An analysis of employers' interests may focus on separate elements of the matrix, as well as potential tensions between them. These tensions may arise at the macro scale – when public opinion constrains governments from establishing liberal admission procedures despite pressure from employers' organisations – or at the micro scale, when enterprises rely on informal practices that diverge from the legal framework, thus contributing to a persistent gap between regulation and everyday employment conditions.

3.3 Methodological Choices in the Study of Employer Interests

3.3.1 Research Design: Selection Criteria and Comparative Logic

To investigate the research axes outlined above, a theory-centred multiple-case-study design, which incorporates embedded sub-units (i.e. sectors of economic activity in country case studies), different scales of social analysis and an interdisciplinary perspective, provides a suitable approach (Fig. 3.1). The design involves examining a phenomenon across several distinct cases to uncover patterns of similarity and divergence (Yin, 2018). Each case serves as an individual study, allowing for replication and the testing of theoretical propositions in varying institutional environments that correspond to different types of capitalism (Hall & Soskice, 2001). Central to this design is a comparative approach, a key element in the analytical toolkit of

NIE, which is particularly effective for assessing how varying institutional environments influence outcomes over time (Ménard & Shirley, 2022; Skarbek, 2020). By systematically comparing cases, this design not only tests specific hypotheses but also generates insights that can contribute to the refinement and extension of general theory (Rohlfing, 2012).

Importantly, this approach allows for the examination of both formal and informal institutions. Many of the most consequential 'rules of the game' are not codified in constitutions or laws but are, instead, informal, socially shared expectations and norms that operate outside officially sanctioned channels (for more, see Chapter 2). These informal institutions may complement, accommodate, compete with or substitute for formal ones. Understanding their interaction is crucial for explaining political behaviour and institutional performance (Helmke & Levitsky, 2004), including dynamics related not only to migration policy, but also to labour-process questions concerning the sourcing, hiring and retention of the foreign labour force. Incorporating informal institutions in the enquiry is particularly important for identifying and analysing moral hazard behaviour in the labour market, where gaps between formal regulations, weak enforcement mechanisms and prevailing informal practices can create incentives for opportunistic strategies by employers hiring migrant workers. Such dynamics may also reinforce the bargaining power of employers over migrants. By employing a multiple-case-study design, researchers can capture the nuanced and often context-dependent ways in which informal institutions shape outcomes, particularly in settings where formal rules are weak, ineffective or systematically circumvented.

To ensure analytical clarity and comparability across cases, clearly defining the unit of analysis is essential. Selecting an appropriate unit allows researchers to focus on how institutional dynamics operate within and across similar structures, while accounting for variation in context. In comparative research on employers' influence on labour migration policymaking, it is essential to include both countries and economic sectors in the analytical framework, as each provides distinct and complementary insights into how institutions operate and evolve (Bechter et al., 2012; Caviedes, 2010; Devitt, 2024). Focusing solely on national-level institutions risks obscuring important variation that occurs within countries, particularly across different sectors of the economy (Bechter et al., 2012). Sectors often have unique institutional logics, governance structures and historical trajectories that shape the behaviour of actors in ways not fully captured by national typologies, such as the varieties of capitalism approach (Hall & Soskice, 2001). At the same time, excluding country-level dynamics would ignore the broader political, legal and cultural contexts that condition sectoral variation. Including both levels enables a more nuanced understanding of institutional heterogeneity and avoids the pitfalls of determinism. Importantly, this kind of dual-level analysis helps to clarify the conditions under which either national or sectoral logics become dominant in shaping employers' preferences in hiring migrant workers (Caviedes, 2010). By disaggregating the analysis into specific sectors, researchers can better identify variations in flexibility demands across sectors and countries, assess the relative strength of domestic institutions in

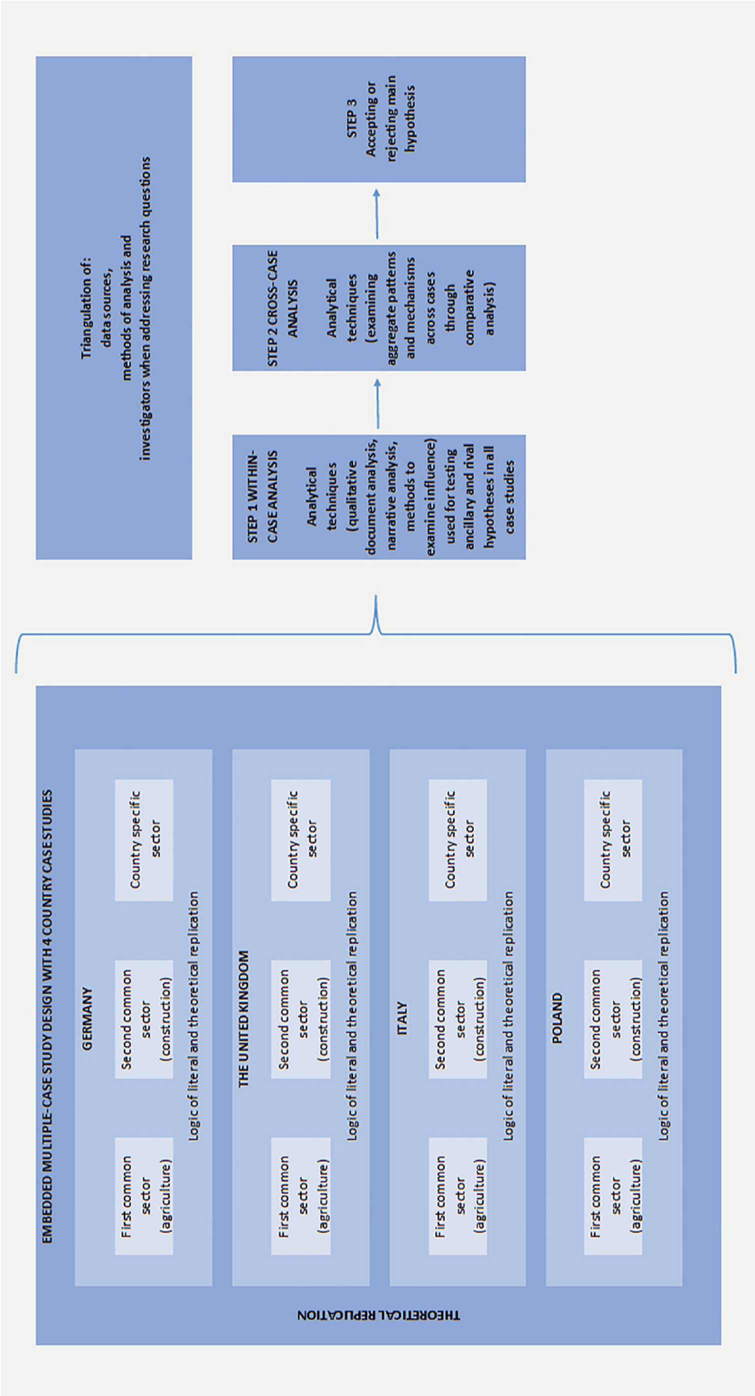

Fig. 3.1 Project design and analytical strategy. *Source* Authors' elaboration

influencing outcomes and examine how reliance on a foreign workforce can serve as a solution to these flexibility pressures (Caviedes, 2010).

However, defining clear boundaries between different types of production processes can be analytically challenging due to overlaps and interdependencies. For example, agriculture not only produces raw agricultural products but also supplies inputs to food-processing industries, a process that may, in some cases, take place within the same locality or even within the same enterprise. One way to address these challenges is to adopt an approach that accounts for inter-sectoral linkages (e.g. supply-chain linkages) and to apply it consistently across all country case studies. Equally important is recognising the internal heterogeneity within sectors themselves – such as firm size, the company's import or export orientation, the internationalisation of its sector (including the degree of international competition it faces), the tradability of the sector (manufacturing vs services) as well as the gender composition of its workforce (Afonso, 2012; Bechter et al., 2012). Furthermore, in the case of large sectors, it is often advisable to distinguish between the relevant subsectors, as this helps to capture more precisely the key differences in production dynamics and policy needs. When using statistical classifications of economic activities sponsored by governments or international organisations (such as the European Union or the United Nations), this step is particularly important because some categories, such as manufacturing, are too broad for detailed analysis.

This leads us to the question of what case-study selection criteria or rules can facilitate for both within- and cross-case analysis of employers' interests in labour migration, while allowing for the identification of both similarities and differences, in order to specify the conditions under which the institutions governing the inflow and employment of immigrants reflect the interests of employer groups. It is important to distinguish between the analytical purposes of cross- and within-case comparisons (Rohlfing, 2012). A within-case comparison focuses on uncovering the causal mechanisms and processes that explain how and why a particular outcome emerges within a specific case. A cross-case comparison focuses on identifying the causal effect of a given factor across different contexts – for example, related to our first research axis about the bargaining power of employers. It is at this level that causal relationships are typically theorised and tested.

In the project on which this book is based, cases were selected to enable both within- and cross-case analysis. In the first stage, the selection followed the logic of theoretical replication, predicting divergent results on the basis of prior assumptions about different types of capitalism, namely liberal (the United Kingdom), coordinated (Germany), Mediterranean mixed (Italy) and dependent market economies (Poland), leading to path-dependent institutional environments. These countries are widely regarded as paradigmatic examples of their respective varieties of capitalism (Hall & Soskice, 2001; Molina & Rhodes, 2007; Nölke & Vliegenthart, 2009). Furthermore, they exhibit divergent immigration histories: the United Kingdom – with intense connections to its former colonies, Germany – with long-standing traditions of resorting to temporary labour migration, Italy – which only became a significant destination from the late 1980s largely through irregular flows – and Poland, which constitutes an example of an immigration country *in statu nascendi*, having only recently begun to receive substantial inflows of migrants.

In the second stage, the selection relied on literal replication, focusing on agriculture and construction – two labour-intensive sectors with a high proportion of migrant workers, which share similar structural conditions and were therefore expected to produce comparable results. In addition, country-specific sectors, characterised by different levels of qualifications and skills, were selected to capture particular institutional and economic configurations, including patterns of inter-company relations that shape employer preferences and strategies within different national contexts (see Fig. 3.1).

This sectoral focus also shaped the selection of actors. Since our main concern is the role of employers' group interests in labour migration and the employment of migrants, not migration as such, the study focuses on actors coordinating collective action, including business associations, sectoral organisations, chambers of commerce, professional bodies or other forms of organised representation, rather than individual employers. This approach is well-suited to analysing employers' role in migration governance, while recognising that it does not provide a systematic account of individual firm behaviour or workplace-level labour processes. At the same time, we do not view this role primarily through the prism of lobbying. Instead, we adopt a broader understanding of employer influence by examining the various forms through which employers' interests are articulated, represented and pursued. The following subsections discuss the methodological implications of this approach in more detail.

Another important dimension of designing a multi-case study is the careful selection of time frames. Aligning cases around periods of heightened employer activity allows researchers to capture moments when institutional constraints and opportunities are the most visible, thereby sharpening cross-case comparisons and facilitating the identification of causal mechanisms. In our research project, this meant focusing on decisive moments in each country's recent history, when migration policies became either more liberal or more restrictive towards labour immigration – which we referred to as *milestones* and conceptualised as critical junctures and political focal points (Bengtsson & Ruonavaara, 2017). Critical junctures are periods in which alternative policy paths are open and any choices made have long-term consequences as, once a direction is taken, it becomes difficult to reverse course (Mahoney, 2000). One example is the opening of labour markets to Central and Eastern European workers after EU enlargement in 2004 in the UK, as well as Brexit (see Chapter 5). Political focal points, in turn, are highly salient decision-making moments that often reinforce and consolidate existing institutional trajectories, thereby manifesting the path dependence established at earlier junctures. Examples include reforms revising quotas for labour migrants or tightening the link between residence status and employment (e.g. in Italy, see Chapter 6), all of which made existing policy directions politically salient without fundamentally altering the underlying institutional path.

3.3.2 Collecting Evidence

The case-study method requires triangulating multiple sources of data to enhance validity and mitigate the biases associated with any single approach (Beach & Pedersen, 2016; Yin, 2018). The proposed methodology is based on three major elements, all of which involve qualitative methods for collecting data that allow researchers to cross-check findings and develop potential explanations of the process under analysis, with particular attention given to the causal mechanisms that account for both employers' preference formation and the influence of their group interests, as well as the role of other actors who may drive institutional change on labour migration.

In our project, we relied on a combination of primary and secondary sources (Table 3.2). Primary data included archival materials related to identified *milestones,* such as official and internal documents, legislative texts, draft bills, grey literature – including government documents, for example, white papers, green papers, official minutes, parliamentary records (e.g. Hansard), consultation papers, press releases and speeches – as well as in-depth interviews with key actors in each case study, selected through purposive sampling. Secondary data consisted of media coverage related explicitly to those *milestones.*

At the first stage, we undertook a comprehensive review of public records, focusing on materials connected to identified *milestones.* Sources included documents from public administrations, employers' organisations, trade unions, chambers of commerce and other relevant bodies. Wherever possible, archival materials were complemented by additional data sources, such as reports commissioned by employer associations, which shed light on attitudes and needs related to foreign labour. The credibility of these documents was carefully assessed in terms of their origin, representativeness and quality. Although parliamentary records of debates, speeches and hearings provide valuable evidence of policymaking and reveal the interests and actions of their authors, we recognise that such documents are not neutral. They are often used rhetorically to exert political pressure, to institutionalise or politicise an issue or to legitimise decisions already taken (Boswell et al., 2011). For this reason, our analysis treats them not only as sources of insight into the formal rules and institutional frameworks that shape labour migration but also as discursive artefacts (such as media coverage), paying close attention to the narratives used to portray the intentions and actions of the actors involved. Data collection was carried out in public libraries and archives, in the archives of trade unions and employer organisations, public databases providing access to national legislation, as well as websites which track lobbying activities and legislative processes. Importantly, the research also made use of previously unpublished archives of the Labour Market Department of the Ministry of Family and Social Policy in Poland, to which researchers were granted special access. These materials constitute a unique body of information unavailable in other data sources (see Chapter 7).

While archival research provides valuable insights into institutional frameworks and policymaking practices, it also involves important limitations: access to internal

Table 3.2 Research sample and empirical material across the four country case studies

Country case study	Type of source		
	Primary sources		Secondary sources
	Archival materials related to identified milestones	Interview sample	Media outlets
Germany	Green Card (2000) Immigration Act (2005) Refugees Integration Act (2016) Migration Package (2019)	19 IDIs (7 academic/policy experts; 4 trade union/labour representatives; 3 legal/advisory professionals; 2 employer-side actors; 2 state/political actors; 1 consulting research officer)	*Der Spiegel*; *Frankfurter Allgemeine Zeitung*; *Süddeutsche Zeitung*; *Die Zeit*
United Kingdom	EU enlargement (2004) Introduction of the Points-Based Immigration Scheme (2008) Launch of the new points-based immigration system (2020)	33 IDIs (10 employer-side actors; 6 trade union/labour representatives; 5 academic/policy experts; 5 civil-society/NGO actors; 2 state actors; 2 sectoral training/professional body representatives; 2 legal/advisory professionals; 1 intermediary-community actor)	*Financial Times*; *The Guardian*; *The Daily Telegraph*; *Daily Mail*; *Daily Mirror*; *Farmers Weekly*; *Construction News*
Italy	Foschi Law (1986) Martelli Law (1990) Turco-Napolitano Law (1998) Bossi-Fini Law (2002)	14 IDIs with 16 interviewees (9 employer-side actors; 4 trade union/labour representatives; 3 academic experts)	*La Repubblica*; *Il Corriere della Sera*; *La Stampa*; *Il Sole 24 Ore*
Poland	Introduction of the so-called simplified procedure (2006) Implementation of the EU Seasonal Workers Directive (2018) Extension of the so-called simplified procedure (2022)	24 IDIs (5 employer-side actors; 5 intermediary-community actors; 4 academic/policy experts; 3 central administration representatives; 3 legal/advisory professionals; 2 public-employment service representatives; 1 trade union/labour representative; 1 civil-society/NGO representative)	*Dziennik Gazeta Prawna*; *Polityka*

Source Authors' elaboration

materials is often restricted, the availability of records can be uneven across countries and institutions, hindering comparison, while publicly accessible documents may disproportionately reflect the perspectives of official actors. Moreover, some forms of employer influence may remain difficult to trace in archival sources, particularly in cases of hidden lobbying, such as informal meetings with ministers or civil servants, off-the-record consultations or undisclosed funding. Furthermore, employers' interests are not confined to labour migration alone. In some cases, they may focus on other policy areas or on securing access to the labour market for different categories of migrants – i.e. seasonal workers, students or asylum-seekers. Thus, to ensure that such additional areas of policy are adequately considered, it is good practice to consult external experts from academic institutions in each country under study. These consultations form part of the triangulation procedure and strengthen the credibility and validity of the research findings (Denzin, 2006).

In the second stage of empirical investigation, also within the framework of triangulation, we examined media coverage as a secondary source of evidence on public debates, as well as a supplementary source for tracing employer positions in cases where they were less visibly engaged in the political process – i.e. they did not participate in parliamentary debates or submit their own legislative proposals. Media reporting offered insights into how migration issues were framed, the salience of employer demands and the broader political climate in which policy decisions were made. Crucially, even if the claims formulated in the political debate are not directly translated into public policies, they create a normative context for existing or future legislative solutions. Situating findings within the broader political climate and taking into account the salience of migration in public discourse is critical for an in-depth analysis of the influence of employer interest groups, as the level of public attention to migration can significantly impact on the openness of policymakers to employers' demands (Anderson & Ruhs, 2010; Caviedes, 2010; Feldmann & Morgan, 2021; Forde et al., 2024; Wright, 2017).

We also assumed that, in certain circumstances, the creation or reform of institutions regulating the inflow or employment of immigrants may favour employer interests even without their active participation in the legislative process. Where employers remain absent, media coverage may become an important source for tracing their positions and influence. At the same time, media sources require careful interpretation, as reporting tends to emphasise conflict, may privilege certain voices over others or may include opinion-based interpretations not fully supported by evidence. There is also a risk of conflating visibility with influence, mistaking actors who speak loudly for those who are truly influential. Nevertheless, media coverage also served to contextualise other elements of our empirical research, particularly the in-depth interviews. To this end, we employed a purposive sampling strategy to capture a diverse range of high-circulation outlets, varying in political alignment, target audience and journalistic focus (political and business).

To complete our empirical investigation, in the third stage we conducted in-depth interviews (IDIs) with a heterogeneous set of key actors in each case study (see Table 3.2). These included the so-called old regulatory actors (understood here as individuals directly involved in shaping, implementing or enforcing regulations) such as employer and trade-union representatives, policymakers, civil servants and retired officials. They also included new actors, such as NGO representatives and experts, who have only recently become engaged in policymaking processes (Alberti & Cutter, 2022; MacKenzie & Lucio, 2019). All these participants provided perspectives on preferences, strategies and negotiations that could not be fully captured in written sources. While documents were valuable for reconstructing institutional processes, interviews allowed us to address some of their limitations by revealing informal dynamics, which offered insights into what occurred behind closed doors.

At the same time, elite interviewing with participants directly involved in events leading to the outcomes under study entails important limitations and challenges. Firstly, accessing respondents can be difficult, as key actors are often busy, may be reluctant to discuss sensitive political issues or may not perceive direct benefits from participating in the research. Access is also uneven. Some categories of actors are more willing or easier to reach than others, which may shape the balance of perspectives represented in the empirical material. Furthermore, interviewees may misrepresent their positions, exaggerate their own influence or strategically portray decision-making processes in a way that serves their interests, while others may understate their involvement (Tansey, 2007). Interviews conducted long after key events are also vulnerable to memory lapses and retrospective reinterpretation. Ethical considerations also posed challenges. Ensuring informed consent and safeguarding anonymity was particularly difficult given the small circle of elites involved, where identities could sometimes be inferred despite anonymisation.

To mitigate these challenges, we employed triangulation, systematically cross-checking interview evidence with documentary and media sources in order to validate claims and identify inconsistencies. In addition, we used an iterative approach, since initial findings were revisited and refined in subsequent interviews, allowing us to clarify ambiguities, probe emerging themes and adjust the sampling strategy when new relevant actors were identified (Fairfield & Charman, 2019; Naczyk, 2022).

3.3.3 Analysing Evidence

To carry out an analysis along the defined research axes and test our hypotheses, we employed a combination of methods and divided the analytical process into three stages. In the first stage, we conducted within-case analysis using qualitative document analysis (QDA) and narrative analysis to trace the policymaking process related to labour migration and to uncover the interests, actions and strategies of different actors. The analysis focused on content, form and the institutional settings in which documents were produced, giving attention to timing and sequencing in the collected narratives from interviews, as well as the way in which participants justified their decisions and framed political issues. We also applied well-suited methods (Dür, 2008; Dür & de Bièvre, 2007) to examine the influence of employers in labour-migration policymaking and test our hypotheses (see Introduction and Chapter 1). The respective advantages and limitations of these approaches are discussed below. In the second stage, we applied cross-case synthesis based on comparative methods, which provided the basis for accepting or rejecting the hypotheses in the final stage of the analysis. This approach seeks to preserve the integrity of each case, while comparing or synthesising the within-case patterns observed across cases (Yin, 2018).

The first method to measure interest-group influence is the attributed influence method, which assesses how employer influence is perceived, either through self-assessment, peer evaluations or expert judgments (Dür, 2008). Data for this method are typically collected through surveys or structured interviews, which ask respondents to evaluate their own or others' influence on specific policy outcomes. This method is relatively simple and well-suited for identifying reputational power and capturing all possible influence channels. Its major weakness, however, is that it measures perceived rather than actual influence and responses may be subject to strategic exaggeration, under-reporting or recall bias. In the research project underpinning this book, we used this method to analyse data from in-depth interviews with key stakeholders and capture how employers' influence in labour-migration policy-making was perceived by both themselves and other actors, such as representatives of trade unions or think tanks providing expert support to ruling parties.

The second method is assessing the degree of preference attainment, which evaluates the extent to which employers' stated preferences align with final policy outcomes (Dür, 2008). It requires researchers to identify employer positions and then compare them systematically with final policy texts. Data are collected through policy documents, position papers and interviews that clarify actors' preferences and the policy outputs. This approach is particularly effective for identifying influence – even when lobbying activity is not visible – and is suitable for large-N studies. Thus, it is likely to over-estimate the influence. Nonetheless, it faces challenges in accurately identifying genuine preferences, controlling for alternative factors explaining a coincidence between preferences and outcomes and capturing the salience of different issues to various actors. In our project, we applied this method by systematically comparing employers' publicly stated preferences with the content of migration-policy reforms, while also using interview data to check whether alignments reflected influence or were coincidental outcomes.

The third method is process-tracing (see Fig. 3.2), a qualitative type of inquiry that uncovers the causal mechanisms linking employer lobbying to specific policy changes by systematically tracing access, actions and outcomes across the policy process (Beach & Pedersen, 2013; Bennett & Checkel, 2014; Collier, 2011; Trampusch & Palier, 2016). This method is best supported by data collected through semi-structured or in-depth interviews (IDIs) with key stakeholders (employer and trade-union representatives, as well as policymakers), document analysis (e.g. legislative drafts, consultation submissions, internal memos and minutes) and archival research. Its main strength lies in its ability to reconstruct causal chains and trace how influence is exercised over time (Skarbek, 2020). However, it is limited by its reliance on detailed empirical evidence, potential bias in data collected through interviews (especially with interviewees who are the most readily available yet not necessarily the most knowledgeable) and restricted generalisability due to its typical application in small-N case studies (Rohlfing, 2012). Moreover, even when researchers utilise all available sources, they often struggle to fully reconstruct the causal mechanism, which may lead to an under-estimation of the analysed influence. In addition, the available evidence may not always discern clearly between competing and incompatible explanations.

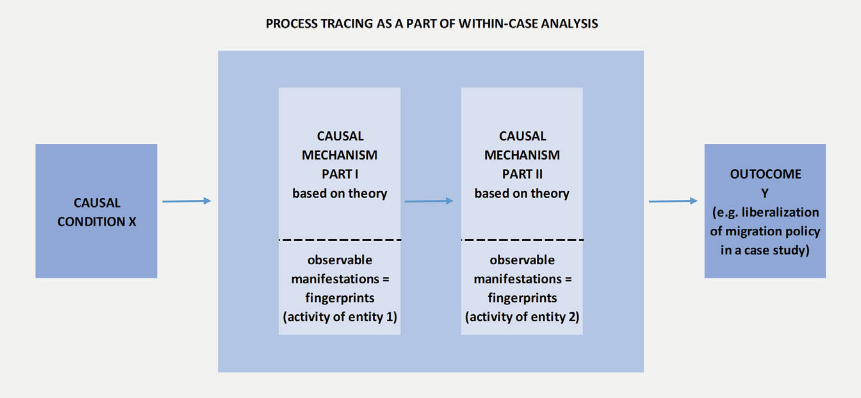

Fig. 3.2 Process tracing as part of within-case analysis. *Source* Fig. 3.2 based on Beach and Pedersen (2013)

In projects on employers' interests and their influence on policymaking, the process-tracing method can be applied by formulating case-specific predictions about the evidence expected if specific parts of a causal mechanism exist – for example, whether employers' lobbying was reflected in draft provisions or consultation records. This approach focuses on mapping as many empirical fingerprints of each part of the mechanism as possible, while clearly flagging the weakest links. To guide this procedure, different types of evidence can be employed (Beach & Pedersen, 2016, p. 99): sequences, which concern the temporal and spatial order of events predicted by the mechanism; traces, where the existence of a source (e.g. meeting minutes or an oral account of what took place) demonstrates that a step in the mechanism occurred; and accounts, which focus on the substantive content of empirical material, such as interview testimony or the wording of legislative proposals. At the same time, it is important to specify what would count as evidence for alternative explanations (e.g. policy originating primarily from party ideology, pragmatism or situations in which employer preferences appear to follow policy changes, indicating a reactive role instead of serving as the driving force behind them) and consider what could be concluded if the predicted evidence was absent, i.e. how negative evidence should be interpreted so as to avoid hard-to-defend assumption of monocausation (Rohlfing, 2012).

More specifically, drawing on Yin's (2018) classification of 'craft rivals' (involving methodological threats) and 'real-world rivals', several rival hypotheses should be considered. A 'direct rival' explanation suggests that other actors, such as labour unions, advocacy groups or political elites, were the actual drivers of policy change. A 'commingled rival' implies that employer interests contributed to the outcome but only in combination with other significant factors, making it difficult to isolate employers as the primary causal agent. An 'implementation rival' argues that the policy results stemmed more from how the policy was carried out than from the influence of employer preferences themselves. Other real-world rivals include 'rival theory', which posits that a different theoretical framework better explains the observed outcomes – for example, the Advocacy Coalition Framework (Sabatier, 1998) or the Multiple-Streams Framework (Béland & Howlett, 2016; Jones et al., 2016). Furthermore, 'super rival' and 'societal rival' point to broader macro-level forces, such as globalisation or changing attitudes toward migration, as shaping outcomes independently of employer actions.

Furthermore, researchers should take into account three 'craft rivals' posing methodological challenges, as described by Yin (2018). According to the 'null hypothesis', the observed patterns or effects may be the result of mere chance rather than a meaningful causal relationship. 'Threats to validity', such as selection bias, historical events or instrumentation issues, could undermine causal inference. 'Investigator bias', including the influence of researcher expectations or presence, may also shape results.

The logic underpinning these analytical procedures is Bayesian reasoning, which requires researchers to consider the likelihood of observing specific pieces of evidence before conducting the empirical analysis (Rohlfing, 2012). Confidence in a hypothesis is then updated in light of the actual evidence collected, depending on how (im)probable those observations were under competing hypotheses. By contrast, a frequentist approach bases causal inference solely on the number of observations that are – or are not – consistent with a given hypothesis.

3.4 Conclusions and Future Directions

By placing employers' interests and their institutional environment at the centre of our analysis, the project presented in this monograph sought to provide a comprehensive framework for studying labour migration across the three scales of social reality: the micro scale of individual decisions and choices, the meso scale of organisational and collective strategies and the macro scale of broader economic and legal environments. Drawing on the premises of New Institutional Economics, this framework guided the formulation of the research axis and structured the overall inquiry.

Our investigation has demonstrated that understanding employers' preferences, bargaining power and strategies in managing and employing migrant labour, as well as their influence on institutions governing the inflow and employment of immigrants, requires attention to multiple dimensions. These include skill specificity (low- vs high-skilled workers), contract flexibility (temporary vs permanent employment), recruitment channels (formal vs informal) and the degree of substitutability of workers, all of which condition employers' relative advantage in negotiating employment conditions with migrant labour (Anderson & Ruhs, 2010; Caviedes, 2010). Firm- and sector-level characteristics, together with features of industrial-relations systems, also prove crucial in shaping strategies and outcomes. In addition, industrial-relations characteristics play a crucial role in the analysis to capture 'system effects' outside the control of individual employers (Anderson & Ruhs, 2010), including associational density and fragmentation (both among unions and employers' associations), the extent of collective bargaining coverage and consultation practices with the so-called old and new regulatory actors (Alberti & Cutter, 2022; MacKenzie & Lucio, 2019) and the degree of coordination in labour relations. Capturing these dynamics necessitates methodological triangulation (Denzin, 2006), which enables a more nuanced assessment of how institutions concerning the inflow and employment of immigrants reflect the group interests of employers, as well as how early decisions in immigration policymaking create path-dependent institutions.

At the same time, the presented research design has several limitations. First, because the project focuses primarily on employers' group interests and their articulation through actors coordinating collective action, it does not offer a systematic account of individual firm behaviour or workplace-level labour processes. Direct engagement with employers and workers would be necessary to examine in greater detail how migrant labour is recruited, managed, disciplined and retained at the workplace level. Second, although the study traces employer influence through documentary analysis, media coverage and in-depth interviews, some forms of influence remain difficult to capture. Hidden lobbying, informal access, closed consultations and personal networks may leave little or no documentary trace, while actors may be unwilling or unable to disclose them fully in interviews. Third, the absence of visible lobbying should not be read straightforwardly as the absence of influence. Employers may not need to intervene actively when policy is already moving in a direction consistent with their preferences. In this sense, inaction may be as analytically significant as action.

While our project advances our understanding of employer influence, it also raises new questions and lines of investigation that future research should explore. Comparative extensions beyond the countries included in the project could test the robustness of the findings across different institutional and political contexts, including states with more restrictive immigration policies. Further inquiry should pay closer attention to the varieties of capitalism and to sectors (characterised by highly skilled and well-remunerated employment) beyond those examined here, in order to capture cross-sectoral variation in employer strategies. Future research would also benefit from integrating perspectives on the 'future of work', particularly the impact of the gig economy, digitalisation, technological change and new skill demands (e.g. green skills related to renewable energy technologies, energy-efficient construction, sustainable transport, waste management and climate-smart agriculture) while paying attention to different types of employer, including platform-based businesses and state-led or state-owned enterprises, as well as the blurring of lines between employment and self-employment. In particular, the question of whether employers are likely to pursue automation as a substitute for migrant labour deserves systematic investigation. It would also be valuable to examine how changing geopolitical conditions shape employers' demands and strategies for recruiting and employing migrants.

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Chapter 4
Employers' Interests in Skilled Foreign Labour in a Coordinated Market Economy: The Case of Germany

Sara Bojarczuk and Mateusz Jamro

4.1 Background and Aim of the Chapter

This chapter examines the role of employers in shaping labour migration policies in Germany, a coordinated market economy (CME) (Hall & Soskice, 2001). Within this institutional environment, the structured procedures of tripartite negotiations impose constraints on how interest groups can pursue their interests. Yet, employers in Germany have historically demonstrated considerable agency in aligning migration policy with economic needs, often by strategically mobilising discourse and capitalising on moments of opportunity for policy change. Their influence is evident in the gradual shift of formal rules, such as migration policies toward skilled migration, which has been framed simultaneously as economically necessary and politically acceptable. The framing reconciles the tension between sovereignty – understood as the state's capacity to control migration – and governmentality or migrant integration, reflected in the need to engage migrants in the labour market and society (Chauvin & Garcés-Mascareñas, 2012, p. 254; Joppke, 2024, p. 816).

Current political debates are shaped by the narrative of labour shortages, particularly in sectors such as healthcare, nursing, construction, skilled trades, teaching, IT and transport (Bundesagentur für Arbeit, 2022, 2025; CEDEFOP, 2024). By 2025, the Federal Employment Agency confirmed enduring structural shortages, the most pronounced in skilled-worker positions, with healthcare and construction being among the most critical 'bottleneck occupations' (i.e., the most affected by skilled-labour shortages) (Bundesagentur für Arbeit, 2025; KOFA, 2024). Employers in these sectors have been especially active in lobbying for more flexible migration

S. Bojarczuk (✉) · M. Jamro
University of Warsaw, Centre of Migration Research, Warsaw, Poland
e-mail: s.bojarczuk@uw.edu.pl

M. Jamro
e-mail: m.jamro@student.uw.edu.pl

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pathways, as their reliance on semi-skilled foreign labour places them at the forefront of demand (Ruhs & Anderson, 2010). This underscores the political urgency of securing migrant labour as part of a broader policy design. As Andrea Nahles, Chair of the Agency's Executive Board, stated: 'The shortage of skilled workers remains a major challenge for Germany as a business location…we need to pull out all the stops – from targeted further education and training, to ensuring a better work/life balance, through a managed migration' (Bundesagentur für Arbeit, 2025, p. 2). These shortages have prompted employers to intensify their lobbying efforts and push towards more flexible and predictable migration pathways (*play of the game*). In practice, employer organisations resort to shortage narratives to justify regulatory reforms, while individual firms – especially large ones – build the infrastructure needed to attract foreign workers. The analysis developed in this chapter illustrates how these strategies both shape and are shaped by Germany's CME, highlighting the unequal ability of firms to act on these changes, which also vary across sectors.

Employers' reliance on migrant labour in Germany extends well beyond the skilled labour that dominates political debate. For decades, sectors with low skill requirements – such as agriculture, food processing, logistics and domestic work – have depended on foreign workers, beginning with the guestworker programmes[1] and continuing through the EU's freedom of movement (Leiber et al., 2019) and, more recently, the inflow of Ukrainian nationals admitted under the Temporary Protection Directive in 2022. Despite this long-standing dependence – shaped by informal rules and expectations – public discourse foregrounds the need to attract skilled professionals, often overlooking the fact that low-wage migrants remain essential to the competitiveness and functioning of key industries (Angenendt et al., 2023; Anong, 2023; Migration Policy Institute, 2013). Even though this chapter focuses primarily on skilled workers, it also demonstrates that employers' interests are far broader: they encompass not only access to qualified professionals but also the continued availability of lower-skilled migrant labour through intra-EU mobility and bilateral agreements. In this sense, German employers operate across a dual labour migration regime in which both skilled and low-skilled migrants are indispensable, even if only one of these groups receives sustained political attention.

This chapter contributes to the debate on the role of employers' interests in shaping labour migration as well as to the broader objectives of this monograph by examining how German employers have both influenced and adapted to Germany's migration policy in the context of persistent labour shortages and the implementation of the Migration Package, in particular the 2019 Skilled Workers Immigration Act. It examines how employer associations lobbied for its adoption and how different types of firms have since adapted to these changes. The chapter is based on three data

[1] As mentioned in Chapter 1, since 1961 and through to the early 1970s, the Federal Republic of Germany concluded a series of bilateral guestworker agreements to recruit foreign labour from Italy, Spain, Greece, Turkey, Morocco, Portugal, Tunisia, Yugoslavia and Korea. Similar agreements were also concluded by the former German Democratic Republic, first in 1967 and 1971 with Hungary and Poland respectively and in 1974–1986 with Algeria, Cuba, Mozambique, Vietnam, Angola and Cuba (Con Uladh, 2005). The early 1990s saw another series of bilateral agreements, this time entered into exclusively with countries of Central and Eastern Europe.

sources: transcripts of the parliamentary debate on the Migration Package[2]; 43 articles published in *Frankfurter Allgemeine Zeitung* (timespan covered from January 2019 to January 2020); and 19 semi-structured interviews with key stakeholders such as lawyers, politicians, policy advisors, lobbyists, workers' organisation representatives and academics. The analysis[3] traces how employer interests were articulated during the legislative process, how they are currently enacted 'on the ground' and how these dynamics reveal evolving patterns within Germany's coordinated market economy (CME). Particular attention is paid to the growing discourse around 'skills shortages' which - despite its selective rhetoric - now encompasses a much broader segment of the labour force. The chapter also explores how large firms, more capable than smaller ones of aligning with CME institutions, tend to integrate foreign workers through formal training and credential recognition. In contrast, smaller firms struggle to operate within these structures and often attempt to adopt liberal market strategies with limited success. In so doing, the chapter interprets the 2019 reform as both a product and a driver of the gradual liberalisation of Germany's CME model under employer pressure.

The chapter begins by situating employers within the CME framework. The subsequent historical description (from the 2000s; see Chapter 1 for earlier periods) illustrates the evolution of foreign labour recruitment in Germany. This background sets the stage for the empirical core of the chapter, which draws on empirical data to analyse the laws included in the key formal rule change, namely the Migration Package (in particular the 2019 Skilled Immigration Act) – a recent institutional change in the German legal framework which was crucial for enabling the sourcing of foreign skilled workers – and thus reflected the (group) interests of employers. The empirical section provides a detailed examination of how employer interests are embedded within a contemporary legislative framework. The thematic organisation of the results enables triangulation across data sources. Based on the above, this chapter assesses and reflects on the main postulate that guides this book, namely that *Institutions concerning the inflow and employment of immigrants reflect the group interests of employers.* The discussion and conclusion further reflect on the broader tensions between economic imperatives and regulatory constraints, revealing how employer strategies evolve within political discourses that shift from labour market needs to national security and integration concerns.

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[2] The Migration Package (*Migrationspaket*) refers to a bundle of eight laws adopted in June 2019 that reformed Germany's migration, asylum and migrant-integration systems. It combines liberalising measures for skilled workers with more restrictive rules on asylum procedures and returns.

[3] It is based on the results of the project 'Employer interests as an underrated factor in labour migration – an institutional approach (E-factor)', which was funded by the National Science Centre Poland (OPUS-20) under grant no. 2020/39/B/HS4/00885.

4.2 The Position of Employers Within the German Coordinated Market Economy

Germany represents a coordinated market economy (CME) within the Varieties of Capitalism (VoC) framework, as articulated by Hall and Soskice (2001). In this framework, firms coordinate their strategies not primarily through market mechanisms but through durable institutional arrangements involving trade unions, employer associations and state actors. In Germany, strategic interactions are embedded in non-market forms of coordination, particularly in the spheres of industrial relations and vocational training. In the ideal CME model, sectoral collective bargaining ensures predictable wage-setting and labour standards across entire industries, while institutionalised workplace co-determination fosters consensus-building between employers and employees (Hall & Soskice, 2001; Streeck, 1997). The dual vocational training system (which consolidates practical training in the company and theoretical education in the vocational school) further supports firm-specific skill development through initiatives such as apprenticeships, ensuring a steady supply of skilled labour tailored to the needs of complex production systems. A summary of the institutional environment regarding employers' interests in labour migration in Germany is provided in Box 4.1.

Box 4.1 German institutional environment of the pursuit of employers' interests: key elements*

At level I (embeddedness – informal rules):

- Persistent acceptance of a dual labour market structure, which further extends to skilled vs semi-skilled third country nationals, as well as temporary vs long-term migrant integration
- Normative tolerance for sector-specific reliance on migrant labour, even when working conditions differ
- Employers' implicit preference for the predictability and reliability of migrant workers' flow
- Strong cultural expectation of rule compliance and procedural correctness
- Despite the gradual shift (post-2019) toward seeing migration as an economic necessity, rather than an exception, migration is still framed within a controlled, rules-based system
- Continued acceptance of status-based differentiation based on the country of origin (EU, third country national, migrants arriving in Germany under Western Balkan regulations)
- Deep-rooted consensus orientation: employers' interests are typically articulated via collective actors
- General preference for incremental reform, rather than disruptive liberalisation of the regulations

At level II (formal rules):

- Continuation of sectoral exceptions (agriculture, healthcare, IT)

- Strong individualisation of the collective bargaining framework and vocational training system
- Core transformation of immigration laws through *Fachkräfteeinwanderungsgesetz*
- Expansion of access to qualified non-EU workers beyond the shortage lists and continuous enlargement of the list
- Legal anchoring of the qualification recognition procedures, skilled workers' entry to the labour market
- Increasing formalisation of the state's responsibility for administrative efficiency (though not always realised in practice)
- Continued importance of EU free movement and selective bilateral or sectoral arrangements
- Strong role of social partnership (employers' associations, unions) in shaping legislation
- Institutional constraints are impacted by the federal structure, which in turn affects the qualifications recognition procedure or visa administration capacity

At level III (play of the game):

- Practical bottlenecks despite formal reforms (visa processing delays, uneven recognition timelines)
- Employers adapt by using intermediaries or prioritising candidates from countries with faster administrative channels
- The procedures introduced in the 2019 Migration Package became a useful tool for larger employers, but less accessible for SMEs
- Employers' influence is exercised mainly through industry actions at the federal level, but also direct lobbying at the local level, especially on administrative capacity or visa office staffing

* In line with the definition presented in Chapter 2, the institutional environment of employers' pursuit of their migrant-labour-related interests is a dynamic ensemble of informal (level I) and formal (level II) rules, as well as some elements of the *play of the game* (level III) (Williamson, 2000), such as contracting and enforcement of regulations. Despite similarities, this institutional environment differs between European countries. The box demonstrates the most influential elements of this environment in the case of Germany.

Source Own elaboration based on academic sources and research for this book

In CMEs, collective bargaining functions as a key mechanism for the regulation of labour relations, with trade unions and employers' associations serving as core institutional actors. In essence, this principle assumes that independent trade unions, on the one hand and employers or their associations, on the other, autonomously negotiate and determine wages and other employment conditions through binding agreements. In Germany, the role of social partners extends far beyond collective bargaining and wage-setting (Schnabel, 2025; Schnabel et al., 2006). Embedded within a (neo-)corporatist model of labour market governance and the broader notion of social partnership, trade unions and employers' associations actively shape fundamental dimensions of labour market and employment policy (cf. Schnabel et al., 2006). They jointly manage social insurance schemes and share responsibility for the dual vocational training system; together with the government, they oversee the tripartite governance of the Federal Employment Agency. Moreover, trade unions and employers nominate honorary judges for the labour courts, are frequently consulted ahead of labour law reforms and engage in intensive lobbying.

At the same time, trade unions and employer associations face the significant challenges of maintaining their positions, due to declining membership and coverage across the country (Ellguth & Kohaut, 2022; Schnabel, 2025), raising doubts about whether they can still adequately fulfil their representative functions. They increasingly face the *free rider*[4] problem (Behrens, 2018; Schnabel, 2025). In the face of the increasing dissatisfaction with and inflexibility of the collective system and the decline in membership, employers' associations introduced the so-called *bargaining-free* membership status, which gives employers the political influence of association membership without binding them by collective agreements with trade unions (Behrens & Helfen, 2019). Across different sectors, between a third and a half of employers' associations allow firms to access membership services – such as legal support and information – without obliging them to participate in collective bargaining agreements (Behrens & Helfen, 2019; Keller & Kirsch, 2021). The likelihood of offering the 'bargaining-free' membership is lower among associations with a large membership base but higher where collective agreements are perceived as overly comprehensive and restrictive for individual firms (Behrens & Helfen, 2019). The smaller and younger firms, those with foreign ownership, companies lacking a works council and those with relatively few unionised employees are more inclined to opt for this form of membership (Jirjahn, 2022; Schnabel, 2025). Furthermore, employers' associations are increasingly challenged by the competing interests within the organisation between large and small and medium-sized enterprises (SMEs) (Behrens, 2018; Keller & Kirsch, 2021; Silvia, 2013). German employers operate within the institutional architecture of a CME, where collective bargaining, co-determination and the dual vocational training system traditionally shape wage-setting, skills formation and labour market governance. However, declining membership, divergent interests between large and small firms and the rise of the 'bargaining-free' association model reveal that employer coordination is increasingly fragmented. While large firms may support regulated, skills-based migration, aligned with the vocational training system, smaller or newer firms may favour more-flexible, less-regulated migration channels to meet short-term labour needs.

[4] The free-rider problem arises when individuals (in this case employers) can benefit from the successes of the collective representation of interests without having to share the costs of joining the association and collective bargaining.

4.3 Historical and Legal Overview: Foreign Labour in Germany

Germany's labour migration policy has evolved through a series of major reforms that gradually opened the system to foreign workers, while responding to structural labour market needs. Even before the rapid industrial development of the nineteenth century, various employers, especially in agriculture, lobbied the authorities for regulations facilitating the inflow of foreign workers – and sometimes also their outflow when not needed. This was the case, for example, for German farmers. Foreigners were in demand seasonally, during the labour-intensive periods of production of such crops as beetroot – but were not needed in winter. Regulations reflected this by allowing labour importation but forbidding foreigners (mostly Poles from the Russian and Austrian partition zones of Poland) from staying during the winter. Thus, employers' labour needs were satisfied and the fears of a polonisation of some regions attenuated (Kępińska & Stark, 2013). The post-war *Gastarbeiter* programme (see Chapter 1 for further discussion) institutionalised the paradox of a 'no-immigration country' that was dependent on foreign labour yet offered no settlement (Ellermann, 2015). Subsequent reforms – from the 2000 Green Card *(Sofortprogramm zur Deckung des IT-Fachkräftebedarfs)* implemented to attract IT specialists (Maletzky, 2017) to the 2005 Immigration Act (*Zuwanderungsgesetz*) (Stüwe, 2016), the 2016 Refugees Integration Act (*Gesetz zur Integration von Flüchtlingen*), and the 2019 Skilled Workers Immigration Act (*Fachkräfteeinwanderungsgesetz*) – reflect a gradual shift from temporary, low-skilled recruitment towards a more structured, permanent and skills-oriented migration regime. The Skilled Immigration Act (*Fachkräfteeinwanderungsgesetz*), which comprised a larger Migration Package immigration reform, had two primary objectives: more labour-market-oriented education for migrants (vocational training that will provide hands-on qualifications necessary for work) and the further liberalisation of immigration law.

Since the post-war period, German employers have relied on migrant labour to fill low-skilled, labour-intensive jobs, shaping a migration regime centred on temporality and flexibility. Particularly during the 1960s, employers depended extensively on low-skilled migrant labour, with guestworkers employed predominantly in manufacturing, until the recruitment for foreign citizens stopped in 1973. Seasonal worker programmes and posting arrangements with Central and Eastern Europe at the turn of the 1990s regularised existing irregular flows and addressed persistent shortages in labour-intensive sectors (Dietz & Kaczmarczyk, 2008; Marek, 2008). German trade unions supported these bilateral agreements, viewing them as enabling professional mobility for domestic workers (Caviedes, 2010). Migrant workers were to be treated as 'temporary units […] recruited, utilised and sent away again as employers required', with restricted rights and strong deportability (Castles & Miller, 1998, p. 71). This system ensured a supply of cheap, motivated labour that could easily be laid off in economic downturns (Dowlah, 2021). Despite high unemployment among low-skilled Germans, employers faced recruitment difficulties because local workers were reluctant to take physically demanding, low-paid jobs (Dietz & Kaczmarczyk, 2008). EU enlargement and freedom of movement further entrenched employers' dependence on mobile, low-wage workers – a structural feature that remains central for the German economy (Angenendt et al., 2023; Anong, 2023; Migration Policy Institute, 2013).

From the 1990s onwards, shortages in IT, engineering and healthcare shifted political attention towards attracting qualified workers. The 2000 Green Card responded to acute shortages in the digital sector (BITKOM, 2025; Jürgens, 2010). Employers framed their demands in terms of economic competitiveness: without IT specialists, Germany risked falling behind in the digital economy and the Green Card was meant to improve the poor performance of Germany in a 'worldwide war for talent' (Kolb, 2005, p. 303). The programme allowed up to 20,000 non-EU IT specialists – primarily from India and Eastern Europe – to obtain a 5 year residence and work permit under simplified procedures (Jürgens, 2010; Werner, 2001). Furthermore, the 2005 Immigration Act established the first comprehensive legal framework for managing economic migration and introduced fast-track residence for qualified specialists (Ruhs & Anderson, 2010; Steinhardt, 2007) and experts in fields crucial to the economy (Hinte & Zimmermann, 2010; Stüwe, 2016). This marked a fundamental departure from earlier, predominantly temporary and flexible migration channels, aiming to facilitate the social and professional integration of qualified newcomers. The Act also introduced the labour market test (*Vorrangprüfung*), requiring the Federal Employment Agency (FEA) to verify whether, in the case of an application from a non-EU citizen, a given position could be filled by a German or other EU citizen. Although designed to protect the labour market from excessive competition from outside, in practice, it allowed for a flexible response to labour shortages (Bellini, 2016). Over time, the test was progressively restricted in shortage occupations and eventually discontinued in sectors such as IT and healthcare, due to persistently unmet needs (Kahanec & Zimmermann, 2016; Steinhardt, 2007).

The adoption of the EU Blue Card[5] in 2012 marked a significant moment in aligning migration policy with employer interests (Kolb, 2017) in attracting and retaining skilled workers from non-EU countries, particularly in sectors such as IT, engineering and healthcare. German employers played an important role in reframing migration as a driver of economic growth, which encouraged the government to adopt the EU Blue Card and liberalise it beyond the EU's minimum requirements – through expanding the range of eligible professions and easing the pathway to permanent residence (Kolb, 2014; Laubenthal, 2014; Maletzky, 2017) – which constituted a major policy shift (Kolb, 2014, 2017).

The arrival of over one million asylum-seekers in Germany in 2015–2016 created both political pressure and labour-market opportunities. Employers viewed the inflow as a potential resource for addressing shortages in seasonal and long-term labour gaps, particularly in construction and other labour-intensive sectors (Joppke, 2024;

[5] Formally, the EU Blue Card scheme (Council Directive 2009/50/EC adopted on 25.05.2009) sets out common conditions for the entry and residence of qualified third-country nationals to EU member states.

Müller, 2021). Initiatives such as '*Wir Zusammen*'[6] illustrated the efforts to integrate asylum-seekers into the workforce. The 2016 Refugees Integration Act, introduced to cope with this situation, set out several measures directly relevant to employer interests, including expedited access to employment and vocational training for asylum-seekers. Reforms, such as the '3 + 2'[7] rule, facilitated the channelling of asylum-seekers into sectors with critical labour shortages, such as construction, logistics and care (Laubenthal, 2019). By the time the 2019 Skilled Workers Immigration Act entered into force, German migration policy had moved towards a selective, skills-oriented regime while continuing to rely on low-skilled mobility within the European Union and beyond.

The 2019 Skilled Immigration Act (*Fachkräfteeinwanderungsgesetz*), which comprises the 2019 Migration Package, represents a major turning point in German migration policy, as the first comprehensive framework for admitting skilled workers from outside of the EU, explicitly linking labour market needs with integration considerations. Its significance lies not only in its substance but also in the political context of its adoption. Unlike other reforms, the parliamentary debate unfolded in the *Bundestag*, where the Alternative for Germany (AfD) was represented for the first time, positioning a far-right party as the main opposition force and reshaping the political dynamics surrounding migration policy.

Due to the political and social consequences of the 2015–2016 migration crisis, migration was one of the key topics in the 2017 parliamentary elections in Germany, with security concerns and difficulties in integrating migrants fueling populist and right-wing parties. The draft law was developed based on the document 'Guidelines on the immigration of skilled workers from third countries' (*Eckpunkte zur Einwanderung von Fachkräften aus Drittstaaten*) of 18 October 2018 (Drucksache 20/4978) and the 'Government strategy for attracting skilled workers' (*Fachkräftestrategie der Bundesregierung*) of 20 December 2018 (Drucksache 19/6889). These documents define the framework of Germany's migration policy in the context of the shortage of skilled labour. In response to this problem, the recruitment process is to be based on three pillars to ensure a balanced approach to filling gaps in the labour market: (i) the full utilisation of internal workforce resources, (ii) a preference for intra-European workers and (iii) the immigration of qualified non-EU workers. This approach aligns with the concept of a sustainable migration policy, which aims not only to meet the needs of the German labour market but also to foster social cohesion and ensure the quality of integration for foreigners into German society. Table 4.1 presents an overview of the acts that are part of the Migration Package[8] – specifically related to

[6] Retrieved December 12, 2025 from www.wir-zusammen.de.

[7] The 3 + 2 rule allows asylum-seekers who have been rejected but are living in Germany with a '*Duldung*' – a suspension of deportation – and who fulfil certain requirements, the right to finish their vocational training programme: 3 years is the usual duration of a vocational training and 2 years is the length of time that the person will have the right to remain and work in Germany.

[8] The Migration Package refers to a bundle of seven or eight passed in June 2019 and the Skilled Immigration Act is one of them. Apart from the ones listed in the table, the package also included: Orderly Return Act (*Geordnete-Rückkehr-Gesetz*), Act to Remove the Time Limit on the Integration Act (*Gesetz zur Entfristung des Integrationsgesetzes*), Second Act to Improve Registration

migrants' access to the labour market – along with the key points addressed in each act.

The Skilled Immigration Act, in force since 1 March 2020, significantly broadened opportunities for third-country nationals to enter Germany for employment and training (Angenendt et al., 2023). Key reforms included simplified labour

Table 4.1 Legal acts included in the migration package related to access to the labour market

Date	Act	Key points
15.08.2019	Skilled Labour Immigration Act (Fachkräfteeinwanderungsgesetz, FEG)	• A uniform definition of a skilled worker • The end of the labour-market test • Chancenkarte: possibility of temporary residency for job search for all skilled workers • Extended opportunities for residency to complete the recognition of foreign professional qualifications • Fast-track procedures for skilled workers • More efficient and transparent administrative procedures
08.07.2019	Education and Employment Tolerance Act (Gesetz über Duldung bei Ausbildung und Beschäftigung)	• Support for foreigners residing in Germany when their residence status is not regularised (*Duldung*) • Possibility to stay in Germany for persons in vocational training and employment
08.07.2019	Act to Promote the Employment of Foreigners (Ausländerbeschäftigungsförderungsgesetz)	• Access to counselling programmes and vocational training • Simplification of work-permit procedures • Organisation of language courses • Facilitation of the recognition of foreign professional qualifications

Source Own elaboration based on Federal Law Gazette (2019)

and Data Exchange for Residence and Asylum Purposes (*Zweites Gesetz zur Verbesserung der Registrierung und des Datenaustausches zu aufenthalts- und asylrechtlichen Zwecken*), Third Act to Amend the Asylum-Seekers' Benefits Act (*Drittes Gesetz zur Änderung des Asylbewerberleistungsgesetzes*) and the Third Act to Amend the Nationality Act (*Drittes Gesetz zur Änderung des Staatsangehörigkeitsgesetzes*).

market access, such as allowing qualified workers and vocationally trained individuals to enter Germany to seek employment and training without a prior contract (*Chancekarte*) and the introduction of a uniform definition of a skilled worker To ease administrative burdens, the Act established employer-initiated fast-tract procedures for skilled workers and trainees (Angenendt et al., 2023; Geis-Thöne, 2021). It also abolished the labour market priority test for non-academic skilled workers, requiring only a job offer and formal recognition of qualifications.

4.4 The Position of German Employers' Organisations on Migration and the Shortage of Skilled Workers

Within Germany's system of coordinated labour relations, employer organisations play a central role not only in collective bargaining and social partnership but also in shaping the broader institutional environment. Organisations, such as the Confederation of German Employers' Associations (*Bundesvereinigung der Deutschen Arbeitgeberverbände,* BDA), the Federation of German Industries (*Bundesverband der Deutschen Industrie*, BDI) and the Association of German Chambers of Industry and Commerce (*Deutscher Industrie- und Handelskammertag*, DIHK), operate at the intersection of economic governance and labour market regulation (Schnabel, 2025). Traditionally responsible for negotiating wages and working conditions alongside trade unions, their activities have expanded to include migration and skills policies, as the availability of qualified labour is now a precondition for sustaining both collective bargaining arrangements and industrial competitiveness (DIHK, 2023, 2025). Their policy positions reveal a high degree of consensus on the need for more efficient and responsive migration frameworks, while reflecting distinct emphases that align with their sectoral mandates and constituencies.

The BDA, in its position paper published in 2022, identifies the shortage of skilled workers as one of the main factors constraining economic growth. The BDA consistently advocates for a legal and administrative framework and visa procedures facilitating the faster and more transparent recruitment of foreign workers. It stresses the importance of fostering a positive social climate towards immigrants – the so-called Welcome Culture – as a prerequisite for attracting and retaining skilled foreign workers. In its statements, the organisation argues that, without an active and well-coordinated migration policy, Germany will not be able to meet its growing demographic and economic needs, particularly in sectors with a high demand for vocational and technical education (BDA, 2022a, 2022b, 2024a, 2024b). Similarly, the BDI treats the issues of migration and skilled labour shortage (*Fachkräftemangel*) in strategic terms, linking them directly to Germany's industrial competitiveness. In its reports, the federation describes immigration as a 'success factor' for the economy and advocates a clear separation between labour migration and asylum policy to reduce administrative burdens and simplify recruitment. It calls for transparent migration pathways and the promotion of Germany as a destination for skilled workers from non-EU labour markets (BDI, 2023, 2024). Complementing this position, the DIHK places great emphasis on the practical and procedural dimensions of migration governance (DIHK, 2023, 2025). The organisation underscores the need to streamline administrative procedures, particularly by accelerating the recognition of foreign professional qualifications and strengthening the integration support mechanisms for migrants from third countries (DIHK, 2023, 2025). In so doing, it reflects the concerns of SMEs, which often struggle with complex bureaucratic requirements and limited institutional capacity to navigate the recruitment and integration of foreign workers.

Examining the sectoral positions of German employers' associations illustrates how migration is framed as a response to structural labour shortages. Because employer organisations are largely sector-based, their demands closely reflect occupation-specific needs. The examples of construction and care highlight distinct, yet converging calls for simplified recruitment procedures, improved training systems and targeted migration pathways. The construction industry faces persistent shortages of skilled workers, presenting a barrier to infrastructure development and residential buildings (HDB, 2022; ZDB, 2021, 2025). The shortages are the most persistent among skilled workers, such as construction planners, metal benders or construction electricians (Bundesagentur für Arbeit, 2025). Associations such as the German Construction Industry Association (*Hauptverband der Deutschen Bauindustrie,* HDB) and the Central Association of the German Construction Industry (*Zentralverband des Deutschen Baugewerbes*, ZDB) note that SMEs are particularly affected, as they struggle to compete with larger firms for labour. Both organisations call for strengthening domestic vocational training while also expanding access to foreign workers. The HDB identifies slow and fragmented procedures for issuing work permits and visas – and delays in the recognition of foreign professional qualifications – as key obstacles, warning that Germany risks losing potential workers to countries with faster, more transparent recruiting systems (HDB, 2022). ZDB additionally supports legal simplifications to make international hiring more accessible for small firms (ZDB, 2021, 2025). Labour shortages in care and nursing are among the most acute in Germany, especially in geriatric nursing (Bundesagentur für Arbeit, 2025; Heger et al., 2025). Employers' associations such as the Federal Association of Employers in the Care Sector (*Bundesvereinigung Arbeitgeber in der Pflegebranche,* BVAP) and the Employers' Association for Care (*Arbeitgeberverband Pflege,* AGVP) report that recent workforce growth has relied heavily on foreign recruitment, temporarily easing pressures but leaving structural issues unresolved (AGVP, 2023). The German Hospital Federation (*Deutsche Krankenhausgesellschaft,* DKG) likewise warns that staffing gaps threaten hospital operations and healthcare reforms. A shared concern across these organisations is the administrative complexity of recruiting foreign workers. They call for faster recognition of qualifications and streamlined visa procedures, arguing that delays deter candidates and prolong shortages. At the same time, associations including that of the Elderly and Disabled (*Verband Deutscher Alten- und Behindertenhilfe,* VDAB) stress that improving pay, working conditions and career prospects is essential to attracting domestic workers and ensuring long-term workforce stability (VDAB, 2025). The VDAB also cautions against excessive reliance on migration, noting that linguistic, bureaucratic and integration barriers limit the effectiveness of international recruitment.

4.5 Policy Echoes: Employers' Positions Reflected in the *Bundestag*

So far, our analysis shows that national and sectoral employer organisations converge around three core domains: addressing skilled labour shortages across key sectors, simplifying recognition and recruitment procedures and ensuring stable migration channels that would address sectoral shortages and account for SMEs' needs. The analysis below of parliamentary debates on the Migration Package (see Appendix, Table A1 for the list of participants present during these debates), media coverage and interviews (see Appendix, Table A2 for the list of interviewees) further illustrates these core domains and demonstrates the acknowledgement of employers' voices in political and public debate. It begins by addressing labour shortages and key pleas made by employers' organisations, namely the need to facilitate smoother recognition of qualifications and overcome bureaucratic obstacles. It then moves on to the tension between profit and labour investment, whereby employers express the need for workers but are reluctant to invest in the workforce. This empirical section ends by addressing the diversity of interests between large companies and SMEs.

4.5.1 Labour Shortages

Parliamentary debates on the Migration Package closely echoed the way in which employer organisations problematise labour shortages. The BDA and BDI portray skilled labour shortage as a central constraint on growth and competitiveness and call for immigration as a strategic response. This framing is visible in the Minister of the Interior, Construction and the Homeland *(Bundesminister des Innern, für Bau und Heimat),* Horst Seehofer's, opening statement in the *Bundestag*, where he described the reforms as 'historically setting the course' that would allow non-EU workers to come in a 'controlled and orderly manner' to fill the gaps in healthcare, care, skilled trades or construction.

> Demographic trends will exacerbate this problem of a shortage of skilled labour […] first and foremost, our domestic and European labour potential will be used to overcome this problem. However, it is foreseeable that this will not be enough to meet the demand for skilled labour in the Federal Republic of Germany

This statement closely mirrors the core claims made by the BDA and BDI, particularly in its explicit recognition that domestic and intra-EU labour supply alone is insufficient to meet Germany's economic needs.

Labour shortages became an important frame through which refugee protection and tolerated status (*Duldung*) were reinterpreted in German migration policy. The Education and Employment Tolerance Act (see Table 4.1), adopted as part of the Migration Package, was justified because deporting individuals who are already employed, trained and socially integrated is economically counterproductive, particularly while employers continue to recruit labour from abroad. This rationale closely reflects long-standing demands by the DIHK and sectoral employer associations to retain foreign workers who are already embedded in the firms and possess job-specific skills.

However, the interviews with institutional actors indicate that the persistent emphasis on labour shortages has long been driven by employers.

> It goes back into the 2000s […] major reform of the immigration system with the Zuwanderungsgesetz in 2005, FEG and so on; these are not new laws. It's just a nice name on a package of laws which changed the regular Immigration Law. It was the Schröder government and especially the employer lobbies that used the term Fachkräftemangel […] they all conclude, we have certain industries which are growing faster than the supply of talents from Germany or Europe. [Interview 19]

The same interviewee highlighted the disconnect between the publicly cited figures – '*We need 400,000 per year and the much lower numbers of work visas actually issued*', suggesting that *Fachkräftemangel* functions not only as an illustration of the labour market situation but also as a lobbying tool to legitimise repeated reforms in the direction of more flexible labour migration.

The employers' emphasis on skilled labour is visible in both parliamentary debates and interviews. Employers' organisations frame skilled migration as a strategic resource, while low-skilled migration is treated with more ambivalence. This is echoed in the *Bundestag*, where speakers repeatedly distinguished between *skilled workers* and *low-skilled migration* and insist that the reform is about attracting people who have studied, completed an apprenticeship or hold specialised professional qualifications. An interview with the employer's organisation representative reinforces the view concerning the link between shortage claims and recruitment preferences:

> There's definitely a high demand to fill these positions because there's a lack of people in Germany who can fill in these positions of Ausbildung [skilled workers], so the companies are really struggling to find people – they would like to integrate more from third-country states to fill in these positions. [Interview 18]

At the same time, the immigration lawyer [Interview 19] quoted above highlights that large international firms have been able to recruit skilled workers for some time, while SMEs still struggle: *'Large international companies can attract talent but this is not the case for smaller companies… when you go to the SMEs, they also shout* Fachkräftemangel *very loudly'*. This asymmetry connects directly to the employers' organisations' postulates: the BDA, BDI and DIHK speak in the name of 'economy' but, in practice, large firms are far better placed to benefit from liberalised pathways than SMEs, even though both invoke the shortage narrative.

The sectoral positions of employers' organisations also translated into the public and political arenas. The construction and care sectors mentioned earlier both use the term *Fachkräftemangel,* but with distinct emphasis. In construction, the HDB and ZDB stress the importance of semi-skilled, experienced workers from countries such as those in the Western Balkans. This perspective surfaced explicitly in *Frankfurter Allgemeine Zeitung* (*Bauerren müssen mehr als drei Monate auf Handwerker warten* on 15.05.2019) through the CEO of the ZDB, Felix Pakleppa's critique of the Migration Package:

> The current draft law is likely to significantly exacerbate the labour shortage on German construction sites […] Significant improvements are necessary to ensure that the law does not run counter to practical needs

Mr. Pakleppa's argument that the Skilled Workers Immigration Act insufficiently accounts for occupations such as iron bending – typically performed by experienced, semi-skilled workers from the Western Balkans – speaks directly to the sector-specific nature of labour demand. Employers in construction endorse the law in principle but warn that a uniform, highly skilled focus risks undermining their existing recruitment channels, hence a strong defence of the Western Balkan Regulations[9] that has proven to be a solution.

At the same time, leaders of national employer organisations (Hans Peter Wollseifer –President of the German Confederation of Skilled Crafts – and Ingo Kramer, President of the Confederation of German Employers' Associations) publicly described the Skilled Immigration Act as a 'positive and long overdue' step, signaling a broad alignment with reform while still demanding sectoral adjustments as highlighted in Frankfurt Allgemeine Zeitung (*Verschärft das Einwanderungsgesetz den Fachkräftemangel?* on 12.05.2019). Care employers similarly hoped that the Act would unlock new recruitment channels for geriatric nurses, matching earlier statements by the BVAP, AGVP and DKG about the severity of shortages in care.

4.5.2 The Recognition of Qualifications

Employers' organisations, particularly the DIHK and sectoral organisations, emphasise the need for a faster and more pragmatic recognition of foreign qualifications. Parliamentary debates reflect this demand. Lars Castellucci, a migration policy spokesman for the SPD, played an active role in advocating for and defending the Migration Package and the Skilled Immigration Act. He highlighted that the new law would allow professionally qualified people – not just graduates with contracts in hand – to come to Germany to look for work or training. This matches the DIHK's pleas that vocational qualifications and experience should be recognised not only through formal academic degrees but also to align with sectoral demands where

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[9] The Western Balkan Regulation (*Westbalkanregelung*), introduced in Germany in 2016, allows citizens of six Western Balkan countries (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia) to access the German labour market regardless of formal qualifications, provided that they have a job offer.

experience is equally desirable. At the same time, policymakers maintain a clear institutional separation between labour-migration and humanitarian-protection regimes, in line with the BDI's position.

Johanenes Vogel, as a Deputy Chair of the FDP parliamentary group, played a key role in the liberal opposition advocating for a more ambitious and coherent labour migration framework. He captured this by distinguishing those in need of protection, those invited to the labour market and those for whom neither applies. This framing responds to employers' demands for economically oriented migration channels, while also reflecting political pressure from the AfD's Gottried Curio, who stated that '*pseudo-skilled workers from Africa as a reserve army of low-wage slaves will further worsen the labour market situation for German workers'*.

4.5.3 Overcoming Bureaucratic Obstacles

The third major area of convergence between employers' organisations and political actors concerns the critique of bureaucratic obstacles hindering labour recruitment. The BDA, BDI and DIHK call for faster visa issuance, the digitalisation of the procedures and better staffed offices. A government statement, as reported by the Frankfurter Allgemeine Zeitung (*So will die Regierung Fachkräfte answerben* on 17.12.2019), explicitly adopted this language: improving Germany's image abroad, streamlining visa procedures, accelerating qualification recognition, increasing staff in visa offices and enabling digital applications were all included as pillars of the Skilled Immigration Act and the Migration Package in general, which mirrors the agenda put forward by employers' associations. Parliamentary speakers reinforced this alignment. During the debate, they stressed that the reform targeted skilled workers – not low-skilled migration – and that Germany must compete globally for these talents, who *'are not queuing up to come to Germany'* (Peter Weiß, CDU/CSU), which, in turn, reflects employers' concerns that Germany is losing out in the international competition for talent due to its slow and rigid procedures.

Language requirements became another key point of overlap. Employers and experts criticise pre-arrival language thresholds as counter-productive and unrealistic, particularly in the sectors where on-the-job learning is possible. Parties such as *Die Grüne* and *Die Linke*, along with parts of the CDU/CSU, framed extensive language requirements as a major factor undermining competitiveness – a position that converges with the complaints heard from the institutional actors throughout the interviews.

4.5.4 The Tension of Profit and Labour Investment

A recurring theme throughout the interviews was the tension between employers' demands for skilled labour and their limited willingness to invest in training workers.

This reflects what Thelen (2009) calls the institutional drift within CME, in which collective systems of skills formation formally persist but increasingly fail to align with employers' expectations. On the one hand, companies voice concerns about severe shortages and call for expanded migration recruitment channels. On the other hand, they consciously exploit the advantages of employing a low-skilled workforce to keep the costs down. This tension is the most visible, for instance, in construction, where employers speak of severe labour shortages, yet simultaneously depend on business models built around low-wage, easily replaceable labour. For instance, the majority of construction projects are done by workers classified as unskilled, which would normally make it impossible to complete such complex work. This arrangement allows employers to cut costs while still obtaining the skilled performance needed to complete the project. This strategy reflects a preference for immediate profitability rather than long-term workforce stability, a tension explicitly articulated by an employee-organisation representative:

> This has far-reaching impacts, of course, for the whole sector. For example, how much are the employers willing to invest in education on the spot of young workers? [Interview 16]

This question remains rhetorical. Employers, indeed, are largely unwilling to invest, and this reluctance is structural, not incidental. Within Germany's CME, firms are accustomed to offloading training responsibilities to institutions that can supply job-ready skills, rather than assuming responsibility themselves. The tension identified in the interviews emerges from the growing presence of migrant workers whose qualifications have been acquired outside of the German training system and do not easily fit these established institutional arrangements. When these institutions strain under demographic pressure, employers find it easier to seek cheap foreign workers than to invest in costly workforce training and recruitment procedures – a perception explicitly highlighted by an immigration lawyer:

> [Employers] do not understand that they need to put the money where their mouth is. Looking for, finding, vetting, matching, preparing, going through visa, going through language course, bringing a person to Germany, this chain is not coming for free [...] And the employers by and large, the SME employers, I don't think in their mindset they are yet to say 'I need a welder, I need an office assistant and I have to pay 10,000 euros or 15,000 euros to get this person'. They are not there yet. [...] Employers have to understand that when they shout 'Fachkräftemangel', the shortage means that prices are high. And you cannot demand from the system, the state, the immigration authorities that they deliver a system which delivers new people at zero cost. [Interview 19]

Indeed, the reluctance to invest in workers has a direct effect on their availability. SMEs in particular are simply not ready to enter the competition for global talent.

4.5.5 The Diversity of Interests: Large Companies vs SMEs

Although employers are often treated as unified interest groups in migration debates, the findings reveal variation in their capacities, strategies and ability to invest in sourcing foreign workers. The most significant divide lies between large multinational firms and SMEs, a distinction explicitly highlighted by a trade-union representative who noted that, while both are formally represented within the same employer federations, large firms exercise a disproportionately powerful voice within these organisations:

> So my impression is that they are not in different federations, so much the big and the small guys, but the big guys have a powerful voice in these federations, [Interview 5]

Unlike large corporations, SMEs often lack the resources and networks to actively engage in international recruitment, making them particularly vulnerable to labour shortages. The Skilled Immigration Act addressed these issues by introducing provisions to facilitate entry for job-seekers and support SMEs in accessing 'global talents'. However, the contrast between the positions and opportunities of SMEs and multinational corporations is clear and reflects the tension and the issue of uneven representation within employers' associations. Large companies, given their global infrastructure, can meet their labour demands within their structure – a capacity explicitly highlighted by an academic advisor:

> There is more flexibility for the multinationals […] transferring or preparing an employee, with some prior travel, internships, etc. For many smaller German companies, I haven't found that there is any facilitation. [Interview 13]

By contrast, SMEs – despite facing equally acute labour shortages – lack the financial and organisational capacity to recruit abroad. They struggle with recognition procedures, visa processes and documentation requirements, while large firms can absorb these administrative burdens, as emphasised by a local-level politician who contrasted the administrative ease enjoyed by large companies with the difficulties faced by smaller firms:

> If you're an employer and you have a big company, you get what you want […] But if you're a small company, it's much more complicated. It's now a lot better; they're much more open in the last 2 or 3 years because the need for qualified workers has increased so much, so they're much more willing to do whatever it takes just to get workers. But they still want to have the right worker to come ready to work. [Interview 15]

This inequality also shapes employers' motivations. In rare cases, SMEs invest heavily in individual migrant workers, but such examples tend to reflect community ties rather than scalable recruitment strategies. For instance, a small family business took extraordinary steps to retain a refugee apprentice, appealing to the deportation decision and navigating complex bureaucratic processes. Such cases highlight the structural gaps between labour needs and migration rules – and the disproportionate burden placed on small firms. Unlike the *big players*, SMEs cannot routinely absorb such costs, which reinforces their disadvantaged position and forces them to rely on state-led recruitment channels. Yet the employers' demands for labour have been acknowledged and brought to the media's attention as highlighted in Frankfurter Allgemeine Zeitung (*Fachkräftemangel in der Altenpflege wird immer dramatischer* on 10.05.2019). This manifests itself in Germany's reliance on bilateral agreements, for instance, through continuous collaboration to recruit nurses from

Bosnia-Herzegovina, Serbia, the Philippines and Tunisia. Moreover, the Federal Health Minister, Jens Spahn, has initiated a bilateral agreement to recruit skilled workers from Mexico, as reported in Frankfurter Allgemeine Zeitung (*Gesundheitsminister Spahn: Fachkräfte aus Mexiko sollen Pflege in Deutschland verbessern* on 21.09.2019).

4.6 Discussion and Conclusion

The analysis of parliamentary debate, media coverage and stakeholder interviews around the Migration Package reveals that the changes in German migration policy in response to the enduring labour shortages represent both a long-standing employers' lobbying effort and a significant moment of institutional adaptation within the country's Coordinated Market Economy. Persistent labour shortages – acknowledged by policymakers across the political spectrum – have transformed migration policy into a domain where employers' economic interests and the long-standing regulatory traditions of the German state intersect. The reform was not just a response to demographic decline or economic necessity – it also marked a renegotiation of the balance between labour market flexibility, employers' lobbying and institutional constraint, revealing the evolution of Germany's CME.

Across the post-2000 trajectory of German migration policy, employers' interests have consistently been visible in framing political debates and the design of policy instruments. Yet their strategy for pursuing these interests has shifted, in line with the prevailing political discourse. Rather than advocating for broader liberalisation, employers have strategically framed their claims within broader narratives of economic competitiveness, demographic necessity and social integration (Kolb, 2014, 2017; Maletzky, 2017). Employers seek greater flexibility and simplified recruitment channels, while the state aims to preserve the integrity of regulated labour markets and maintain social cohesion. By embedding their claims within the narrative of the broadening of the *skilled worker* category, employers were given liberalised access to foreign workers without undermining social control (Joppke, 2024). Both the Blue Card and the Skilled Immigration Act exemplify this dynamic: they extended beyond the EU's minimum standards to accommodate employers' needs, easing procedural barriers to recruiting foreign workers. At the same time, the 'labourisation of asylum policy' (Jonitz & Leerkes, 2022) reveals the blurring boundaries between humanitarian and economic migration. Since 2014, the number of reforms has facilitated asylum-seekers' access to employment, reflecting a shift from protection to active engagement and easier access to the labour market. Granting a temporary residence permit to rejected asylum-seekers who are in stable employment (*Beschäftigungsduldung*) was explicitly supported by BDA.

The findings demonstrate that employers' influence has been both explicit and structural. Business actors and representatives of employers' associations framed the 2019 reform as long overdue and essential for Germany to retain its economic competitiveness. However, present in both political debate and interviews is the uneven capacity among employers. Large firms are better positioned to benefit from reforms and recognition procedures. In contrast, SMEs, which often lack administrative capacity and international visibility, struggle to navigate the complex migration framework. This asymmetry raises the question of whose interests are truly represented by employers' associations – those of the broad employer community or primarily of large, international companies. Thus, while CME ensures collective coordination, its benefits are unevenly distributed. Despite the liberalisation of migration procedures, SMEs remain dependent on state-led solutions. The emphasis on integrating foreign apprentices, students and skilled workers also signals a gradual reorientation of the traditional vocational training system into more liberal channels.

Appendix

Table A1 Parliamentary debate participants

First reading (09.05.2019)	Gökay Akbulut (DIE LINKE); Dr. Lars Castellucci (SPD); Dr. Gottfried Curio (AfD); Thomas Ehrhorn (AfD): Zwischenfrage; Susanne Ferschl (DIE LINKE); Thorsten Frei (CDU/CSU); Katrin Göring-Eckardt (BÜNDNIS 90/DIE GRÜNEN); Hubertus Heil, Bundesminister für Arbeit und Soziales; Dr. Eva Högl (SPD); Dr. Mathias Middelberg (CDU/CSU); Martin Sichert (AfD); Linda Teuteberg (FDP); Stephan Thomae (FDP); Peter Weiß (Emmendingen) (CDU/CSU);
Second and third readings (07.06.2019)	Dr Lars Castellucci (SPD); Dr. Gottfried Curio (AfD); Dr. Karamba Diaby (SPD); Susanne Ferschl (DIE LINKE); Dr. André Hahn (DIE LINKE); Mark Helfrich (CDU/CSU); Antje Lezius (CDU/CSU); Dr. Mathias Middelberg (CDU/CSU); Filiz Polat (BÜNDNIS 90/DIE GRÜNEN); Horst Seehofer, Bundesminister des Innern, für Bau und Heimat; René Springer (AfD); Stephan Thomae (FDP); Johannes Vogel (Olpe) (FDP);

Table A2 Interviewees and the organisations they represented

Interviewee ID	Role/position of the interviewee
1	Representative of *Initiative Faire Landarbeit und die Saisonberichte*
2	Consulting research officer in *MINOR Projektkontor für Bildung und Forschung*
3	Scholar in migration studies
4	Immigration advisor in *Fragomen*
5	Representative of the *PECO Institute*
6	Representative of *EFV and Fair Mobility*
7	Representative of *Deutscher Gewerkschaftsbund* (DGB)

(continued)

(continued)

Interviewee ID	Role/position of the interviewee
8	Representative of the *Expert Council on Integration and Migration*
9	Academic in migration studies
10	Representative of the *IG Metal*
11	Academic in migration studies and immigration policy advisor
12	Immigration lawyer
13	Academic in migration studies and immigration policy advisor
14	Academic in migration studies
15	Local-level politician and state legislator for *SPD*
16	Representative of *Fair Mobilität*
17	Representative of Berliner *Beratungszentrum für Migration und Gute Arbeit* (BEMA)
18	Representative of *Bundesvereinigung der Deutschen Arbeitgeberverbände* (BDA)
19	Immigration lawyer

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Chapter 5
Employers' Interests in Foreign Labour in the Liberal Market Economy: A Case Study of the United Kingdom

Anita Brzozowska and Dominika Pszczółkowska

5.1 Introduction

The United Kingdom (UK) is often referred to as a paradigmatic example of a liberal market economy (LME), characterised by competitive market relationships that generate specific comparative advantages and shape distinct policy choices and workforce strategies (Hall & Soskice, 2001). However, this model only began to take shape following the election of the Thatcher government in 1979, which marked a shift away from the post-war era of collective bargaining and coordinated employer-labour relations (Martin & Swank, 2012; Menz, 2008; Wright, 2012). In the subsequent decades, the UK developed a liberal institutional framework in which firms coordinated their activities primarily through formal, contractual relationships with stakeholders rather than through collaborative arrangements or industry-level coordination. Liberal market regulations include firm-level wage bargaining, weak employment protection and limited roles for trade unions and employer associations. Moreover, employers are often reluctant to engage in dialogue with workplace-level labour organisations, which contributes to reduced job security and leads to a shift towards temporary and part-time employment, increasing labour market flexibility. Another distinctive feature of LMEs is that firms depend heavily on shareholder funding as their primary source of capital. This reliance leads to a preoccupation with short-term profitability and allows shareholder interests to influence both governance structures and managerial choices. For example, the short-term focus can pressure managers to address labour shortages quickly by relying on external solutions – such as poaching skilled workers from competitors or recruiting foreign labour – and thereby deterring

A. Brzozowska (✉) · D. Pszczółkowska
University of Warsaw, Centre of Migration Research, Warsaw, Poland
e-mail: anita.brzozowska@uw.edu.pl

D. Pszczółkowska
e-mail: d.pszczolkows2@uw.edu.pl

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investment in areas with longer-term returns, such as workforce training or costly technological advancements to replace low-wage labour (Wright, 2012). The education and training systems in LMEs are complementary to highly fluid labour markets (Hall & Soskice, 2001, p. 30). Vocational training is mainly delivered by formal educational institutions and concentrates on general skills that are easily transferable across firms. Most programmes, from secondary schools to universities, prioritise certification in general competencies. While LMEs benefit from high levels of general education that lower the cost of further training, companies typically provide in-house training only for marketable skills that employees are motivated to acquire, rather than the intensive, firm- or industry-specific apprenticeships common in coordinated market economies (CME) (ibid.). This arrangement creates a workforce well-suited to service-sector growth and supports business strategies oriented toward radical innovation and flexible technology transfer, though it can leave some firms short of employees with highly specialised expertise.

As this perspective suggests, institutional environments associated with different varieties of capitalism (VoC) condition employers' demands for labour migration and shape immigration policy preferences and advocacy positions of labour market interest associations (Afonso & Devitt, 2016; Devitt, 2011; Menz, 2008, 2011; Menz & Caviedes, 2010; Pszczółkowska et al., 2026; Wright, 2012). Box 5.1 summarises the key features of the UK's institutional environment that have influenced the pursuit of employers' interests in this area. Grounded in this framework, our chapter examines the conditions under which the British institutions governing the inflow and employment of immigrants reflect the interests of employer groups. To this end, it traces the evolution of those institutions as well as employer activities across critical junctures, including the EU enlargement negotiations that granted labour-market access to citizens of the eight Central and Eastern European countries (A8: Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia) that joined the European Union in 2004,[1] the introduction of the Points-Based System (PBS) in 2008 and the implementation of the post-Brexit employer-sponsored points-based work-permit system.

Box 5.1 UK's institutional environment of the pursuit of employers' interests – key elements*

At level I (embeddedness – informal rules):

• Normalisation of migrants as a solution to labour needs – In several labour-intensive sectors characterised by seasonal demand, low margins, physically demanding work, or limited attractiveness to domestic workers (such as agriculture, food processing, hospitality, social care, construction, and logistics), migrant labour has become a practical response to labour shortages. Employers

[1] Cyprus and Malta also joined the European Union in 2004 but are not included in the A8 grouping, which refers specifically to the eight Central and Eastern European member states whose citizens were subject to transitional labour-market arrangements following accession.

frame access to foreign workers as a necessary condition for business continuity, especially where local recruitment is perceived as unreliable, insufficient, or too costly.

• Low official tolerance for racism or ethnic discrimination – The UK's post-war anti-discrimination framework, especially the Race Relations Acts of 1965, 1968, 1976, and later consolidation of anti-discrimination law in the Equality Act 2010, helped institutionalise a formal norm against overt racial discrimination. This legal tradition prohibited racial discrimination in employment and training. However, this does not mean that racism or discrimination are absent from the labour market or public debate. Labour market segmentation is reproduced along nationality, ethnicity, or immigration-status lines.

• Politics understood as a competition between interest groups – The UK institutional environment legitimises organised lobbying by employers, unions, NGOs, and other actors. Employers' migration-related demands are therefore advanced as part of a broader competition among organised interests seeking to shape state policy.

At level II (formal rules):

• Liberal employment regulations – This institutional context increases employers' demand for a flexible labour force. Migrant workers often fit into this model because they may be recruited for specific periods, locations, or production cycles.

• Agricultural exceptionalism through sectoral schemes – Agriculture is treated as a sector with distinctive labour needs, justifying specific migration routes such as seasonal worker schemes. This gives agricultural employers a dedicated institutional channel through which to seek access to foreign workers.

• EU freedom of movement, after Brexit replaced by a point-based system, sectoral schemes & quotas – For many employers, especially those in lower-paid or seasonal sectors, the post-Brexit regime narrowed the general route to migrant labour while increasing the importance of sector-specific schemes and quotas. After Brexit, access to migrant labour became more dependent on state-designed categories, licensing, quotas, and lobbying for inclusion in shortage lists or sectoral schemes.

• Structured law-making process – Formal policy-making procedures create access points for organised interests through consultations, advisory bodies, parliamentary processes, and departmental engagement. Employers able to provide credible evidence and policy-ready proposals are better positioned to influence outcomes.

At level III (play of the game):

• Employment governed by time-limited contracts and mediated through regulated recruitment channels – In practice, migrant labour recruitment is often organised through fixed-term, temporary, agency-based, or otherwise time-bounded employment arrangements. Depending on the migration route and sector, recruitment may be mediated by a licensed employer or an approved scheme operator.

• Policy-making process favours actors (e.g., sectoral organisations) which can provide strong evidence and conduct well-organised lobbying activities – Sectoral organisations that can collect data, document labour shortages, commission reports, engage with civil servants, and maintain relationships with ministers or parliamentary actors are better positioned to influence policy outcomes. This gives an advantage to well-organised employer groups. However, employers' success depends not only on the strength of their economic arguments but also on their ability to align those arguments with broader state priorities, such as border control and managed migration, food security, and productivity.

[*] In line with the definition presented in Chapter 2, the institutional environment of employers' pursuit of their migrant-labour-related interests is a dynamic ensemble of informal (level I) and formal (level II) rules, as well as some elements of the *play of the game* (level III) (Williamson, 2000), such as contracting and enforcement of regulations. Despite similarities, this institutional environment differs between European countries. The box demonstrates the most influential elements of this environment in the case of the UK.

Source Own elaboration based on academic sources and research for this book

After a brief historical background in Sect. 5.2, Sect. 5.3 is devoted to Labour's time in office between 1997 and 2010 and demonstrates how the government acted in the interest of employers without the latter's active lobbying, particularly regarding the question of new EU citizens' access to the British labour market. This confirms the second hypothesis discussed in the Introduction and Chapter 1 of this book – that sometimes institutions, including regulations, favour employers' migration-related interests without their active participation in their creation. Section 5.3.2 then analyses the evolution of the institutional environment and stakeholder engagement, showing how employers were able to articulate their interests and positions on migration through governmental consultation mechanisms despite political change. Section 5.4 considers how fragmented business preferences on migration prior to Brexit influenced the coherence of subsequent employer lobbying efforts. The following sections analyse the policy processes and examine the alignment between government positions and employer interests in the post-Brexit period, arguing that the government has been responsive only to selected sectors, depending on the perceived legitimacy of employers' demands. The chapter concludes by identifying the institutional conditions under which immigration governance in the UK reflects employer preferences, thereby contributing to a deeper understanding of the processes and mechanisms shaping labour migration.

In methodological terms, our research adopts the case study approach employed in the project discussed in this book.[2] It draws on a combination of desk research, archival analysis and the examination of grey literature, including government documents such as white papers, green papers, official minutes, Hansard transcripts, consultation papers and press releases. Cabinet Office files, recently declassified by the National Archives, served for the analysis of the earliest period, from Labour's arrival in power in 1997 until the 2004 EU enlargement. Regarding more recent events, 33 individual in-depth interviews were conducted between October 2023 and February 2025. Interview participants included representatives of employers' organisations, trade unions, civil servants and the so-called new employment-relations actors (Alberti & Cutter, 2022), such as civil-society and third-sector organisations that provide support to or advocate for migrant workers in the UK. An overview of the interviewees and the organisations they represented is provided in the Appendix (Table A1). In line with research ethics and confidentiality protocols, some participants requested anonymity, which has been fully respected in the reporting of the empirical material. The study also draws on material from the *Brexit Witness Archive*,[3] an initiative of *The UK in a Changing Europe*, which provides transcripts of first-hand testimonies from senior policymakers and stakeholders involved in the Brexit process and is publicly accessible to researchers and journalists.

5.2 Historical Background

The United Kingdom has long been described as a 'deviant case' in the study of Western European migration policy (Freeman, 1994). From the 1960s through the late-twentieth century, Britain, unlike most of its European counterparts, managed to reconcile a liberal approach to capital and trade flows with maintaining a comparatively restrictive immigration regime. This apparent anomaly challenged prevailing theoretical expectations that liberal economic openness would correlate with more permissive migration policies. The post-war UK has also been characterised by scholars as a 'reluctant immigration state', referring to countries that have occasionally encouraged immigration but remain largely sceptical of its cultural and economic benefits (Wright, 2012).

While British businesses have long depended on foreign labour, they were not heavily invested in shaping labour-migration policy due to a unique combination of historical, legal and institutional factors (Caviedes, 2010; Consterdine, 2018; Salt & Bauer, 2020). Significantly, the legacy of the British Empire and its citizenship laws led to a system where access to foreign labour mainly operated independently of formal migration controls. Many workers from colonies and former colonies, as well

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[2] Employer interests as an underrated factor in labour migration – an institutional approach (E-factor) was funded by the National Science Centre Poland (OPUS-20) under Grant No. 2020/39/B/HS4/00885.

[3] https://ukandeu.ac.uk/the-brexit-witness-archive/, Accessed 9 June 2026.

as Irish citizens, who have enjoyed free-movement rights under the Common Travel Area since 1923 – and, later, after 1973, citizens of European Community member states – could live and work in the UK without needing visas or work permits. As a result, employers could recruit foreign labour without relying on dedicated migration schemes. For example, by the time of the 1971 UK census, about 421,000 economically active residents had been born in the Republic of Ireland to Irish-born parents (Salt & Bauer, 2020). The broader Irish-born population in Britain approached 1 million that same year but, since the late 1980s, the number of Irish nationals working in the UK fell steadily, settling in the early-twenty-first century at a relatively stable 160,000 to 180,000 (ibid.). Irish men were largely engaged in manual occupations (e.g., construction, metal manufacturing, transport), while Irish women were concentrated in personal service, nursing and clerical work.

Furthermore, legislation such as the 1914 British Nationality and Status of Aliens Act and the 1948 British Nationality Act (BNA) granted Commonwealth citizens extensive rights of entry, allowing employers access to a sizeable migrant workforce. The BNA introduced the status of Citizen of the United Kingdom and Colonies (CUKC), granting between an estimated 500 and 800 million people across British colonies and former colonies the right of entry and settlement in Britain (Joppke, 1999). At the same time, however, the government, through administrative measures, discouraged colonial immigrants from coming to Britain, which Christian Joppke described as 'a dualism of extreme legislative openness and executive closure' (1998, p. 288). In the post-war period and before the introduction of immigration controls under the 1962 Commonwealth Immigrants Act (CIA), more than 500,000 immigrants arrived from recently independent countries in the Caribbean, Africa, South Asia and parts of Southeast Asia (Joppke, 1999), raising the non-white share of the population to 7.3 per cent (Freeman, 1979).

During the late 1950s, increasing numbers of New Commonwealth migrants were recruited directly by employers facing labour shortages (Salt & Bauer, 2020). Net immigration reached a record 191,100 in 1960–61, exceeding the combined total of the previous five years (Consterdine, 2018). Growing political concern over the social consequences of this inflow prompted the 1962 Commonwealth Immigrants Act which, for the first time, curtailed the automatic right of Commonwealth citizens to enter the UK and required them to obtain employment vouchers in order to settle and work, with the scheme administered by the Ministry of Labour. The voucher system comprised three categories: (A) vouchers for migrants with a specific job offer from an employer; (B) vouchers for those entering shortage occupations, such as nursing; and (C) a general category subject to an annual quota. Employers seeking to recruit under these categories were required by the Home Office to demonstrate that no suitable resident labour was available, a so-called 'labour-market test'. From 1962 to when the Immigration Act of 1971 replaced the scheme, the number of employment vouchers averaged about 13,500 annually, while around 60,000 work permits were issued each year (Salt & Bauer, 2020). Although labour migration from the New Commonwealth declined after the 1962 Act, family-reunification migration continued.

In response to the sudden arrival of large numbers of Kenyan and Ugandan Asians, many of whom were British passport-holders, seeking refuge after Africanisation policies in East Africa, the Commonwealth Immigrants Act 1968 was enacted. It tightened eligibility for entry to those with a close family connection to the UK, while retaining the voucher scheme. The Immigration Act 1971 subsequently replaced the voucher system with the principle of 'patriality', granting an automatic right of abode only to those with close family ties, such as a parent or grandparent born in the UK. The design of this new framework effectively preserved preferential entry for migrants from predominantly white Commonwealth countries such as Australia, Canada and New Zealand, while other Commonwealth citizens entered the work-permit system, under which only skilled immigrants qualified (Hansen, 2000). Furthermore, permits were job- and employer-specific, so changing employment required a fresh application. The British Nationality Act 1981 reinforced these restrictions by creating new citizenship categories and confining the automatic right of abode to those qualifying as British citizens, largely those with a close connection to the UK.

Because of these subsequent restrictions on entry for New Commonwealth citizens, some scholars argue that immigration policy in Britain was historically shaped more by social and racial concerns than by economic needs, with political priorities focused on controlling the entry of non-white immigrants rather than addressing labour-market shortages (Caviedes, 2010). Randall Hansen (2000, 2002) argues that Britain's immigration policy was driven less by ideological concerns – namely racialised discourse – and more by political elites responding to electoral anti-immigration pressures, as well as engendered by path dependence and policy feedback.

Britain first imposed restrictions on foreign workers during World War I, introducing a work-permit system in 1919–20 that required proof of labour shortages and various protections for resident workers, such as fair wages and employment conditions (Salt & Bauer, 2020). However, unlike many continental European countries in the 1950s and 1960s, the UK did not rely primarily on guest-worker programmes (see Chapter 1). Some scholars argue that 'British immigration policy has never known an active phase of recruitment' (Joppke, 1998, p. 288). Between 1945 and 1950, Britain absorbed roughly 170,000 displaced persons from Eastern Europe into employment and welcomed about 136,000 additional foreign workers with permits, mostly from Western Europe (Salt & Bauer, 2020). After the Second World War, the number of work permits issued rose steadily, with only minor fluctuations, reaching a peak in 1969–70 (around 60,000 annually). Numbers then declined sharply in the early 1980s (around 6000 annually) as workers from European Community member states gained free entry in 1973 (ibid.).

Even the agricultural 'guest-worker' programme, operating on a quota basis from 1943 to 2013 under the name Seasonal Agricultural Workers Scheme (SAWS), remained limited in scale until the 1990s (Scott, 2015). Initially, it was designed as an exchange programme encouraging students aged 18 to 25 to work in UK agriculture during harvest times (MAC, 2013). British agriculture did not become heavily dependent on migrant workers until the 1990s, largely due to the growing dominance of large multiple retailers, tightening profit margins and an increased demand for certain products (Scott, 2022). After remaining stable at about 3000 from the 1940s through to the late 1980s, the quota increased to 25,000 in 2004, then was reduced to 16,250 in 2005, following EU enlargement. From 2008, the SAWS applied only to nationals of Romania and Bulgaria, accommodating roughly 20,000 workers from these two countries annually. The scheme ended in 2013, when restrictions on the free movement of Bulgarian and Romanian citizens were lifted, a decision that was met with dissatisfaction among growers, who warned of labour shortages and the loss of a reliable seasonal workforce, as they foresaw that this kind of work would be less attractive to EU workers.

Nevertheless, employers had little incentive and limited opportunity to influence policy in their favour in the post-war era, before New Labour came to power. Even when labour shortages emerged, businesses often turned to domestic solutions – like worker training – or used other recruitment methods such as intra-company transfers in multinational firms (Salt & Brewster, 2023), rather than lobbying for broader migration reforms. The fragmented and weakly coordinated nature of British business organisations (Feldmann & Morgan, 2021; Gooberman et al., 2019a, 2019b; Martin & Swank, 2012) further limited their capacity to shape immigration policy in a unified way, leading to a situation where explicit, systematic labour-migration policies were not the primary mechanism for meeting labour needs (Caviedes, 2010). From the early 1970s to the late 1990s, 'immigration policy has largely been a forgotten political issue', not the subject of significant political dispute (ibid, p. 106). From the 1960s onwards, a bipartisan consensus focused on limiting immigration from former colonies (Consterdine, 2018). Employers did not raise the issue in the public debate. Major employers' organisations, such as the Confederation of British Industry (CBI) and the National Farmers' Union (NFU), reported having no official position or strategy on immigration until the mid-2000s. Their actions remained largely reactive to government policy (Consterdine, 2018), as will be shown in the following sections. The long-standing lack of employer engagement reflected a broader pattern, in which explicit immigration policy in the UK did not correspond to economic fluctuations and remained 'unresponsive to economic reasoning within government' (Consterdine & Hampshire, 2014).

5.3 An Unprecedented Shift in Immigration Policymaking

Labour's years in government (1997–2010) brought fundamental, overarching change to the UK's migration policy (Consterdine, 2018). New Labour, determined to present itself as more centrist and economically liberal than 'old' Labour, took various measures to turn the UK into an immigration country, as the government liked to emphasise – by attracting the 'brightest and best' talents to compete in a globalised economy. Those measures included the introduction of the Points-Based System (PBS), sectoral schemes for high- and lower-level jobs and a promise to double the number of international students, who were allowed to work part-time

(Consterdine, 2018). The most consequential decision in terms of the number of workers turned out to be the immediate freedom of work in the UK for citizens of Central and Eastern European countries joining the European Union in 2004. Most other 'old' EU members delayed this freedom for 2 to 7 years. As a result of this decision, over 1.1 million A8 workers, predominantly Poles, joined the British labour market between 2004 and 2011, temporarily or long-term, as evidenced by the mandatory Worker Registration Scheme (WRS) (McCollum et al., 2012).

The question regarding why the Labour government chose to liberalise British immigration policy so profoundly and who or what influenced the decision regarding workers from Poland and other accession countries, has caused some controversy among researchers. Particularly, there has been disagreement on the role of interest groups (Freeman, 2002) or policy networks (Somerville & Goodman, 2010), such as those including employers and their organisations. Some publications (Somerville, 2007; Somerville & Goodman, 2010) claimed that employers, including transnational British companies, the financial City of London, supermarket chains and hotel and catering industries, had been effective in pushing for liberal employment immigration rules for new EU citizens, as well as for regulations regarding other foreigners. However, this understanding has later been questioned. Chris Wright (2010) argued that, although economic issues, including a shortage of workers, were the underlying cause of labour-market opening, the decision was made by the government with little input from employers or other interest groups. As he wrote, 'The decision to allow free movement for A8 nationals was very much an initiative of executive government, not one made in response to interest group or broader public pressures' (Wright, 2010, p. 164). Erica Consterdine (2018), in her book devoted to Labour's migration policy, similarly saw the decision as led by the political elite in government and underpinned by their free-market, pro-globalisation and pro-European worldview. Alexander Caviedes (2014) concluded more broadly that European employers' organisations were marginalised from decision-making regarding enlargement negotiations. He pointed out that British employers' organisations were happy with the outcome regarding freedom of movement but did not significantly influence it. The following section of this chapter which, to our knowledge, is the first to draw on recently declassified Cabinet Office documents from 1998 to 2004, aims to shed more light on the controversy over why Labour decided to liberalise migration policy – in particular to immediately open the British labour market to new EU citizens: was this done under pressure from employers or due to other factors, such as Labour's ideological convictions or political pragmatism?

5.3.1 EU Enlargement and the Immediate Access of A8 Citizens to the British Labour Market

Access for 'new' EU citizens to 'old' EU countries' labour markets was one of the most politically contentious issues in the accession negotiations before the 2004 EU enlargement. Germany and Austria feared a mass influx of their Polish, Slovak and other neighbours (Caviedes, 2014; Grabbe, 2006; Pszczółkowska, 2024), while the candidate countries perceived attempts to delay this fundamental freedom for their citizens as depriving them of one of the principal benefits of EU membership and turning them into ‘second class’ EU citizens (Avery, 2004). In contrast to Germany, the UK did not expect many incoming workers from Central and Eastern Europe (Cabinet Office, 2001–2002). This was based on studies, including one commissioned by the Home Office, which erroneously predicted a small number of newcomers to the UK – 5000 to 13,000 net yearly until 2010 (Dustmann et al., 2003).

In negotiations between EU members and then with candidates in 2001 and 2002, a 2 years +3 years +2 years flexible system of transitional arrangements regarding the free movement of workers was agreed upon, meaning that each ‘old’ EU country could decide individually whether to delay opening its labour market. Those that imposed restrictions had to review their position after each period. A maximum 7 year delay was in line with what had previously been offered to Spain and Portugal when they joined the EU, with the main novelty being the mechanism’s applicability on a national basis. This reflected the range of opinions among member states and their variety of market economies, which made the presence of migrant workers more attractive to employers in the UK than, for example, in Germany, where group bargaining results would apply (Menz, 2010). Initially, several countries, including Denmark and the Netherlands, declared that they would not use the delay (Caviedes, 2014; O’Brennan, 2006). Finally, only three granted new EU citizens immediate freedom of work from the first day of membership – the UK, Ireland and Sweden.

During the EU negotiations, the UK was the primary advocate for the possibility of a differentiation between ‘old’ EU countries. As the Cabinet Office archival documents reveal (Cabinet Office, 2001a), this was a strategy to avoid jeopardising relations with Germany – which feared a massive influx of Polish migrants – and to simultaneously foster strong bilateral ties with the accession countries, particularly Poland, which the British hoped would later become an ally regarding EU reforms. In June 2001, the EU15 had already agreed on its negotiating position, although most candidates, including Poland, had not yet accepted it. An internal government report entitled ‘Poland’s progress towards EU accession’ stated that ‘The UK had worked hard to secure this flexible outcome’ and that ‘There are strong objective arguments against any form of transition period’ (Cabinet Office, 2001–2002, p. 176). However, at this point, the British government had not yet decided that A8 citizens (citizens of eight EU candidate countries from Central and Eastern Europe) would be able to access the British labour market immediately upon accession. In fact, many of the archival documents foresee a likely 2 year transitional arrangement. As an advisor, Steven Wall, wrote to the British Prime Minister before the meeting with Prime Minister Leszek Miller of Poland in November 2001,

> The Poles are looking, as a price of acceptance [of the 2+3+2 proposal], for statements from as many member states as possible that they would open their borders after the minimum 2 years. The Scandinavians and the Dutch have given that assurance. We have not. Even the Germans do not really expect an influx of Polish workers. Nor do we. But we have not felt very brave vis-à-vis British public opinion. **If you felt able to say that, in the circumstances**

> **that exist now, you believe that we should be able to allow freedom of movement after 2 years, that would be a political plus.** [original underlining] (Cabinet Office, 2001–2002, p. 102)

At this moment, the British were envisioning a 2 year transition period, which was also expected by candidate countries: 'They [the Polish government] appear to be looking for a statement that we would limit our own transition period to the minimum length of 2 years' (Cabinet Office, 2001–2002, p. 94). Nevertheless, by 9 December 2002, shortly before the accession negotiations were finalised on all issues, a sudden turn of events had taken place –the British Prime Minister informed his Polish colleague, in a brief and unequivocal letter, that freedom of movement would be immediate upon Poland's accession (Fig. 5.1). Given the timing of the announcement, its likely aim was to ensure a positive finale for accession negotiations and to depict the UK as the champion of enlargement. Michael Pakenham, the UK Ambassador to Poland, later reported that Polish Prime Minister Leszek Miller

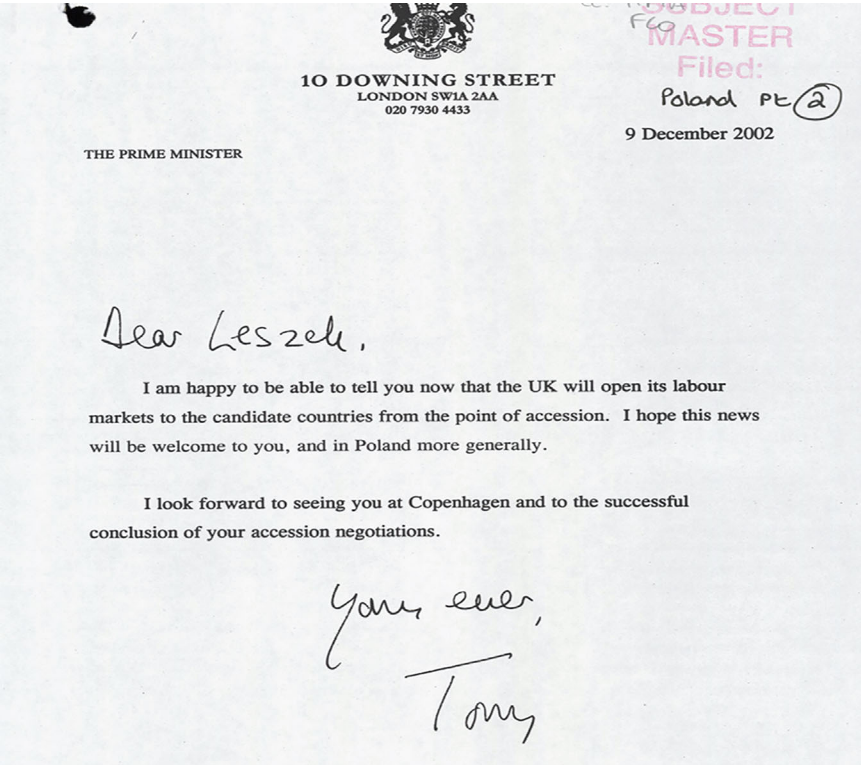
> [r]ecognises, and is grateful for, the personal imprint of the Prime Minister on the decision. That we are the first of the Bigs to open up our Labour [sic!] market straight after accession (in contrast to German obduracy) will have an important impact on the Polish public and the political class. (Cabinet Office, 2001–2002)

This turn in the UK's position begs the question as to who or what influenced it and – especially importantly for this book – whether employers played a significant role. Economic arguments, particularly the growing UK economy and shortages of workers in various sectors, certainly played a role (Wright, 2010). As Tony Blair announced a few days before the enlargement, in a speech to the Confederation of British Industry, the country had half a million vacancies that needed to be filled. The main employers' organisations – the Confederation of British Industry (CBI), as well as the Federation of Small Businesses (FSB) and the Institute of Directors (IoD) all took pro-immigration and pro-free movement positions in the late 1990s and early 2000s (Somerville, 2007). Somerville also reports that:

> Sector-specific industry associations, including the British Hospitality Association (hotels and catering), the Association of Labour Providers (gangmasters) and the National Farmers' Union (farming businesses), have also been pro-immigration and active in the debate, both formally – in terms of responses to consultations – and informally, with lobbying of civil servants and ministers. (2007, p. 108)

This is confirmed in the Cabinet Office papers, where various government ministers flagged a shortage of workers, including migrant workers in the hotel and tourism industries, as well as agriculture and horticulture (Cabinet Office, 2001b).

Nevertheless, employers' organisations played a limited role in lobbying the government for workers from Central and Eastern Europe. Their involvement in policymaking regarding migration appears to have increased only gradually during Labour's time in government and was particularly limited on freedom of movement. Consterdine describes how the government reached out and attempted to involve employers and other interest groups in consultations; however, she summarises that 'Employers' lobbying efforts were confined to reducing visa costs and red tape in



MASTER
Filed:
Poland Pt 2

10 DOWNING STREET
LONDON SW1A 2AA
020 7930 4433

9 December 2002

THE PRIME MINISTER

Dear Leszek,

I am happy to be able to tell you now that the UK will open its labour markets to the candidate countries from the point of accession. I hope this news will be welcome to you, and in Poland more generally.

I look forward to seeing you at Copenhagen and to the successful conclusion of your accession negotiations.

Yours ever,

Tony

Fig. 5.1 Letter from PM Tony Blair to Polish PM Leszek Miller announcing the opening of the British labour market to Polish and other A8 citizens from the day of EU accession. *Source* Cabinet Office (2002, p. 19)

the 1990s and these efforts were minimal at best' (2018, p. 202). This is also visible in the Cabinet Office papers. Stephen Byers, the State Secretary of the Department for Trade and Industry, commented in April 2001, when international discussions on freedom of movement had already been taking place for at least several months that, as soon as negotiations at the EU level were completed, the government would have to 'take the earliest opportunity to consult with the CBI and representatives of small businesses to ensure that any measures adopted do not constitute an extra burden on business' (Cabinet Office, 2001a, p. 43). Preparing for EU negotiations, the government thus did not even know the opinion of the largest employers' organisation on freedom of movement.

The introduction of a liberal immigration policy was facilitated by limited political and media opposition. The Conservative Party did not oppose the opening of labour markets to A8 citizens and had little to say about labour immigration policy in general until immediately before the 2004 enlargement and the 2005 election campaign. Moreover, during this period, there was still no electorally successful far-right party which, probably, would have increased the salience of immigration, as was already the case in other European countries – for example, the Netherlands. Trade unions were also in favour, perceiving the newcomers as potential union members and contributors to the social-security system (Heyes, 2009). The British media, including the tabloid press, also did not devote much attention to immigration, except for the backlog of refugee applications, which had been building up throughout the 1990s. 'Freedom of movement' was not a frequent topic in the press when the UK government was deciding to open the labour market (Blauberger et al., 2023). In 2001, when the Conservatives attempted to highlight immigration issues in their 2001 parliamentary campaign, the *Sun* even accused them of 'flirting with extremism' (Consterdine, 2018, p. 145). This attitude of the most influential tabloid changed dramatically in the following years.

Compared to some other European countries, the UK government also had an easier task of pursuing its preferred migration policies, due to its institutional environment – the unitary structure of the state, the bi-partisan political system and the dominant role of the government in initiating policy. In contrast, governments in federal systems, such as Germany, had to take local concerns more into account (Gajewska, 2006; Wright, 2010). The UK's liberal market economy could, more easily than more-structured coordinated market economies, incorporate incoming workers with various qualifications. Employers had more difficulty in obtaining and keeping trained staff (Wright, 2010). Thus, it can be concluded that the institutional environment in the UK was favourable towards the introduction of free movement and that new employees were needed.

Nevertheless, ideological and geopolitical arguments were more impactful than the influence of interest groups, including employers. Consterdine argues that the government's decision was largely the result of its ideological repositioning:

> [i]mmigration policy change seem[ed] a natural consequence of New Labour's ideology for three interconnected reasons: an uncompromising belief in globalisation, a need for labour market flexibility and Labour's historical values of openness and embracing diversity dovetailing with a flexible, cosmopolitan pluralist vision of national identity. (2018, p. 134)

Labour's repositioning not only as a pro-globalist but also a pro-European party seems to have had a fundamental impact. By championing the enlargement – even at some cost to the UK in terms of finance and delaying the reform of the Common Agricultural Policy – the British government was attempting to recruit members for their camp in future discussions on EU reform. Some analysts have interpreted the British position as a calculation that the 'widening' of the EU would delay its 'deepening', understood as closer integration in various spheres (Schimmelfennig, 2001). However, the Cabinet Office documents suggest that the government's intentions were much more ambitious. Several hundred pages are devoted to discussions on the future of the EU and the British vision of Europe as an innovative player in the globalised economy. As Peter Mandelson, a key New Labour politician, recalled, 'It was an article of faith for the modernisers that we must be more deeply, self-confidently involved in European affairs' (Mandelson, 2010, p. 237). To pursue this vision, the UK needed allies and paid close attention to the Poles' views on various European issues. The Labour government aimed for closer relations with all candidate countries, with one internal report counting the number of high-level visits to/from the UK and other EU capitals and urging the Prime Minister to do better (Cabinet Office, 2001a, pp. 16–18).

Moreover, questions of personal legacy and leadership in Europe also influenced the decision to open the labour market to A8 citizens. According to the Prime Minister's advisors, Tony Blair had an exceptional opportunity to position himself personally as the main European leader, as evidenced by the following quotes in correspondence from two advisors in 2001:

> My general argument is that you have an opportunity for leadership in Europe that no British Prime Minister has enjoyed since an aging Churchill failed to turn his high flown rhetoric of Opposition into practical action in power. (Cabinet Office, 2001c, p. 49)

> To achieve this [speeding up of the enlargement] needs political leadership in Europe that no one else can provide. The Commission is sticking to their timetable for the negotiation roadmap. Schroder is compromised by his demand for transition periods on free movement; and there are no other candidates. There is a big personal role you can play in the months ahead. (Cabinet Office, 2000–2001, p. 14)

Such arguments likely influenced the personal opinion of Prime Minister Tony Blair, who aimed to inscribe himself in history as a visionary leader not only of the UK, but more broadly of Europe and the Western world. The decision to open the labour market to A8 citizens, although versed in the UK's economic circumstances and facilitated by the institutional environment of the moment, thus seems to have been largely geopolitical, resulting from New Labour's vision of their position in the European Union and the shape of that union. It probably also resulted in part from the Prime Minister's personal ambitions to lead Europe in his chosen direction. Employers only played an indirect role as the creators of demand for labour. It may, thus, be argued that they obtained favourable regulations almost without effort to lobby the government, which confirms one of the hypotheses of the E-factor project stating that, in certain circumstances, the changes (or creation) of institutions (including regulations) concerning the inflow or employment of immigrants favour the interests of employers without an active participation of the latter (see Introduction and Chapter 1).

The first signs of a profound change in the institutional environment regarding freedom of movement emerged approximately 3 months before the EU enlargement on 1 May 2004. The press started warning that migrants from Central and Eastern Europe, particularly the Roma (or, as they called them, Gypsies), would 'flood in' and abuse the social-security system (Somerville, 2007). The problem of Roma migrants, who had been filing bogus asylum claims in the UK, had indeed long been noticed by the UK authorities and brought up in correspondence with the Polish government (Cabinet Office, 2002). Some government members were also having second thoughts regarding freedom of movement. Deputy Prime Minister John Prescott highlighted housing problems which may result from the arrival of many workers (Cabinet Office, 2004). Moreover, other countries which had promised not to implement transitional arrangements, particularly Denmark and the Netherlands, had changed their position (Pszczółkowska, 2026; Wright, 2010). In light of these changes, Foreign Secretary Jack Straw warned, in a letter to the Prime Minister, that the opening of the labour market should again be thought through: 'I believe we could be faced with a very difficult situation in early May, and could then be forced to take urgent action to suspend the concessions, in the least propitious of circumstances' (Martin & Cordon, 2024). The issue became politicised and the government responded with a last-minute implementation of the afore-mentioned Worker Registration Scheme (WRS). This move, which employers quietly opposed (Somerville, 2007), was intended to convey that the government was in control but, in fact, it played the opposite role, demonstrating that the government had decided to open the labour market to A8 citizens based on erroneous predictions that few would come. By the final WRS report in 2011 (the register existed for 5 years), 1,133,950 workers – tens of times more than predicted – had registered (McCollum et al., 2012). They did not have to de-register upon leaving the UK, thus inflating the numbers and reinforcing the sense that migration had become out of control.

By 2006, when the British government had to make an analogous decision before the EU accession of Romania and Bulgaria, the situation was fundamentally different. Many of the needs of the British labour market had been filled by A8 migrants and the social costs of their presence, e.g., in terms of housing demand, were becoming evident. The *Sun*, which had previously lambasted the Conservatives as near-extremists for touching upon immigration issues, blasted in an entirely non-extremist style: 'Warning on new EU invasion. 45,000 crooks on way here' (Wooding, 2006). Between 2004 and the Brexit referendum in 2016, immigration, including EU immigration, was repeatedly one of the most salient topics in the British tabloid press, presented as a welfare- or security-related issue (Balch & Balabanova, 2016), with headlines such as 'Send Them All Back home', 'We Must Stop the Migrant Invasion', 'Migrants Shun the English Language', '4,000 Murderers and Rapists We Can't Throw Out', 'Roma Migrant Invasion Will Start UK Riots', 'How Romanian Criminals Terrorise Our Streets' (titles from the *Mail*, the *Daily Mail* and the *Daily Express*, quoted after Krzyżanowski, 2024). Even employers had changed their minds, with the CBI arguing that social costs were a sufficient argument against the opening of the labour market to Romanians and Bulgarians (Somerville, 2007). The government thus delayed the opening of the British labour market for the maximum permitted 5 years.

5.3.2 Evolution of the Institutional Environment and Stakeholder Engagement During the Introduction of the PBS

The period of the New Labour government marked a significant intensification of immigration and the emergence of a sustained positive net inflow.[4] Simultaneously,

[4] Throughout the 1980s and early 1990s, net migration was estimated to add an average of about 4000 people per year to the population (MAC, 2025). From 1994 to 1997, estimated net migration averaged

the authorities reshaped the institutional environment of migration governance by introducing taskforces and panels that served as stakeholder forums, opening up dialogue between non-state actors and the government, although these also functioned as forms of symbolic legitimisation (Boswell, 2009). Scholars argued that, during this period, policy processes were situated within an increasingly diverse and diffuse set of venues (Scott, 2017). Economic migration policy involved not only the Cabinet Office, Number 10 and the Home Office (the key actor in shaping migration management decisions) but also the Treasury, the Department for Work and Pensions, the (then) Department of Trade and Industry and the Bank of England, alongside other interested departments (Somerville & Goodman, 2010).

Historically, lobbying groups in the UK faced a hostile context characterised by the lack of corporatist structures for interest representation, strong executive control over the policy agenda, a highly centralised and secretive civil service and strict party discipline (Menz, 2008). Employer and union involvement was first introduced around 2001 through sectoral panels, which were established to supply the Labour government with labour-market data, such as vacancy rates and unemployment figures, in order to inform decisions on whether to extend, modify, continue or discontinue sector-specific labour-migration schemes (Caviedes, 2010; Consterdine, 2018).

Stakeholder engagement intensified from 2005, alongside the development and implementation of the Points-Based System (PBS) in phases between March 2008 and March 2009. The new system was introduced because the existing two-tier work-permit system, launched in 1991[5] and accompanied by other entry schemes, was considered excessively complex, bureaucratic and lacking in transparency and flexibility. Furthermore, the government sought to expand the inflow of highly skilled workers while addressing short-term labour-market shortages (Hansard Volume 468, 5 December 2007, col. 73WS). The PBS consolidated over 80 previous immigration routes and schemes into five main 'tiers' or entry channels, with the aim of simplifying the admissions process and strengthening government control over migration flows from outside the European Economic Area (EEA). Each tier served a distinct purpose and contained several different visa categories (and some sub-categories), each with its own specific conditions and mandatory eligibility requirements. Tier 1 (General Route) focused on highly skilled individuals who did not need a job offer to enter. It was designed to attract entrepreneurs, investors, scientists and other professionals deemed likely to succeed in the UK labour market. In contrast, Tier 2 targeted skilled workers who already had a job lined up, with eligibility based on a points system that considered salary level, English proficiency and whether or not the job was in a shortage occupation. Employers had to sponsor these migrants. It consisted

68,000 per year and then doubled to 140,000 in 1998 (ibid.). Furthermore, asylum applications increased from a few thousand per year in the late 1980s to tens of thousands per year during the 1990s.

[5] Tier 1 covered cases that met established occupational skill requirements, notably senior-management posts and positions affected by recognised shortages, which were to be processed under a simplified procedure. Tier 2 encompassed all other applications, for which employers had to provide detailed justification for appointing an overseas candidate (Salt & Bauer, 2020).

of the two existing tiers within the work-permit system and was the most significant in addressing labour shortages. Tier 3 was intended for low-skilled workers but, notably, it was never opened, signalling a political unwillingness to formally admit migrants for low-paid work outside of exceptional schemes. The underlying premise was that citizens of Bulgaria and Romania, during their post-accession transition period to the EU, would take up lower-skilled vacancies. Tier 4 managed the growing number of international students, linking visas to acceptance by recognised institutions, while Tier 5 covered temporary or non-economic migration, including working holidaymakers, charity workers and cultural-exchange participants.

On the one hand, the PBS maintained a degree of openness to high-skilled migration, reflecting the economic imperative to attract talent perceived as beneficial to the national economy (Caviedes, 2010). In particular, the Home Office emphasised that the programme was 'employer-led', underscoring its responsiveness to labour-market needs. In practice, the UK system has always represneted a hybrid model, combining points-based and sponsor-led elements. The 'points' assessment for visa eligibility was largely symbolic, since each visa category sets out compulsory requirements that applicants must fulfil to be considered eligible, leaving little room for the flexible weighting or trade-off of attributes that characterise genuinely points-based systems. Nevertheless, the system's functionality was largely shaped through consultation processes and task-force groups involving employers and educational institutions. In particular, employer feedback played a pivotal role in designing the system (Consterdine, 2018). On the other hand, the PBS functioned as a signalling mechanism to reassure the public and respond to media and electoral pressures for greater control over immigration during the recession (Balch, 2010; Sumption & Walsh, 2023).

The PBS underwent several changes and updates over the following years. With the Conservative Party's return to power in 2010 (initially in coalition with the Liberal Democrats and later through majority and minority governments), key reforms were introduced to tighten the system, such as an annual cap on Tier 2 Skilled Work Visas (Scullion & Pemberton, 2015), closure of the Tier 1 General Route and the raising of the skill and salary thresholds for migrant workers. While some pathways were closed, new ones were created to address specific labour-market needs and business demands (Consterdine, 2022). Those changes occurred against the backdrop of the 2012 announcement of the 'hostile environment' policy, introduced under Home Secretary Theresa May, which aimed to reduce overall immigration by making life more difficult for those without legal status. During the period of tightening the migration system, the PBS faced growing criticism from stakeholders for its increasing complexity and rigidity (Gower, 2018). It was perceived as particularly ill-suited to the needs of small and medium-sized businesses, while applicants, sponsors (e.g. employers) and lawyers viewed it as overly costly and burdensome, with policy guidance for each visa category subject to frequent change (ibid.).

The ongoing engagement between the state and stakeholders was formalised through two advisory bodies established in 2007: the Migration Impacts Forum (MIF) and the Migration Advisory Committee (MAC). The MAC, in particular, provides a structured and explicit channel through which employer groups and other stakeholders could influence immigration policy, marking a significant shift toward a more consultative approach in economic migration governance (Caviedes, 2010; Consterdine, 2018; Martin & Ruhs, 2014). As an independent, non-departmental public body, the MAC provides evidence-based recommendations to the government on skills needs and the wider economic impacts of immigration. Its methodology combines top-down labour-market analysis with bottom-up evidence from employers and advocates, ensuring that a broad range of perspectives informs the identification of labour shortages. As Caviedes (2010, p. 114) argues, 'This results in an indirect corporatist arrangement under which the social partners' views are important'.

5.4 Ambiguous and Internally Divided Business Preferences on Migration

The 2016 EU referendum marked a turning point for UK immigration policy, even though the policy area under discussion here is not, strictly speaking, a migration policy domain. Nevertheless, public concern about high levels of immigration was a significant factor driving the vote to leave the EU and and the wider referendum debate was frequently framed through migration-related language and imagery. This framing allowed broader questions of border and territorial control, national sovereignty, public order, welfare entitlement, economic security and national identity to be symbolically linked to immigration. Furthermore, the Conservative Party positioned itself as the party the most committed to reducing migration. Indeed, Conservative rule since the 2010s has been underpinned by a seemingly simple mandate: to reduce immigration. The rise of the UK Independence Party (UKIP) during this period further intensified pressure to adopt a harder stance on immigration.

Business views on the EU referendum and the response to the United Kingdom's decision to leave the European Union were mixed. Some viewed Brexit as an opportunity to reduce regulatory burdens and expand global trade. In the lead-up to the 2016 referendum, several prominent business leaders publicly supported leaving the EU and were involved in the Business Council of Vote Leave. They argued that EU regulations and bureaucracy were hindering business growth and that exiting the EU would allow the UK to negotiate its own trade deals with non-EU countries. Furthermore, as the Chair of the Business Council of Vote Leave explained during oral evidence to the Business, Innovation and Skills Committee's inquiry held in 2016, *Business Views on the EU Referendum*, some sectors preferred control over the 'quality' of foreign workers rather than maintaining free movement:

> Simply, the way in which migration policy is operated at the moment is the worst of all worlds, because we have an unlimited supply of cheap labour from the European Union, of which a significant proportion is looking for work, not coming here having already been offered work. That is an indication of the economic need versus surplus cheap labour, and we cannot get access to the skills we need, because we cannot get access to the rest of the world: overall migration is too high; the public believes it is too high; and it is putting a strain on public services. The whole migration policy is out of kilter. We cannot resolve that problem

> while we are members of the European Union, because we have no control over migration from the European Union. (Business, Innovation and Skills Committee, 2016, pp. 7–8)

The inquiry was launched to explore the rationale behind the views expressed by British businesses on Britain's continued membership of the EU and to assess the extent to which those views were based solely on business considerations, as opposed to wider political or social factors. It revealed internal fragmentation over Brexit – visible across many sectors – and highlighted the reticence of businesses to take a public stance on the issue, even though employers' organisations were lobbied by campaigning organisations to take sides, as the General Director of the BCC, Adam Marshall, claimed (2021). However, much of the consultation on substantive issues and practical implications occurred after, rather than before, the decision about leaving the EU was made, reflecting the tendency for discussion to be shaped more by emotional factors rather than by evidence-based deliberation. As Minette Batters, the then president of the NFU, pointed out, 'There was not even one side of policy on A4 [sheet of paper] of what leaving the EU would look like' (Batters, 2021).

The industry that the most strongly supported Brexit was the fishing industry. According to a 2016 survey by *UK in a Changing Europe*, an academic think tank that contacted members of Fishermen's Associations and Producer Organisations across the UK in the run-up to the EU referendum, as many as 92 per cent intended to vote to leave the EU.[6] In May 2016, a campaign group called *Fishing for Leave* was founded. Supporters argued that leaving the EU would allow them to catch more fish, free from the restrictions of the Common Fisheries Policy, which governs where fleets can fish and sets quotas to conserve fish stocks. There was no organised group of fishermen campaigning to remain in the EU. The industry did not anticipate that Brexit might create difficulties in recruiting foreign labour. In the years following the UK's withdrawal, however, these assumptions proved unjustified.

While the fishing industry was nearly unanimous in its support for Brexit, the food and farming sectors were far less united in their position on leaving the EU. The Fresh Produce Consortium maintained a policy of neutrality, while around 70 per cent of members of the Food and Drink Federation favoured remaining in the EU (Feldmann & Morgan, 2021). Reflecting the broader ambiguity within the community, the Country Land and Business Association (CLA) urged ministers to 'do the right thing' but refrained from taking an official stance (ibid.). The National Farmers' Union (NFU) was divided, with some members reliant on migrant labour and others on EU subsidies. Based on its report *Implications of a UK Exit from the EU For British Agriculture*, the NFU Council resolved that the interests of farmers were best served by remaining in the European Union (van Berkum et al., 2016). Although the Council agreed that the NFU would not actively campaign in the referendum, the NFU was required to register as a campaigning organisation in 2016, so that it could continue to provide members with information and analysis of issues affecting farmers.

The Confederation of British Industry (CBI), as the main collective grouping of employers, supported the 'Remain' campaign and warned of the potential economic

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[6] https://ukandeu.ac.uk/british-fishermen-want-out-of-the-eu-heres-why/, Accessed 9 June 2026.

consequences of Brexit. One of its key arguments was that the free movement of workers within the EU provided UK businesses with access to the skills they needed in order to grow (CBI, 2018, submission to the Business, Innovation and Skills Committee's, 2016 inquiry). Similarly, the financial sector largely backed the Remain campaign. Support for remaining in the EU was also high within Make UK (formerly the Engineering Employers' Federation), which represents British manufacturers. However, the organisation noted that its contribution to the debate should be limited to issues directly affecting business decisions. In contrast, the British Chambers of Commerce (BCC) declined to endorse either side in the referendum, as members split over the European Union referendum vote based on size and export interests – 60 per cent declared support for remain, with 30 per cent opting to leave (BCC submission to the Business, Innovation and Skills Committee's, 2016 inquiry). However, its director publicly expressed support for Brexit, leading to his resignation. He later became the Chair of the Business Council of Vote Leave, a cross-party campaign.

The Institute of Directors (IoD) – the UK's longest running organisation representing company directors, senior business leaders and entrepreneurs – published a survey in the run-up to the referendum showing that its membership was internally divided: 60 per cent supported remaining in the European Union, while 31 per cent favoured leaving (IoD submission to the Business, Innovation and Skills Committee's, 2016 inquiry). Thus, the Institute remained neutral in the debate, as did the Federation of Small Businesses. Both organisations avoided taking a clear stance on the issue of free movement, recognising it as a politically divisive topic among their members.

Although the construction industry was heavily dependent on EU labour, its main representative organisations avoided taking a formal position on either the Remain or Leave campaigns as the industry was deeply divided over Brexit. Instead, they consistently informed about potential labour shortages, rising supply-chain costs and investment uncertainty. A survey conducted by the Federation of Master Builders (FMB) in May 2016 found that over 80 per cent of small construction firm owners intended to base their EU referendum vote on personal beliefs rather than business interests.[7] Furthermore, 40 per cent of SMEs identified the greatest potential benefit of Brexit as the increased freedom it could give the government to design legislation better suited to the needs of British businesses. This division was mirrored in the UK Construction Week's EU referendum survey, which showed that 57 per cent of construction professionals wished to remain in the EU, while 43 per cent favoured leaving.[8] On the other hand, according to the results of a survey among CBI members, 77 per cent of those in the construction sector thought it would be best for their organisation if the UK stayed in the EU (CBI submission to the Business, Innovation and Skills Committee's, 2016 inquiry). Internal divisions within sectors arising from divergent employer interests and the antagonistic nature of the

[7] https://buildingspecifier.com/weak-information-clouds-construction-bosses-referendum-decision/, Accessed 9 June 2026.

[8] https://www.buildingtalk.com/eu-referendum-debate-addressed-by-construction-professionals/, Accessed 9 June 2026.

campaign provided an important context for subsequent employers' actions during the period of 'noisy politics' surrounding Brexit and migration. The influence of business actors at that time depended on three key factors: the incentives to engage directly in 'noisy politics', when public interest was high, the perceived legitimacy of their involvement and their capacity for cohesive action (Feldmann & Morgan, 2021). The following subchapters examine variations in the effectiveness of business influence and the conditions under which business interests prevailed or failed to do so in the domain of migration policymaking. The analysis first focuses on the agri-food sector before turning to broader lobbying activities surrounding the design of the post-Brexit migration system.

5.5 Policy (Dis)Continuities in Post-Brexit Migration Governance

5.5.1 A Conditional Success Story from the Agriculture Sector

Despite public demands for more-restrictive immigration policies and official promises to curb low-skilled migration, the agriculture sector continued to rely on seasonal workers, highlighting its ongoing exceptionalism within migration policy (Milbourne & Coulson, 2021; Scott, 2015). It was the only sector to secure a dedicated scheme for low-skilled migrants and, notably, the Seasonal Worker Pilot for the UK's horticultural industry was introduced before the end of free movement. Initially, the government declined to reinstate a seasonal workers' scheme in the immediate post-referendum period, as noted in the governmental research briefing *Migrant Workers in Agriculture* (McGuinness & Garton Grimwood, 2017). However, in February 2018, the Secretary of State for Environment, Food and Rural Affairs, Michael Gove, in his speech *A Brighter Future for Farming* at the NFU Farming Conference, acknowledged that 'The NFU has put forward strong and, to my mind, compelling arguments for a Seasonal Agricultural Workers Scheme'.[9] Subsequently, in September 2018, the Home Office and Department for Environment, Food & Rural Affairs (Defra) Secretaries announced a Pilot Seasonal Worker Scheme, with a quota of 2500 places for migrants from five countries, running from early 2019 until the end of 2020. Workers were permitted to stay in the UK for up to 6 months.

Since its reintroduction in 2019, the scheme has steadily expanded and the 'pilot' terminology has been dropped. It is now officially referred to as the Seasonal Worker visa route, and the scheme has been extended for 5 years (2025–2029), with 45,000 visas available annually. Under the current rules, horticultural workers can stay in the UK for up to 6 months within a 10-month period and may be recruited from around the world. Furthermore, in late 2021, in response to reported labour shortages

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[9] https://www.gov.uk/government/speeches/a-brighter-future-for-farming, Accessed 9 June 2026.

across other parts of the food supply chain, the government broadened the scheme to encompass an additional 2000 visas for roles beyond horticulture, specifically poultry workers, pork butchers and heavy goods vehicle (HGV) drivers. The scheme was also widened to cover ornamental horticulture. However, the scheme did not encompass the entire agri-food sector, leaving several subsectors, e.g., the fishing industry, excluded from its provisions.

Several factors contributed to the success of the growers' lobby. Converting the seasonal workers' pilot into a permanent, extended scheme was facilitated by the perceived legitimacy of the sector's involvement and its capacity for cohesive collective action. The NFU was one of the first trade bodies in any sector to commission economic analyses of the consequences of Brexit. In 2017, it published three reports under the title *A Vision for the Future of Farming*, which covered all areas crucial to its members, including 'access to a competent and flexible workforce'. The last report demonstrated that, without government action to address growing concerns over labour access, there could be a significant shortage of workers on Britain's farms and across the wider food and farming sector.

The NFU's strategy combined both active and reactive approaches, encompassing elements of inside and outside lobbying. Its primary focus was direct engagement with the government, followed by ministers, departments (mainly Defra) and civil servants, to communicate members' needs and priorities [Interview 24, see Appendix, Table A1 for interviewees' characteristics]. This insider strategy was supported by a strong evidence base: the NFU regularly conducted surveys among its members to quantify labour shortages and present data-driven arguments to policymakers. The organisation also engaged actively with advisory and consultative bodies, such as the MAC, by submitting responses to inquiries and facilitating direct contact between committee members and farmers [Interview 24]. The NFU's proactive approach, particularly in its work with Defra, was succinctly articulated by its then president, Minette Batters:

> And what I learnt quite early on, and has subsequently become a key element of NFU work, was that if you have a problem, work up the solution. Do not just go to government with X, Y and Z as a problem. Go to them, saying, 'This is the solution to that problem'. Michael [Gove – the Secretary of State for Environment, Food and Rural Affairs] was very bought into that. (Batters, 2021, p. 10)

The communication focused on key messages, highlighting the labour supply crisis and emphasising that alternatives, such as recruiting local workers or increasing production automation, were not viable in the short or medium term (Scott, 2022). Notably, farmers were given a prominent platform from which to influence the UK's post-Brexit migration policy through parliamentary inquiries into UK migration policy and the needs of food producers, providing them with an opportunity to convey these messages directly to policymakers (ibid.). Scott (2022) described this process as a form of pressure that the government itself had invited, lying at the core of its labour migration 'balancing act' between public responsiveness and economic responsibility. However, the foundations for this dialogue between government and industry had been established earlier. Following the decision to close the SAWS in

2013, Defra established the SAWS Transition Working Group, later renamed the Seasonal Workforce Working Group, which met regularly to bring together industry representatives and government officials to monitor the seasonal labour situation across the UK (UK Parliament, 2018).

Nevertheless, the NFU's activities had to be broader in scope in order to gain external legitimacy. To this end, it worked with the Department for Work and Pensions (DWP) to demonstrate growers' full engagement in domestic recruitment efforts. Aware of the temporary nature of the SAWS arrangement – which the NFU regarded as fragile – and the Johnson government's commitment to gradually reducing the Seasonal Worker visa quota, the growers' lobby also engaged in outside lobbying through public engagement, media outreach and coalition-building with the CBI. As the representative of the British Growers' Association (BGA) noted during interview:

> To quite a large extent, to the point that the Prime Minister, and I suspect it was the Prime Minister, went: 'I'm not going to have this endless argument in the press about fruit pickers. Let's sort it once and for all and go for 5 years, and then it's done and dusted, and we don't have to have this thing coming round and circulating round and round in the press'. And I suspect that's why it was done. So yes, they are aware. You just need one or two people who've got a rather more realistic approach to immigration than some of the hardline conservatives had. [Interview 14]

The Covid-19 pandemic helped farmers and growers to convey their message, as it allowed them to frame food security as an important public good. This discourse resonated with Defra's evolving understanding of it which, particularly since the pandemic, came to emphasise that national resilience depends not only on open global markets but also on maintaining successful and profitable domestic production. At the same time, growers faced tightening profit margins due to the supermarket oligopoly that keeps retail prices low [Interviews 3, 31]. The government and Defra were acutely aware that, without access to sufficient supplies of cheap seasonal labour, the price of food would rise (House of Lords European Union Committee, 2017; MAC, 2018). Industry representatives warned that food could not be left unpicked, while the government was equally clear that it would not countenance food price inflation (Department for Environment, Food and Rural Affairs, 2022).

However, the process of securing and extending the Seasonal Worker Scheme was not without internal conflict. Tensions emerged between Defra – which advocated for the continuation of the scheme to protect food production – and the Home Office, which prioritised reducing overall migration numbers. As George Eustice, then Secretary of State for Environment, Food and Rural Affairs, recalled:

> I fought very hard to get government approval for a seasonal agricultural worker scheme. While it led to a lot of friction between Defra and the Home Office, it is an agenda where, routinely, Number 10, under various occupants, would side with Defra against the Home Office. That's why we've got a seasonal agricultural worker scheme. (Eustice, 2021, p. 34)

This dynamic reflected a wider change in the institutional environment, as Defra became a more prominent actor in migration policymaking. Traditionally, Defra had been viewed as a second- or third-rank department, partly because much of its policy had been shaped by the European Union rather than domestically. Brexit, however, transformed this position: with the ‘repatriation’ of agricultural and labour-market responsibilities, Defra became one of the departments most affected by institutional restructuring and gained greater influence over issues such as seasonal labour mobility. Interviewees from the agri-food sector [Iinterviews 2, 3, 14, 22, 24 and 26] described their cooperation with Defra in positive terms, characterising it as open and constructive. By contrast, engagement with the Home Office was often perceived as unproductive and marked by limited dialogue, reflecting the department’s limited responsiveness to industry concerns and its restrictive approach to migration policy [Interviews 2, 3, 19, 22 and 24].

5.5.2 *Merry-Go-Round Politics Surrounding the New Points-Based System*

After the EU referendum, the largest employers’ associations (CBI, BCC, EEF/Make UK, FSB and IoD), supported by the Trades Union Congress (TUC), undertook joint lobbying to secure EU citizens’ rights and a transitional deal that would preserve access to European labour and skills. Businesses sought clarity on hiring during the transition, asking how new EU recruits would be treated, so that firms could fill skills gaps without fear of sudden rule changes. At the same time, despite the creation of the new ‘engagement apparatus’, business leaders expressed frustration that economic issues were being sidelined – a sentiment articulated by Adam Marshall, General Director of the BCC:

> When Theresa May became Prime Minister, the drumbeat of that engagement did go up very significantly. There were a number of individuals in the Government, and indeed a number of individuals in the Civil Service, who pushed very hard to build an engagement machinery to say, ‘We know we need to talk to business a lot more and a lot more clearly. Let’s figure out how to do it’. So, there were an enormous number of conversations […] These were usually civil engagements and conversations about the issues and there was a reasonable amount of listening being done, and active listening at that. But then, when it came to translating that into a decision or an outcome, the system sometimes failed. Very often we’d have to report back, ‘We know they heard us, yes, but we don’t know what’s going to happen next’. There’s truth in that. (Marshall, 2021, pp. 8–11)

Notably, even Cabinet members claimed that they had little influence on migration decisions at that time. Former Home Secretary Amber Rudd recalled that, although she held several discussions with Prime Minister Theresa May regarding immigration policy, including efforts to increase the number of overseas doctors, May remained resistant to altering what she regarded as ‘her own immigration system’ (Rudd, 2021, p. 11). Another internal obstacle shaping policy discussions was what Rudd described as ‘a kind of delusional approach from some people in Cabinet’:

> The trouble with the transition period, they thought, was that there would be a rush of people from the EU coming to join the UK, in order to avoid being shut out when the transition period ended, so we had to move more quickly. That never happened. (Rudd, 2021, p. 10)

Business leaders broadly welcomed Theresa May's eventual commitment, made a year after the referendum, to guaranteeing the rights of EU citizens to remain in the UK after Brexit, yet they simultaneously criticised the government's delay in making this assurance. The prolonged lack of clarity over the status of EU nationals generated significant uncertainty across sectors, with many firms reporting the loss of valued staff and others warning that key employees were considering leaving the UK. In an open letter, the CBI and TUC accused the government of playing 'human poker' with approximately 4 million EU and UK nationals and declared the uncertainty 'intolerable'.

In the following months, the business lobby adopted a horizontal approach to migration policy, seeking to address the general needs of different sectors. The CBI and BCC sought to push back against the government's narrative that businesses had long relied on migrant labour instead of investing in domestic wages and skills. Such allegations made it difficult to legitimise the activities of employers' associations when they advocated replacing free movement with 'an open and controlled' immigration system for EU workers. Business groups argued that a new framework for EU migration was essential, as simply extending the existing non-EU immigration system would be entirely unworkable for employers. Ensuring that EU workers were not subject to the burdensome visa requirements applied to non-EU nationals was among the key recommendations of the CBI's (2018) report *Open and controlled – A new approach to migration,* which drew on evidence from 129,000 firms across 18 industry sectors. The CBI urged then-PM Theresa May to drop the 'blunt' net migration target (to reduce net migration to below 100,000) as unworkable and, instead, to adopt rules that keep vital worker pipelines open in all sectors. Other employers' associations and individual employers also sought to convey this same message when submitting evidence to the MAC inquiry commissioned by Home Secretary Amber Rudd in 2017, emphasising that restricting access to EU labour would damage business operations across multiple sectors.

However, the MAC approached such claims with caution, expressing scepticism about the extent of employer dependency on EU workers and suggesting that the UK economy should shift away from the liberal model dependent on low-wage labour (Consterdine, 2022). The MAC's (2018) report recommended retaining an employer-driven approach for most workers, while making it easier for skilled migrants to come (relative to the lower-skilled). Key suggestions included abolishing the Tier 2 cap, removing the resident labour-market test, expanding eligibility to medium-skilled jobs and treating EU and non-EU migrants equally under one system.

In December 2018, the May government published a White Paper, *The UK's Future Skills-Based Immigration System,* outlining a future system after Brexit, which embraced many MAC recommendations. Salary thresholds emerged as a particularly significant concern for employers. While an earlier proposal had suggested a minimum salary floor of £30,000 for skilled workers, the government signalled a degree of flexibility, indicating that lower thresholds could be applied for certain occupations or for new entrants to the labour market. In response to ongoing vocal business concerns, the Home Secretary, Sajid Javid, later commissioned the MAC to produce a further report specifically focused on reviewing appropriate salary thresholds within the new system.

The White Paper concluded that there should be no permanent visa routes for lower-skilled workers, while acknowledging that this would pose significant challenges for sectors heavily reliant on EU free movement, such as construction and social care. To mitigate these pressures, it proposed the introduction of a temporary migration route allowing lower-skilled workers to remain in the UK for up to 12 months. However, this proposal was ultimately not implemented, thus disregarding the interests of employers in these sectors.

Conversely, in response to acute skills shortages in publicly funded sectors such as the NHS and social care, the government lifted the cap on Tier 2 skilled visas for NHS doctors and nurses, which was welcomed by employers' organisations. As highlighted by the EU Home Affairs Sub-Committee of the House of Lords European Union Committee in its 2017 report *Brexit: UK–EU Movement of People*, reducing immigration in the public sector could not occur without cost: there is likely to be a trade-off between lower immigration and higher public spending, as 'reducing immigration in the future may require more public investment upfront' (House of Lords European Union Committee, 2017).

In mid-2019, Boris Johnson became Prime Minister and appointed Priti Patel as Home Secretary. Together, they publicly promoted an 'Australian-style points-based system' as a central policy objective, despite the technical details still being under development. The Johnson government indicated its intention to build on the proposals outlined in the 2018 White Paper, while also introducing changes to specific routes within the existing system presented as 'bespoke' schemes to show that the system could both control numbers and fill skills gaps. At the same time, the government commissioned the MAC to report on how a points-based model could add flexibility, particularly by allowing tradeable points for attributes like qualifications or working in shortage occupations. Once again, employers took the opportunity to submit extensive evidence, representing a wide variety of sectors, industries and regions. Furthermore, larger employers were more vocal in articulating their demands and went public with their concerns, using media platforms and industry forums to highlight the potential risks of a rigid system to key sectors of the UK economy.

In January 2020, the MAC delivered its report *A Points-Based System and Salary Thresholds for Immigration*, advising a mixed approach: keep an employer-sponsored route for most skilled workers and have a separate, points-based, route for a small number of the most skilled applicants without job offers. The government responded promptly, announcing that the new system would be implemented from 1 January 2021 and broadly accepting the MAC's key recommendations, including lowering the general salary threshold from £30,000 to £25,600 and reducing the required skills level. Despite pressure from employers, the government chose not to introduce a general visa for lower-paid work as a transitional measure, apart from expanding a pre-existing Seasonal Worker scheme in agriculture (Scott, 2022). This decision signalled a hard line suggesting that employers should adjust to fewer EU workers by raising wages or improving productivity, even if this resulted in the contraction of certain sectors.

To implement these changes, Parliament passed the Immigration and Social Security Co-Ordination (EU Withdrawal) Act 2020. This Act formally ended EU free-movement rights in UK law on 31 December 2020, meaning that, from 1 January 2021, under the new system, EU citizens would require visas to live or work in the UK. As Susan Williams, the Minister of State, Home Office, stated during the debate on the points-based system (Hansard Volume 802, 25 February 2020, col 145): 'EU versus non-EU will now be one and the same: it will just be non-UK'. In many respects, the new system was an evolution of the existing PBS. Employer sponsorship and work visas remain central and most visa categories from the pre-Brexit era still exist (often under new names). The government claimed that the new framework simplifies the application process, streamlines sponsorship requirements and introduces new routes to attract individuals who can contribute to the UK's post-pandemic recovery. As a result, the new system represents a liberalisation for non-EU citizens (Sumption, 2022). However, under the new PBS, overseas recruitment remains restricted for roles classified as lower-skilled, with limited exceptions such as social care and seasonal work in horticulture. It is worth noting that the previous system also excluded lower-skilled workers, reflecting continuity in this aspect of policy design. The business lobby responded with a balanced statement, praising certain pro-business changes that had been advocated by the CBI and other large employers' organisations during a 3 year lobbying campaign (e.g. a new Graduate Immigration Route[10]), while also highlighting several remaining concerns. Among the latter were the absence of a transitional visa category to help employers adapt to the end of EU free movement; the disproportionate impact on sectors with many low-paid or lower-skilled jobs or with a high concentration of EU workers (such as in social care, hospitality, tourism and construction); the continued use of national salary thresholds without allowance for regional variations; the costs and administrative burdens associated with sponsoring work visas, particularly for smaller employers; and the ambitious timetable for implementing the new system.

Since the new rules came into effect, business groups have continued to press for more-relaxed eligibility requirements, especially for lower-skilled workers, arguing that pandemic-related disruptions have further exacerbated recruitment difficulties across multiple sectors. They have called for a broader range of occupations to be added to the Shortage Occupation List (SOL), a government-defined list of jobs that are recognised as facing acute labour shortages in the UK [Interviews 2, 20, 22 and 24]. Inclusion on this list allows for certain immigration concessions, such as lower salary thresholds and reduced visa fees, making it easier for employers to recruit workers from overseas for these roles. However, while some sectors have actively submitted evidence to the MAC to support their inclusion, others have struggled to do so effectively due to a lack of detailed labour-market data, weakening their case for recognition on the list [Interviews 2, 20 and 22]. This challenge is particularly significant given that the MAC serves as one of the primary channels through which employers and sector representatives can communicate labour-market needs to the

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[10] The route allows students graduating from summer 2021 onwards to stay in the UK for two years to work (or 3 years for PhD graduates) without needing a sponsoring employer.

government, while only the largest employers' associations maintain ongoing, direct access to government officials. However, it is important to note that, unlike the largely reactive role which employers played under the New Labour government, they have, in the current period, adopted a far more proactive approach, e.g. during the above-mentioned extensions of SOL. In contrast, the approach of the state administration can be described as reactive, as one of the interviewed civil servants observed:

> There is a tendency, I think, for the Home Office and the borders and migration systems that are going from crisis to crisis. I think, it's difficult for there to be a coherent kind of overarching sort of strategy behind the architecture of the immigration system because obviously it's trying to do a lot of things at once and when an issue arises, it kind of responds to that and sort of shifts its resources to deal with that, but that leaves something else to build up as an issue elsewhere. [Interview 32]

This observation highlights that the immigration system tends to prioritise short-term crisis management over long-term workforce planning, undermining efforts by employers and advisory bodies to secure more-stable and predictable labour-market policies.

5.6 Concluding Remarks

For many years, UK employers were able to rely on a steady supply of foreign labour, often operating outside or independently of formal migration controls. The advent of the New Labour government marked a new phase in which migration policy became more formally institutionalised, yet remained closely aligned with employers' interests, even without their active lobbying, particularly in facilitating the access of new EU citizens to the British labour market after the 2004 enlargement. The post-Brexit period, however, has brought a significant shift in this relationship. Political imperatives to 'take back control' of immigration redefined the policy agenda, with the government signalling a move away from the liberal model of labour-market regulation that had long depended on migrant labour and on employers' access to EU workers. This reorientation has occurred despite record levels of immigration, with net migration reaching an unprecedented 906,000 in the year ending June 2023, underscoring the tension between political rhetoric and economic realities (MAC, 2025). As a result, the government has been responsive only to the needs of selected sectors, such as horticulture and social care, as well as to some broad, cross-sectoral proposals advanced by the main employers' umbrella organisations to prevent a massive crisis in labour supply and maintain basic economic functioning. However, arguments grounded in economic considerations often took a back seat to political and symbolic priorities.

The analysis of the evolution of the UK's immigration system also reveals significant changes in the institutional environment, including a shift from a reactive to a more-active role of employers in shaping migration policy, alongside the enhanced advisory role of the Migration Advisory Committee and the transformation of consultation mechanisms between government and key stakeholders. Even though the Home

Office was often perceived as a closed and defensive institution, formal consultation processes nonetheless remained in place, providing a limited but ongoing channel for stakeholder engagement. Furthermore, over time, the role of employers' interests and their connection to the government's economic growth agenda also evolved. Under New Labour, business support was actively mobilised to reinforce the government's pro-growth narrative and to legitimise the liberal migration regime. In contrast, in the post-Brexit period, employers were increasingly framed as contributors to structural weaknesses in the labour market, criticised for their reliance on migrant labour rather than for investing in domestic workforce development and higher wages. In response, employers sought to legitimise their lobbying activities by emphasising their efforts to maximise recruitment, retention and staff productivity among native workers as a means of mitigating the risk of labour shortages.

Appendix

Table A1 Interviewees and the organisations they represented

Interview ID	Role/position of the interviewee
1	Scholar in political science
2	Representative of employers' association in the agri-food sector
3	Chair of the Association of Labour Providers (ALP)
4	Ex-director of Policy & Partnerships at the Construction Industry Training Board (CITB)
5	Director of Research at the UK think tank
6	Policy and Campaigns Officer at the Trade Union Congress Midlands (TUC)
7	Representative of Rural Workers and Migration Working Group, European Coordination Via Campesina (ECVC)
8	Labour Market Economist at Chartered Institute of Personnel and Development (CIPD)
9	Head of Political Economy at the Institute of Economic Affairs (IEA)
10	Director of Legal & Business at the Excellence in Electrotechnical and Engineering Services (ECA)
11	Representative of a civil-society organisation and charity focusing on the agri-food sector
12	Scholar in migration studies
13	Chief Executive of the Federation of Master Builders (FMB)
14	Chief Executive of the British Growers Association (BGA)
15	Construction Policy Advisor
16	Head of Partnerships and Policy at the Institute for Agriculture and Horticulture (IAH)

(continued)

(continued)

Interview ID	Role/position of the interviewee
17	Representative of a trade union
18	Representative of a trade union
19	Representative of the employers' association
20	Director of Strategy and Operations at the National Federation of Builders, member of the Construction Leadership Council (NFB)
21	Research Manager at the Construction Industry Training Board (CITB)
22	Chief Executive at the Scottish Fishermen's Federation (SFF), the Scottish White Fish Producers' Association (SWFPA)
23	Representative of a trade union
24	Policy Advisor at the National Farmers' Union (NFU)
25	Project Officer for Migrant Workers Solidarity Project at the Landworkers' Alliance
26	Communications Manager at the British Poultry Council
27	Senior Researcher at an NGO working on labour-rights issues
28	Research Manager at an NGO working on labour-rights issues
29	Civil Servant
30	Head of Business Immigration at the Immigration Law Practitioners' Association (ILPA)
31	Representative of a trade union
32	Civil Servant
33	Representative of an NGO working on ethical trade

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Chapter 6
Shaping Migration Policy and Practices: The Role of Employer Organisations in Italy's Segmented Labour Market

Agnieszka Fihel, Diego Caballero-Vélez, and Kamila Kowalska

6.1 Introduction[1]

History shows how long-term modernisation processes and the demographic transition they triggered have influenced migration patterns in Europe. The countries of the old continent which, for decades, were a source of emigration – whether within the continent or overseas – became importers of foreign labour after the Second World War (Okólski, 2012). While this change took place in almost every European country, the timing and scale varied according to the historical and political circumstances of each country. In Italy – which is the subject of this chapter – as in other Southern European countries, this shift from negative to positive net migration occurred later than in the west or north of the continent, namely in the early 1970s. Initially characterised by return migration, it was later, especially since the beginning of the 1990s, defined by high dynamics of immigration (Campani, 1993; Peixoto et al., 2012). Over the last three decades, Italy has become home to 6.4 million foreign-born inhabitants, both foreign citizens and naturalised Italian citizens – this, today, represents 11 per cent of the overall population (OECD, 2024).

A. Fihel (✉)
University of Warsaw, Centre of Migration Research, Warsaw, Poland
e-mail: a.fihel@uw.edu.pl

D. Caballero-Vélez
Faculty of Economics and Social Sciences, University of Latvia, Riga, Latvia
e-mail: dcaballerovelez@gmail.com

K. Kowalska
Faculty of Social Sciences, University of Gdańsk, Gdańsk, Poland
e-mail: kamila.kowalska@ug.edu.pl

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This intense inflow was made possible by a complex mix of external circumstances and factors inherent to its economy. On the one hand, the declining – since the 1970s inflow – of native cohorts onto the labour market, industrial development in the north of the country and internal migration from south to north (Mingione, 1995) enhanced the demand for migrant labour in low-skilled and low-paid jobs. On the other hand, since the 1990s, the demographic pressure in sending countries mired in poverty and overwhelmed by internal and international conflicts has made Italy – due to its geographical position and the establishment of the free movement principle in the European Union (EU) – the main gateway to Europe and, for some migrants, the place of long-term residence (Campani, 1993; Caponio & Graziano, 2011; King, 2000). Over the decades, some sectors of the economy, agriculture being the most studied case, have become permanently and structurally dependent on foreign labour, whether coming from abroad or already settled in the country – and embodying labour market segmentation (Campani, 1993; Palumbo, 2024; Peixoto et al., 2012) and justifying the 'subordinate integration' of migrants, limited to lower positions of the labour market (Ambrosini, 2013).

Labour market segmentation is central to understanding the Italian case. It stems from the country's dual economic structure: a capital-intensive, export-oriented manufacturing sector in the north and a labour-intensive, welfare-dependent economy in the south, both heavily reliant on small and medium-sized enterprises that generate most of the employment and value added. This structural duality produced a deeply segmented labour market, in which a formal, relatively protected primary segment coexists with an informal, flexible secondary one in agriculture, construction and artisanal work, all relying on migrant workers. This segmentation translates into fragmented employers' interests along sectoral, regional and firm-size dimensions, which largely explains their inability to act as a unified lobby in migration policy reform.

In this monograph, we argue that employers deliberately take action to encourage labour migration and the employment of immigrants. However, Italy does not fit this description: large-scale immigration has not been triggered by business activity or by a bold migration policy aimed at attracting and integrating foreign workers on the Italian labour market. The existing literature has described the Italian migration policy in terms of incoherences and paradoxes (Caponio & Cappiali, 2018; Zincone, 2006). The most vivid contradiction of migration policy stems from the increasingly strict admission regulations and security-oriented political rhetoric and the growing number of migrants living and working in the country (Caponio & Cappiali, 2018; Corrado et al., 2024; Finotelli & Sciortino, 2009; Geddes & Pettrachin, 2020; Zincone, 2006). Indeed, the Italian admission regulations and their implementation have evolved over the last three decades in such a way that they have favoured the interests of employers, despite the latter's lack of active participation in policy setting. Therefore, another paradox that we put forward and aim to verify in this chapter is that,

> *despite having had relatively little influence on subsequent migration policy reforms, Italian employers have adapted to and largely benefited from this policy, at least in certain important economic sectors and types of firms.*

This hypothesis will be verified through a multi-source analysis in which we focus on the diversity of employers' economic interests regarding international migration – in particular labour migration – and the way these interests have been pursued.

The analysis concerns immigration from third countries and excludes mobility within the European Union. For the sake of its clarity, we structure our argument along two research lines; the first involved searching for documented evidence of employers pursuing their interests in creating or reforming Italian migration policy. Given our failure to find such evidence, the second step involved interviewing experts on employers' diverse interests in relation to international migration and how these interests might have been pursued in Italy. We precede the presentation of our empirical analysis with a section explaining the specifics of the Italian context, in particular the economic conditions, the institutional environment in which employers operate and the complex ecosystem of institutional actors who contribute to the establishment of migration policy. We conclude that the existing policy of admission and migrant employment, which favoured certain economic interests in the 1990s and the early 2000s, no longer meets employers' needs as work increasingly relies on skills and competencies, even in sectors such as agriculture, construction and artisanal work.

6.2 Institutional Incoherences in Italy

The way in which Italian employers pursue their interests relating to the migrant workforce depends largely on the national model of economy and broadly defined institutional environment. As for the former, the economic growth has been driven by two distinct economic regimes (Di Carlo et al., 2024; Russo, 2023; Zambarloukou, 2007): an export-oriented manufacturing in the north of the country and domestic consumption fueled by welfare expenditure and a relatively considerable public sector in the southern regions. These differences between the North and the South are reflected in distinct business realities, where multinational companies and the public sector coexist alongside artisanal and family-run firms, which often offer poor working conditions and informal employment (Rangone, 2020; Zambarloukou, 2007). Indeed, the economy relies on small and medium-sized firms, employing over 78 per cent of all employees and generating 67 per cent of the overall value added (European Commission, 2019), as opposed to Western Europe, where country-wide enterprises largely contribute to economic growth (Campa, 2015; Mingione, 1995). Italian small and medium enterprises are organised in micro-production centres and supply networks, often concentrated regionally, which does not favour the concentration of private capital and investments. In addition, the role of low-productive, labour-intensive sectors, such as agriculture, construction, retail and hospitality, is important for the national economy.

These conditions – namely, the majority of small and medium-sized firms and labour-intensive sectors – contribute to the persistence of the informal economy, in particular of undocumented employment, which remains complementary to formal economic activities (Zambarloukou, 2007) and is widely accepted in society, along with other irregular practices (Reyneri, 1998; Williams & Horodnic, 2015). The segmentation of the Italian labour market means that a significant proportion of employment – around 12–12.5 per cent, according to the most recent estimates (de Gregorio & Giordano, 2015; Martinelli, 2021) – is un- or under-declared, and migrants have been particularly susceptible to informal forms of employment. As estimated by the Italian National Institute of Statistics (cited by Reyneri, 2004), only 31 per cent of all immigrants, with either regular or irregular residence status, were employed in a documented way in the early 1990s, a figure that increased to 60 per cent in the early 2000s. However, in absolute terms, the number of immigrants employed non-compliantly remained practically unchanged, as the immigrant population itself grew by 68 per cent over the same period. The decline in non-compliant employment has resulted from widespread preventative measures against informal employment introduced since the 1990s, such as service vouchers for occasional jobs, as well as in agriculture (Williams, 2018), strengthening labour inspections and employer sanctions (Ispettorato Nazionale del Lavoro, 2018), the integration of administration data (OECD, 2019), information campaigns (European Commission, 2016) and regularisation programmes for migrants without documented status (*sanatoria*). Between 1986 and 2020, the Italian authorities granted amnesties to migrants eight times and, thanks to the tolerance of informal employment embedded in the Italian culture, they were able to do so without losing significant political support (Finotelli & Arango, 2011; Finotelli & Sciortino, 2009).

As for the specifics of the institutional environment that affects the activities of employers as an interest group (or several interest groups), Hall and Soskice (2001) stressed the structural inconsistencies between four institutional categories in southern Europe: corporate governance, corporate financing, industrial relations and inter-firm relations. For example, liberal industrial-relations arrangements are accompanied by a relatively low reliance of firms on private capital. The labour market shows a high demand for industry- or firm-specific skills but low social protection enhances the development of general skills that can be easily transferred between enterprises. Such structural inconsistencies impede the coordination between institutions and result in structural inefficiencies (Hall & Gingerich, 2009) which, in Southern Europe, is compensated for by the state. While the state is reduced to a supportive role in the coordinated market economy and the liberal market economy, in the so-called 'Mediterranean mixed-market economy' (Molina & Rhodes, 2007), it coordinates economic relations, thus ensuring the stability of the institutional system (Vasileva-Dienes & Schmidt, 2019).

The state's dominance in the Mediterranean mixed-market economy creates incentives for the economic actors, such as trade unions and employers' organisations, to gain privileged access to state resources and to lobby for particularist purposes (della Sala, 2004; Hassel, 2014; Molina & Rhodes, 2007). A circumstance conducive to lobbying is also the strong position of policy advisers as, in line with the country's Napoleonic legacy, the Italian governance is based on codified law and a strong, centralised and politicised bureaucracy, as opposed to the evidence-based policy-making prevalent in Anglo-Saxon countries (Bandera et al., 2024; Di Mascio & Natalini, 2013). However, at the same time, the legislation regulating lobbying is fragmented, the country lacks a comprehensive, nationwide register of lobbyists and only recently have some regional authorities and ministries established such registers for their own use (Crepaz & de Francesco, 2025). In the context of the social acceptance of informal activities in Italy, as already mentioned, it is not surprising that the lobbying activities of economic actors tend to be more informal and less regulated than in other European countries (Capano et al., 2024; Lizzi & Pritoni, 2019). This lack of transparency has worsened in the most recent decades. Until the mid-1990s, political parties represented and articulated the demands of diverse interest groups, exercising what is known as ‘political clientelism’ (Pritoni, 2019). This has changed since the political turmoil of the 1990s, when new political parties emerged and took control of the government, making the political landscape more fragmented and unstable (Bandera et al., 2024; Di Mascio & Natalini, 2013; Pritoni, 2019). Political stakeholders have started to increasingly rely on informal advisers, *ad hoc* experts and think-tanks which, on the one hand, contributes to a more plural and equal representation of interest groups (Bandera et al., 2024; Pritoni, 2019). On the other hand, the advisory arrangements have become more unstable and situational, with random interactions and personal ties becoming more relevant (Bandera et al., 2024; Pritoni, 2019). The position of traditional advisory bodies, such as public administrations, government agencies and state institutes, diminished in the milieu of advice, whereas the National Council for Economy and Employment (CNEL), an advisory body consisting of representatives of employers and employees consulted during legislation procedures, became literally marginalised (Bandera et al., 2024). Apart from its detrimental consequences for the Italian political system (Lizzi & Pritoni, 2019), the lack of transparency in advisory arrangements has practical implications for our empirical research: it makes it extremely difficult to provide evidence of lobbying. In what follows, we demonstrate this difficulty in the documentary and press analysis.

Taken together, the structural incoherences translate directly into specific characteristics of Italy’s institutional environment: the informal economy, the opacity of lobbying arrangements and the fragmentation of employers’ interests reinforce one another across different institutional levels. Box 6.1 maps these features systematically, distinguishing between informal norms, formal rules and the actual play of the game, that is, the three levels at which employers’ interests in labour migration policy are shaped.

Box 6.1 Italy’s institutional environment of the pursuit of employers’ interests – key elements*

At level I (embeddedness – informal rules):

- Tolerance of non-compliant employment, embedded in the broader social acceptance of the informal economy
- Acceptance of ethnic discrimination in the labour market
- Tolerance of informality in lobbying and decision-making, with personal ties and informal networks playing a decisive role

At level II (formal rules):

• A restrictive immigration regime based on annual quotas, characterised by lengthy procedures and heavy bureaucratic requirements for hiring migrant workers

• Large discretion of the executive government in setting annual quotas across sectors, with limited consultation of employers

• Recurrent regularisations (*sanatoria*) as a substitute for a coherent admission policy

• The absence of a comprehensive, nationwide legal framework regulating lobbying, with no obligatory register of lobbyists and only fragmented, recently introduced registers at the level of selected ministries and regional authorities

At level III (play of the game):

• Weak enforcement of employment regulations, particularly in agriculture and in southern regions

• Employment of migrants in the grey economy, with the *caporalato* system operating as an informal labour intermediary, especially in agriculture

• Segmentation of the workforce by nationality, with ethnic segregation across sectors and regions

• Agriculture functioning as an entry sector into the regular labour market for migrants

• Informal lobbying and consultations that privilege large companies and powerful players, while marginalising small and medium-sized enterprises

• A fragmented employers' milieu, divided along sectoral, regional and firm-size dimensions, which precludes unified collective action in migration policy reform

*In line with the definition presented in Chapter 2, the institutional environment of employers' pursuit of their migrant-labour-related interests is a dynamic ensemble of informal (level I) and formal (level II) rules, as well as some elements of the *play of the game* (level III) (Williamson, 2000), such as contracting and enforcement of regulations. Despite similarities, this institutional environment differs between European countries. The box demonstrates the most influential elements of this environment in the case of Italy

Source Own elaboration based on academic sources and research for this book

6.3 Data and Methods

Clearly, the interests of employers vary from one sector to another, as does their ability to influence political reforms. Bearing this in mind, we limit our analysis to employers' organisations, as well as selected economic sectors which are sufficiently organised to articulate collective interests: agriculture, construction, crafts[2] and industry. The study concentrates around four reforms of the Italian migration policy, so-called milestones, from the introduction of the Foschi Law in 1986, which was the first legislation to recognise foreign workers, to the last 'great' regulation – the Bossi-Fini Law enacted in 2002 – and it continues to the present day, as we question the efficiency of the existing admission system as of 2024. The data sources that we used include:

1. four laws on international migration, along with the documents that accompanied the enactment of these regulations: parliamentary committees' auditions, parliamentary debates, the official correspondence between employers' organisations and parliamentary committees (Table 6.1);
2. four major Italian daily newspapers, including both progressive and conservatist, general public and expert-oriented ones – *La Repubblica*, *Il Corriere della Sera*, *La Stampa* and *Il Sole 24 ore* – and selected online journals, from 1981 to 2024, from which we selected 141 articles; and
3. semi-structured interviews with 16 representatives of Italian employers' associations, trade unions and scholars, conducted in 2023–2024 (Appendix, Table A1).

In the case of interviews, the employers' organisations and trade unions were deliberately selected to represent a wide range of economic sectors (agriculture, construction, crafts and industry), regions and sizes of organisation. The interviews took place in Italian, lasted between 30 and 60 min and were audio-recorded and transcribed. In each of these analyses, whether of documents, newspapers or interviews, we performed coding for the most important keywords – such as agriculture, artisans, employers, employers' organisations, foreigners, industrialists, the informal economy, international flows/migration, migrant/illegal/informal/seasonal/temporary workers, labour shortages, lobbying, regularisation, sanatoria and the names of four migration laws: Foschi, Martelli, Turco-Napolitano and Bossi-Fini.

Before we present the results of our analysis, we would like to stress some methodological limitations. We were unable to contact any of the experts who had participated – or might have participated – in the consultation process for any of the four 'great' reforms, as the last of these reforms was enacted over 20 years before our study began. Therefore, our respondents provided their interpretation of the current situation rather than on the legislative changes described in the documentary and the mass media analysis. This is also why, in what follows, we separate the analysis of

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[2] The crafts sector (in Italian: artigianato) refers to a legally distinct category of small firms in Italy, represented by dedicated employers' organisations such as Confartigianato and Confederazione Nazionale dell'Artigianato e della Piccola e Media Impresa, operating primarily in manufacturing, construction and services.

Table 6.1 Four 'great' legal acts in Italian migration policy

Year	Legal Act	Main changes
1986	Foschi Law	• On a formal level, the equal treatment of Italian and foreign workers • The law seeks to fight against irregular labour migration • Governing the access to employment of foreign citizens • Regularisation of 118,000 irregular migrants
1990	Martelli Law	• Main changes in admission (visas, residence permits, entry for work) • Measures regarding expulsion procedures • Regularisation of 220,000 irregular migrants; also self-employed and asylum-seekers
1998	Turco-Napolitano Law	• Annual quotas assigned, with preferential entry for migrants coming from signatory countries of bilateral agreements) • The establishment of a sponsor mechanism • Restrictive measures on irregular migration (i.e. Temporary Residence Centres) • Integration policy measures • Regularisation of 215,000 irregular migrants
2002	Bossi-Fini Law	• Abolition of sponsor mechanism • Establishment of the *guest-worker* system (admission depended on job availability) • Legal stay link with the duration of job-contract length • Legal stay while being unemployed: maximum period of 6 months • Regularisation of 650,000 irregular migrants

Source authors' elaboration

documents and newspapers from that of interviews. In addition, as representatives of sectoral associations, the employers' representatives whom we interviewed presented the official position of their organisations and were committed to the ethos of the common good and collective action. Unsurprisingly then, as we shall see, our interviewees appeared unequivocal in their condemnation of exploitative working practices and their advocacy of legal recruitment channels, which does not necessarily reflect a general tolerance for informal practices and, more importantly, informal employment.

6.4 Employers' Expressions of Interest: Evidence from Legislative Documents and Newspaper Reports

6.4.1 Four 'Great' Reforms of Migration Policy

In the 1980s, immigration became a visible phenomenon in Italy. This decade saw an increase in the number of foreign students, political exiles, migrant domestic workers, street vendors and seasonal agricultural workers, mostly from Central and Eastern Europe and the Balkans (Piro, 2020). The number of residence permits

Table 6.2 Data sources used in the analysis of documents

Year	Legal Act	Selected documents
1986	Foschi Law	• 1986 Legal Act • 1986 Parliamentary debate
1990	Martelli Law	• 1990 Legal Act • 1990 Parliamentary debate • *Confindustria* correspondence letter to the government (13/02/1990). *Source* Italian parliamentary historical archives • Joint correspondence from Christian association. *Source* Italian parliamentary historical archives (15/02/1990)
1998	Turco-Napolitano Law	• 1998 Legal Act • 1998 Parliamentary debate • Audition of different non-profit associations, migrant rights promotion associations and religious organisations. *Source* Italian parliamentary historical archives (07/07/1997)
2002	Bossi-Fini Law	• 2002 Legal Act • 2002 Parliamentary debate • Committee audition (Confindustria, year 2007)

Source authors' elaboration

increased from 146,000 in 1970 to 450,000 in 1986 and included the citizens of European countries (de Cesaris, 2018); the admission of labour migrants was subject to highly discretionary procedures. As we argue below, the change in Italy's migration regime required a new law to recognise and regulate the influx of migrants and their integration needs. Migration policy became the subject of the 1986 law, which was later reformed three times in 1990, 1998 and 2002. Table 6.2 summarises the main provisions of these four laws; in what follows, we analyse the public debates and the involvement of employers' organisations in each legislative procedure.

6.4.2 The Foschi Law (1986)

Already in the 1980s, migrants undertook informal employment on a large scale in sectors such as agriculture, construction, care and household services. During this period, trade unions began to advocate for the rights of migrant workers, campaigning for fairer labour practices, better working conditions and equal treatment for all workers, regardless of their nationality or background (de Cesaris, 2018). The issue of labour migration also emerged in the Italian public discourse (Sciortino & Colombo, 2004), especially in reference to undocumented workers (the so-called *clandestini*). Our analysis of press articles from the first half of the 1980s reveals significant criticism of employers and employer organisations for exploiting foreign workers and for not participating in political and social debates on foreign workers' rights. For example, *La Stampa* ('*Lotta dei sindacati in Sicilia contro i braccianti tunisini*' on 16 September 1985) criticised employers in Sicily's agriculture and fishing industries for illegally hiring migrants, while *La Repubblica* (‘*Stranieri, primi espulsi a Genova*’ on 5 January 1986) stated that some employers forced migrants to work overtime for free in exchange for a formal contract, an indispensable document for permanence in Italy. Trade unions, Catholic and Evangelical associations and other NGOs were among those voicing their opposition to employers although the latter were absent from the discussion in the press.

The growing inflow and employment of migrants and the activities of the trade unions were the circumstances in which the first immigration law was adopted. The government, led at that time by the socialists in coalition with Christian Democracy (*Democrazia Cristiana*), proposed the law known as the Foschi Law (legge no. 943/1986), which was entitled ‘Foreign Workers and the Control of Illegal Immigration’. The enactment of this law was also necessary due to Italy’s simultaneous signing of the International Labour Organisation Convention no. 143 on migrant workers and the Agreement on the Schengen Area (Pastore, 2008). The law concerned exclusively the legal labour-market integration of immigrants (Appendix, Table A1): it recognised immigrants as employees in the first place, subordinated their admission in the territory to labour-market status and defined the conditions of the labour-market participation of immigrants. The main objective was to guarantee migrants the same treatment as Italian workers, in compliance with the above-mentioned ILO Convention (Perna, 2019) and to fight against irregular labour migration (Colucci, 2018; Perna, 2019). The adoption of the law was accompanied by the regularisation of 118,000 migrants whose employers confirmed their informal employment.

More specifically, the Foschi Law stipulated the formation of a consultative committee comprising, *inter alia*, employers’ representatives. A few weeks before the parliamentary debate, the committee members disseminated the unanimous appeal ‘For a fair law for foreigners’, explicitly advocating for the equal treatment and protection of foreign workers. The Foschi Law also appointed another committee of trade union and employer organisations’ representatives to supervise the implementation of the new regulations for a period of 3 months after its enactment. Our analysis of parliamentary debates indicates that, while these actors were involved in the law-making process, their role was purely advisory and they did not contribute to drafting the legal act.

6.4.3 The Martelli Law (1990)

The Foschi Law failed to achieve two issues: on the one hand, to discourage clandestine inflows and irregular residence and, on the other, to establish a coherent and efficient system of migrant admission. The murder of a South African refugee in 1989 provoked the birth of an anti-racist movement raising criticism towards the authorities for the lack of policy towards immigrants. Also, the collapse of communist regimes in Eastern Europe and the inflow of asylum-seekers, especially from Albania, put pressure on the government to act in the reformulation of migration policies.

In the 1987 parliamentary election, Christian Democracy gained the highest score and formed the government in coalition with left-wing parties. The so-called Martelli Law (legge no. 39/1990), proposed and enacted in 1990, addressed the admission procedures: it introduced visa requirements for almost all sending countries and established the system of visa quotas for work, study, medical care and family reasons. The quotas were to be defined in agreement with regional governments, the different ministers, the National Council for Economics and Labour (CNEL) and trade unions – on an annual (later, bi- and tri-annual) basis. A separate system for the seasonal agricultural sector was defined, which also included a contingent of visas. As in the case of the Foschi Law, the new regulation enacted a regularisation of 220,000 undocumented migrants who met certain criteria, including those who were self-employed, had family ties to individuals with a regular status or were seeking asylum.

As stated by Deputy Prime Minister Claudio Martelli, this law was prepared during meetings and consultations which, he said, were 'an example of collegiality and thoroughness' (Parliamentary debate, 20 February 1990), involving CNEL, *Confindustria* (an association of industrial employers) and employers from the artisan sector, among others. However, unlike the Foschi Law, which was approved by a common consensus between different political actors, the debate around the enactment of the Martelli Law was highly politicised. The Law was criticised by both left-wing and right-wing political parties. On the one hand, left-wing parties accused the government of restricting regularisations through a quota system while, on the other, right-wing parties criticised the 'open door' approach of the regulation, arguing that it moves away from Schengen principles and acts against public security. Employers were explicitly attacked during the parliamentary debate, when the Member of Parliament (MP) from the far-right party, Ugo Martinat, accused his political opponents, including *Confindustria*, of false charity towards migrants – which, he said, would lead to the wages for national workers being dumped (Parliamentary debate, 20 February 1990).

Confindustria is the only employers' association mentioned in the parliamentary archives relating to the passing of the Martelli Law. The organisation was also the only employers' association that expressed its stance in the press. In the week before the Martelli Law was put to the vote, *Confindustria*'s 'Letter from Industry', published in *La Repubblica* ('*Immigrazione, l'Europa ha il mal d'Africa*' on 21 February 1992), described immigration as an unexpected phenomenon that 'cannot be adequately explained by the specific features of our [Italian] labour market'. The inflow to Italy was seen as being driven by factors such as the demographics and the underdevelopment of the sending countries. At the same time, nevertheless, the organisation issued a letter urging the government to legislate the new regulations as soon as possible, given that 'the concerns of many of our members have been raised, for whom failure to approve the measure would have very serious consequences' (*Confindustria* letter of 13 February 1990, available in the Italian Parliamentary historical archives). During a parliamentary debate, the ruling party MP Pietro Soddu claimed that *Confindustria* was among those advisory bodies that 'view the presence of foreigners in our country favourably' (Parliamentary debate, 20 February 1990).

Unlike trade unions and Christian associations defending migrants' rights, the organisation did not express an interest in amending any legal provisions of the law, for which the MPs from the ruling party expressed appreciation in the parliamentary debate.

The Martelli Law constituted the first official policy for legal economic migration. The legislation intended to regulate, rather than liberalise, labour migration to Italy. In the following years, it became clear that the new system of work visa quotas was far too insufficient to meet employers' demands and that the implementation of the system, with some visas being issued at the end of the relevant year, was inefficient and required reform. The case of the Martelli Law illustrates employers' limited mobilisation despite clear economic incentives to advocate for liberalising labour migration.

6.4.4 The Turco-Napolitano Law (1998)

By the mid-1990s, the then European Union member states[3] were working on the development of a compact European Economic and Monetary Union and the application of the free movement principle. In Italy, the centre-left Prodi's government enhanced its political programme in accordance with the requirements of the European integration project. With the Schengen Treaty and the Dublin Convention due to come into effect in 1998 and in light of the growing number of irregular migrants, Ministers Livia Turco and Giorgio Napolitano put forward the new law (further enacted as legge no. 40/1998) replacing the existing quota system with a so-called sponsorship system, as described below.

The main provisions of the Turco-Napolitano Law included establishing a comprehensive framework that defined annual entry contingents for employment purposes. This framework was intended to allow for actual labour demand, while also granting preferential entry to migrants from countries that had signed bilateral agreements with Italy regarding the prevention of irregular migration. The contingent favoured the countries of origin that cooperate with Italy in fighting against undocumented immigration (Albania, Morocco, Tunisia, Egypt), as well as specific categories of migrants: seasonal workers in agriculture, nurses, highly skilled managers and IT professionals. The original draft focused primarily on the entry 'upon employment from abroad' model, which required migrants to have a pre-arranged job offer before coming to Italy. NGOs, especially Catholic associations, criticised this model as unrealistic and advocated for the introduction of a job-seeking visa that would allow foreigners to enter Italy without a pre-arranged job offer. In response to these suggestions, the government introduced the institution of a sponsor. Accordingly, trade unions, employers' organisations, NGOs, regional and local authorities and private citizens could request to act as 'sponsors' to finance the arrival and stay of foreign

[3] Belgium, Denmark, Germany, Ireland, Greece, Spain, France, Italy, Luxembourg, the Netherlands, Portugal and the United Kingdom.

contractors or job-seekers willing to come and work in Italy. This mechanism marked a significant precedent in the Italian immigration policy, as it allowed entry beyond employment-based immigration, with sponsors facilitating the inflow of foreigners looking for work.

For the first time, migration policy legislation explicitly addressed integration measures, with the concept of 'reasonable integration' referring to a positive interaction between foreigners and nationals. Some measures were introduced to give immigrants access to welfare-state services and rights. However, in subsequent years, the responsibility for integration policy was transferred to regional authorities, resulting in the implementation of specific programmes in a highly differentiated and discretionary manner. Last but not least, the Turco-Napolitano Law introduced measures against traffickers and smugglers and established practices and rules regarding border control, including the creation of Temporary Residence Centres. The law was accompanied by the regularisation of 215,000 undocumented migrants being employed at the time of amnesty.

Unlike other institutions consulted during the legislative process, such as the above-mentioned NGOs that made the government abandon the 'entry upon employment from abroad' model, employers' organisations did not raise any objections in the consultations with the government or the parliamentary debate. *Confindustria* adopted a pragmatic approach, balancing concerns with conditional openness to the sponsorship system and emphasising the need for a thorough evaluation of the new regulations. In the public debate in the press, employers' representatives advocated for the most liberal access possible to the Italian labour market. Following the adoption of the Turco-Napolitano Law, the government announced on the pages of *La Repubblica* ('*Fermeremo i clandestini basta con gli allarmi inutili*' on 12 August 1998) that there would not be any further regularisation of undocumented migrants in the near future 'to convince immigrants that it is better to enter legally because, unlike in the past, those who follow the law will truly be granted citizenship'. On the same day the newspaper published a response comment from *Confindustria* and *Confartigianato* (the association of crafts employers) that stated 'We cannot do without immigrant labour', implicitly admitting that regularisations were a means of recruiting legal foreign employees. In *Il Corriere della Sera* ('*Immigrati – merce*' on 9 December 1998), Innocenzo Cipolletta, the General Director of *Confindustria*, dared to call for the abolition of the quota system in the Turco-Napolitano Law, so that the right balance between the number of arrivals and the needs of the economy was established through a free market mechanism.

In the following years, employers' representatives continued to express their opinions on the implementation of the Turco-Napolitano Law – Article 3 of the law appointed socio-economic actors, including employers' organisations, to regularly 'analyse the needs and promote the interventions to be implemented at a local level'. However, the overall annual contingent was to be approved at the central level by the Ministry of Labour which, as Menz (2008, p. 236) claims, provided employers and trade unions with an opportunity to exert 'considerable influence in official and less visible forms of lobbying, consultation and even co-decision-making'. However, practice has shown that the contingent system was far too cautious and quantitatively inadequate for the needs of the labour market. In the years following the Turco-Napolitano Law, employers frequently criticised the contingent system in the press, which raises doubts about their influence being really ‘considerable’. Harsh opinion was expressed by the President of the branch of *Confindustria* in the region of Veneto, Luigi Rossi Luciani, who claimed that the central authorities approved only one third of the contingent demanded by his region and that the existing system contributed to confusion and migrant clandestinity (‘*Immigrazione: il Veneto chiede riforme al nuovo governo*’ in *VITA* news portal, 24 May 2001). He called for ‘an effective match between the [numbers of] jobs required and the non-EU nationals who will receive permits to enter our territory’, a match which, as he claimed, should be defined at the regional level and accompanied by an adequate integration policy. Similar dissatisfaction was expressed by Paolo Bedoni, President of *Coldiretti* and representing agriculture employers, who complained about lengthy recruitment procedures that do not take into account the harvesting seasons which ‘certainly cannot wait for political timing’ (‘*Coldiretti: senza extracomunitari colture a rischio*’ in *VITA*, 4 January 2002). In turn, Francesco Giacomin, the Secretary of *Confartigianato*, complained about migration policy being conducted in a disorganised way, from one emergency to another, whereas ‘the phenomenon of immigration must be understood and managed with an overall and unitary logic’ (‘*Immigrati: Confartigianato a Maroni, sì a sponsor*’ in *VITA*, 29 January 2002). Similar opinion was expressed by the above-quoted Luigi Rossi Luciani, who said that ‘Immigration must be managed, not endured, and the regions must have a say in the matter’ (‘*Immigrazione: il Veneto chiede riforme al nuovo governo*’ in *VITA*, 24 May 2001).

6.4.5 Bossi-Fini Law (2002)

When the coalition of right-wing and far-right parties won the 2001 election, a change in immigration policy and the abolition of the Turco-Napolitano Law seemed inevitable. As with previous migration policy reforms, this change was not prompted by criticism from employers regarding the provisions of existing regulations or how they were implemented. Conversely, international migration fuelled the right’s electoral campaign politically, framed as a security threat and linked to unemployment, social disorder and crime in the case of irregular inflows. The coalition of parties led by Silvio Berlusconi promised stricter border controls, faster deportations and the tougher management of inflows, while also emphasising the need to protect the Italian cultural identity.

The new government led by Berlusconi enacted the Bossi-Fini Law (legge n. 189/2002) in 2002. In terms of the annual quotas of migrant workers permitted to enter Italy, the Bossi-Fini Law merely amended the existing legislation. However, the criteria for granting the work visas changed significantly – the legislators opted for a return to a guest-worker system in which admission depended on job availability, thus abolishing the sponsorship mechanism and complicating the procedures for hiring workers from abroad. Rather than offering a standard employment contract, employers were required to establish a special document called a ‘stay contract’ (*contratto di soggiorno*), committing not only to regular employment terms such as working hours, salary and holidays but also to providing accommodation that met regional public housing standards. Employers also had to cover potential repatriation expenses. The stay contract depended on the fact of being employed and lasted for as long as the employment relationship did – and, in case of unemployment, the period allowed for further job search was reduced from 1 year to 6 months. The law granted the central government more powers to define annual visa contingents and established a preference for seasonal work over long-term workers. The general amnesty introduced this time included 650,000 migrants, dedicated to domestic workers, housekeepers, caregivers, as well as employees working informally or whose permits had expired, provided that they had been in Italy for some time. The number of regularised migrants was the largest since the *sanatoria* mechanisms were initiated.

The law was openly criticised by centre and left political parties, employers’ organisations representing small and medium-sized enterprises, trade unions and Catholic NGOs which, from a political point of view, constituted a ‘strange alliance’ (Zincone, 2011). During the consultations prior to the adoption of the law, employers argued that tightening migration policy would lead to an increase in illegal immigration and would force employers to resort to employing undocumented workers. In the parliamentary debate, the political opposition referred to this stance of the employers but it is impossible to verify the extent to which this was agreed with the employers’ milieu. The debate antagonised large enterprises versus small and medium firms. The MP Luciano Violante from the Ulivo Party (later: *Partito Democratico*) claimed that small and medium firms would have to employ migrants anyway – even informally – and that, in the future, either ‘the principle of legalising clandestine immigrants with amnesties will apply, or entrepreneurs will incur very heavy criminal penalties’ (Parliamentary debate, 4 June 2002). In the same debate, Katia Bellillo, representing the Italian Communists, attacked large companies associated in *Confindustria* for taking advantage of the new law because ‘by exploiting and humiliating immigrants, it will be possible to strike at the rights that Italian workers have won’. However, the most significant criticism was directed at Article 3 of the law, which tasked the executive authorities with defining annual visa quotas, among other things, without having to consult socio-economic actors. The government was accused by MP Giannicola Sinisi of not considering employers’ needs (Parliamentary debate, 13 May 2002) and by MP Luciano Violante of dealing with immigration ‘exclusively in terms of the protection of public order’ (Parliamentary debate, 4 June 2002).

The press debate preceding the adoption of the Bossi-Fini Law featured a wide range of employers’ opinions opposing the legislative proposal, from diplomatic acknowledgements that changes to previous regulations were necessary, to accusations that the government wants to deprive the national economy of foreign workers. The only statement in favour of the new law came from *Confindustria*’s Vice President Nicola Tognana, for whom the reform was a good compromise between maintaining the level of production and providing safety for citizens (‘*Immigrati: OK Confindustriale a Maroni*’ in *VITA*, 13 July 2002). On the opposite side, employers’ criticism came from different regions, economic sectors and organisations, including members of *Confindustria.* According to Luigi Rossi Luciani, the President of the Venetian wing of the organisation, the lack of a serious migration policy, not demagogic but open-minded, put at risk the very survival of the economic system in the north of the country; the law implied considerable rigidity in the labour market (cited in Guolo, 2002, p. 891). Guidalberto Guidi, *Confindustria*'s advisor for industrial relations, claimed that 'From Lampedusa to Valle d'Aosta, if we consider agriculture as well as the manufacturing sector, companies need to hire immigrants. (…) Italian industry cannot survive if it does not have the help of non-EU citizens' ('*Guidi: le aziende hanno bisogno di braccia*' in *La Stampa*, 30 May 2002). The director of the regional *Coldiretti* in Trento, Danilo Merz, announced that apple producers would have to reduce their production if the new regulations were too restrictive ('*Immigrati. Gli industriali ne vogliono di piu*' in *VITA*, 19 May 2002). Similar claims were made by Aldo Bonomi, a member of the Council of Association of Entrepreneurs from Brescia, who stressed that the Bossi-Fini Law did not distinguish between necessary skills and professions (*ibid.*) and by Massimo Calearo, the Vice President of *Confindustria*, for whom the law was ineffective in addressing skill mismatches (*ibid.*). Interestingly, the same argument was put forward a few years later, when *Confindustria* asked the parliamentary committee to discuss the implementation of the Bossi-Fini Law. During the parliamentary committee hearing, *Confindustria*'s Director of Legislation and Labour Law, Massimo Marchetti, said, 'Our main goal is to attract high-quality immigration. (…) Implementing a more flexible [towards skilled migrants] quota system, with 3-year planning, as currently envisaged, would probably be a solution, although it is not the ultimate solution as the problem is very complex and multifaceted' (Parliamentary Committee audition, 10 October 2007).

Back in 2002, in the press debate that preceded the vote on the Bossi-Fini Law, a lot of space was devoted to the regularisation that accompanied the reform. The entrepreneurs contested, in the first place, the rule that migrants had to have been employed for at least 3 months and to hold an open-ended or at least a 1-year employment contract in order to obtain a legal status. Representatives of agriculture (Paolo Bedoni, '*Immigrati. Gli industriali ne vogliono di piu*' in *VITA*, 19 May 2002), crafts (Ivan Malavasi, '*Immigrati con posto fisso ma licenziabili*' in *Il Corriere della Sera*, 31 August 2002) and industry (Luigi Rossi Luciani, cited in Guolo, 2002, p. 891) claimed that such restrictive conditions were not suitable for seasonal employment in their sectors and would not reduce the grey economy or irregular migration. Some representatives of employers suggested that the amnesty should include all undocumented migrants having a job (Innocenzo Cipolletta, '*Immigrati, gli industriali criticano il governo*' in *Il Corriere della Sera*, 15 February 2002; 'Immigrazione: Confcooperative con tabacci', in *VITA*, 30 May 2002). This view was also expressed by the young entrepreneurs who attended the conference organised by *Confindustria* just before the vote on the Bossi-Fini Law. However, Antonio D'Amato, the President of *Confindustria*, concluded the conference by saying: 'If we really want integration, we must be rigorous' ('*Gli immigrati non sono un viagra*' in *La Stampa*, 9 June 2002). The generational gap persisted; the newly appointed President of the Young Entrepreneurs of *Confindustria*, Anna Maria Artoni, was the least diplomatic, arguing that the government was unable to resist 'the temptation to create a sort of publicity spot that showed off its strength, more to reassure the public (…) than to improve the structural management of the situation' ('*Immigrazione: la presidente dei Giovani Industriali – Voto agli immigrati*' in *VITA*, 7 June 2002).

6.4.6 The Decreto Flussi Since 2002

The current admissions system in Italy is based on the *Decreto Flussi* laws, that is, decrees defining the magnitude of inflows, established in the Turco-Napolitano Law and amended by the Bossi-Fini Law. The decrees determine the quotas of third-country nationals entitled to enter Italy and take up employment. For almost 30 years, since the Turco-Napolitano Law, these quotas have been insufficient to meet employers' demands. In the years following the enactment of the Bossi-Fini Law, Berlusconi's government enacted additional laws (such as the modification of the penal code, legge no. 125/2008 or legge no. 94/2009) that gradually criminalised irregular migration and the help provided to irregular migrants. The 2009 Act primarily addressed irregular migration but it also reduced the visa quotas that had been defined up to that point, with the exception of seasonal workers. Since the mid-2000s, the actual volumes of quotas for working purposes were gradually reduced after the outbreak of the economic crisis in 2007/2008 but the legislative framework on labour migration has not undergone significant changes (Perna, 2019). Whether deliberately or not, legislators compensated for the shortages of foreign (regular) labour through subsequent *sanatoria* that addressed the informal employment of migrants in the first place: the amnesty accompanying the 2009 law (legge no. 102/2009) covered around 300,000 migrants employed as domestic and care workers, whereas the 2012 amnesty (legge no. 109/2012) included approximately 99,000 migrants working informally in agriculture and households. Another amnesty, implemented in 2020 (legge no. 77/2020), was dedicated to undocumented migrants who were employed informally in agriculture, care or domestic work. It also covered migrants whose residence permits had expired after the outbreak of the COVID pandemic, provided that they had worked in one of these sectors prior to the expiry of their permit.

Our analysis of the documents and press publications that accompanied the enactment of the four 'great' laws constituting the milestones in Italian migration policy shows that legislators considered the stance of employers relatively rarely. Each of these legislative initiatives was primarily motivated by political considerations, such as the requirements imposed externally by the European Union (Foschi in 1986 and Turco-Napolitano in 1998), the beginning of the mass, irregular inflow from less-developed countries (Martelli in 1990) or a radical change in the ruling political option that won the election thanks to the public security postulates (Bossi-Fini in 2002). Prior to the vote on each of these laws, consultations did not include employers' representatives from a wide range of economic sectors and types of enterprises. While it is possible that such consultations did take place informally, it would be naïve to assume that all business environments had access to those in power. Interestingly, the involvement of employers became visible only at the turn of the 20th and 21st centuries, that is, between the implementation of the Turco-Napolitano Law and the proceeding of the Bossi-Fini Law. However, unlike other actors, such as NGOs that successfully negotiated the possibility of ‘sponsoring’ an unemployed migrant to be included in the Turco-Napolitano Law, employers did not unite in order to propose their own amendments to the legislative drafts, which indicates that their interests were either too diverse to engage in collective action or were aligned with the proposed reform. The electoral victory of the coalition led by Berlusconi in 2001 was a kind of catalyst that prompted employers’ organisations to manifest their explicit interests towards migration policy-making in Italy. However, even in this case, the organisations did not speak with a strong, unified voice. Instead, they highlighted opposing interests, even within the same institution, *Confindustria*, where generational divisions caused differences of opinion. An important divergence was also noticeable between employers who relied on the seasonal versus the long-term employment of migrants, with the former complaining about the timing of the employment procedure and the latter struggling with the overall shortage of skilled migrants.

The absence of unified, organised pressure from employers makes us doubt whether Italy’s migration system has really been as dysfunctional as the employers’ milieu described it. Given that informal employment has been widely tolerated and subject to rare inspections and relatively minor penalties up to a certain point, the persistence of a restrictive admissions system can be explained by the adaptation strategies of employers. For small and medium-sized firms, particularly in sectors such as agriculture, construction and crafts, informal activities were an integral part of business operations that would otherwise be unprofitable. As the following analysis of interviews demonstrates, it is only recently that employers have started to withdraw from undocumented hiring practices – and then only because of penalties. As the Italian state abandoned plans for an effective labour migration policy and, instead, opted for the repeated, large-scale regularisation of informal migrant workers, employers adapted to this dysfunctional situation without collectively striving to reform the admissions system. In what follows we show that the possibilities for doing business in such conditions are slowly being exhausted due to several simultaneous circumstances: the tightening of state policy towards informal employment, the acute shortages of skilled manual workers and the ongoing transition to skill- and technology-intensive production.

6.5 Employers' Views on Migration Policy: Evidence from Interviews

As previously mentioned, the interviews with experts took place in 2022–2024, that is, long after the four 'great' migration laws were enacted. Nevertheless, the questions referred, *inter alia*, to past circumstances and legislative processes, as demonstrated in the following analysis. We present the results in a few points: the respondents' assessment of the existing quota system, the practices of informal employment and the involvement of employers' organisations in the migration policy setting.

As for the existing quota system, not unlike the employers' claims in the press, the interviews revealed the relevant inefficiencies of the policy. Regardless of the economic sector or the size of the firms, the representatives of employers stressed the lengthy procedures needed to bring in migrant workers, which makes it difficult to do so – not only during peak seasons but throughout the year [Interview 4; see Appendix, Table A1 for respondents' characteristics]. The bureaucratic burden of applying for a foreign worker, coupled with the uncertainty of whether the request will be accepted, creates incentives for employers to resort to informal work arrangements. Quotas have been insufficient [Interviews 8, 9, 10, 12 and 13]; employers complained anecdotally that, in order to bring in an employee from abroad, Italian entrepreneurs have to submit documents for each foreign worker, only to find that the annual quota had already been exhausted and that only 10 per cent of requests from the entire sector had been accepted [Interviews 10, 12 and 13].

In this context, the informal employment practices and the usefulness of recurrent regularisations might have been useful in providing the necessary labour. Interestingly, representatives of agriculture, crafts and industry claimed that informal employment is on decline in their sectors [Interviews 6, 7, 12 and 13]. In their view, employers endorse fair labour practices primarily on pragmatic grounds, rather than in order to ensure good working conditions for migrants [Interview 12]. Informality was considered too risky for Italian enterprises: 'Nowadays no one wants to take risks anymore. In our country, companies are closing down because they are tired of having to take risks in order to do their work' [Interview 7]. One interviewee from Northern Italy acknowledged that undeclared work and sub-minimum wage employment had declined in the region, largely due to intensified labour inspectorate inspections [Interview 13]. These controls became particularly prominent after the introduction of agricultural vouchers, which simplified the short-term hiring of farm workers – both national and foreign – and were reinforced during the pandemic:

> So, the purpose of working environment controls is to enforce compliance with the law. (…) Unfortunately, that is the way we are, we always need someone to enforce the rules, otherwise people's conscience and common-sense are not enough. [Interview 7]

Effectively, when labour controls were considered less frequent, as in agriculture and in the southern regions, then informal migrant employment was more prevalent [Interviews 8, 10, 11] and 'the cases of [migrant] exploitation continue to fill the pages of newspapers' [Interview 10]. A similar perspective was voiced by an academic respondent, who stressed that weak labour inspections were the main reason why employers dared to exploit legal loopholes. From the employers' perspective, a representative of the agricultural sector [Interview 13] conceded that worker abuse in their area only ceased because the *Guardia di Finanza* carried out daily inspections. Other regulatory instruments also promoted compliance. According to a northern employers' association, the exploitation of migrants in the craft sector diminished following the introduction of quality requirements – for example, in the fashion industry, large companies run internal controls of all firms in the supply chain, including the smallest subcontractors and oblige them to adhere to principles of equal treatment and legality. 'Otherwise, they will invalidate and damage the whole supply chain. (…) One dress contaminates the entire brand' [Interview 6]. These findings should be interpreted from a long-term perspective. While informal employment was a prevalent strategy for employers in agriculture, construction and crafts – a means of adapting to labour costs and shortages of documented workers – it has become increasingly difficult recently thanks to changes in the institutional framework of business, such as labour and financial controls and the introduction of quality requirements. This change has prompted actions by employers' organisations, which we discuss below.

Our respondents interpreted recurrent *sanatoria* as evidence of the state's failure to pursue a proactive and coherent migration policy capable of regulating inflows. Employer representatives described these amnesties as a problematic but unavoidable instrument resulting from disregarding the actual demands of the labour market and regional specifics [Interviews 6, 10]. They were also criticised for having created a pull factor that encourages further irregular migration and facilitates the arrival of relatives of those already in Italy [Interviews 5, 6 and 13]. Trade union officials were even more critical, arguing that such measures incentivised traffickers and third-country nationals willing to undertake migration [Interviews 5, 6], especially because 'Italy does not have a good reputation as a country of law and discipline' [Interview 6]. Amnesties offered only a temporary solution to irregular employment and unfair competition and served as a source of revenue for governments since migrants were required to pay processing fees – a practice that left many vulnerable to fraud [Interview 3]. The regularisations were also criticised for being highly bureaucratic and protracted, with lengthy procedures often ensuring that new waves of irregular entrants arrived before the process was concluded [Interview 4]. Surprisingly, only one interviewee, a representative of the construction sector in Southern Italy, assessed regularisations positively, arguing that legalising migrants helped to reduce petty crime rates and shrink the informal economy [Interview 12].

This overall criticism contrasts with the view of an academic interviewee [Interview 9] who claimed that regularisations responded to the needs of different actors, including different types of employer. According to this interviewee, irregular migrants who had initially been employed informally in agriculture, construction or domestic services were able to work formally in crafts or industry after obtaining a documented status. Thanks to the repetitive character of *sanatorias*, employers were able to find foreign workers with a legal status. We cannot exclude the possibility that such a mechanism has existed for years in Italy. However, in the interviews that we conducted – more than 30 years after the mass irregular migration to Italy started – the representatives of employers' organisations stressed that *sanatorias* have never addressed the actual needs of employers regarding specific skills and enterprise-specific competencies [Interviews 6, 10]. This dysfunction was particularly due to the centralised system of quota distribution, where regional needs were not considered.

Some respondents admitted that their organisation – or the sector as a whole – engaged in lobbying practices to change a situation in which an inefficient admission system is complemented by regularisations. Three interviewees – two from employers' organisations and one from a trade union – participated in national-level consultations on the enactement of 'great' migration policy laws or the annual *Decreto Flussi* – but found them unproductive. An employer organisation's representative from the industrial sector reported that, although their organisation had advanced several proposals to improve the work-placement system in Italy, it remained difficult to achieve substantial progress [Interview 5]. He described participation in hearings before the Chamber of Deputies as 'like talking to a wall', noting that opportunities for balanced discussion were constrained by political rhetoric. A representative of the construction sector in Southern Italy likewise observed that, while he had engaged in public consultations and submitted comments on migration legislation, these contributions were seldom incorporated into the final outcomes [Interview 12]: 'We have little power over this issue, only the power to be listened to and provide guidance. Sometimes it is accepted or followed but, most of the time, it is not, because the dynamic is different'. Some respondents blamed these inefficiencies on the fragmentation of the economy into small and medium-sized companies [Interview 4], while others cited the closure of political parties' research and expert offices, libraries and training facilities [Interview 6]. These used to provide a space for stakeholders and representatives of employers and employees to exchange information and knowledge-based arguments. However, most respondents attributed the limited development of measures to support skilled migration to the instrumental use of immigration by political actors [Interviews 5, 6, 9, 12 and 13]. As a result, as claimed by an interviewee from academia, employers express their opinions on specific occasions, such as sectoral conferences or in the media, 'not behind closed doors but in a low-profile way' [Interview 8].

At the regional level, however, the cooperation between the authorities and employers was relatively frequent. Most respondents admitted that their organisations had cooperated with local authorities, for example, by advocating fewer bureaucratic procedures or implementing professional training programmes for migrants. Indeed, the need for skills became the *leitmotiv* of all interviews conducted in this study; employers we interviewed emphasised that the quota system under the *Decreto Flussi* fails to address their need for workers with specific professional skills. Structural factors, such as the long-lasting low birth rate [Interviews 9, 12 and 14], the ageing of farmers without successors [Interview 7] and the reluctance of young Italians to work in agriculture, crafts or industry [Interviews 6, 7, 10 and 12], have all contributed to severe labour shortages. Interviewees noted that many types of work would not be performed at all without migrants [Interview 12]. In agriculture, the reliance on migrant labour has led to deficits in training, since farmers did not pass their know-how on to foreign workers, resulting in what an agricultural scholar described as a ‘crisis’ of skilled labour [Interview 11]. Today, despite the presence of migrants willing to work on farms, employers prefer to recruit seasonal workers from Asia, who are considered better prepared for agricultural tasks [Interview 7]. Some concluded that, given Italians’ lack of interest, non-EU and new EU migrants would eventually take over farms and businesses [Interview 7].

Employers in construction, crafts and industry reported similar challenges, noting the acute shortages not of highly educated staff but of workers with practical competencies, such as machine operators, carpenters or technicians [Interviews 5, 6, 10, 12, 13 and 14]. Technological change, including that in agriculture, reduces the demand for unskilled workers: for example, harvesting machines on tomato farms have cut the need for manual labour sixfold [Interview 11]. The poaching of skilled employees across firms was already taking place [Interview 6]. Since training takes at least a year [Interview 12], companies and employers’ associations advocated recruiting foreign professionals whose skills could be complemented by language and company-specific training [Interview 5]. They described this as ‘quality immigration’, meeting concrete labour demands [Interview 5]. Employers also stressed that insufficient skills threaten safety in sectors like construction [Interviews 10, 12], especially as digitalisation and automation expand the technical requirements of even routine jobs [Interview 6]. To a growing extent, work requires the use of technological equipment which, in turn, necessitates digital literacy and security procedures. A representative of employers in the craft sector said:

> Today, even general construction work is no longer general. You have to be able to operate vehicles, cranes, forklift trucks that control the distance. (…) There are few sectors that do not have [any] quality requirements. (…) And today, thanks to automation and digitalisation, all machines have digital components, so even an ordinary worker needs digital competencies. [Interview 6]

In recent years the shortage of skilled manual workers became acute and, during the interviews, we learnt about several training cooperations organised by employers or employers’ organisations for migrant workers [Interviews 6, 7, 10 and 14]. In Vicenza, *Confimi Industria* collaborated with the local prefecture to provide training for asylum-seekers, emphasising that ‘this migration is not organised in any way with regards to job placement’ [10]. The same association previously launched a training programme for Tunisian workers in manual sectors – together with the Ministry of Foreign Affairs – and this has recently been reactivated. Similar efforts have been reported by the representative of the craft sector [6], where partnerships have been established between vocational schools in Italy, Bosnia and Nigeria in order to prepare future technicians for employment in Italy. This initiative was officially supported by the authorities of the Veneto region. *Confindustria Alto Adriatico* implemented a similar project in Ghana, combining pre-departure professional training with subsequent help in admission to Italy [14]. The inauguration of the Ghanaian training centre gained particular symbolic importance as it was officiated by the President of the Italian Republic, Sergio Mattarella, which demonstrates the support that *Confindustria* received from the highest authorities. It also shows that *Confindustria*, widely considered to be the most influential employers’ organisation and recognised by authorities across the political spectrum, cannot openly call for changes in the migration policy, as international migration is subject to radical political rhetorics. Instead, the organisation looks for ways to circumvent the existing system and to 'get out of the logic of quotas' [Interview 10]. However, *Confindustria* has brought over 300 trained migrants from Ghana to Italy in just 2 years, demonstrating the scale of this programme and the real change it has entailed in the local labour market.

6.6 Conclusions

The aim of this study was to identify employers' actions in favour of labour immigration that would respond to their interests – i.e. the recruitment of a greater number of people (in sectors relying on low labour costs and non-specific skills) or of people with specific skills. However, the analysis of documents accompanying the enactment of four migration laws in 1986, 1990, 1998 and 2002, as well as of newspapers published around these years, did not provide evidence of the existence of a strong, organised influence being exerted by representatives of employers. Even if we acknowledge that our study could not capture an informal lobbying that might have taken place, especially given the prevalence of political clientelism in Italy, the 'great' migration laws did not favour the liberalisation of labour inflows of any kind (e.g. skilled/unskilled). Instead, the implemented laws took a reactive approach, offering amnesties to undocumented migrants who were already in the country, which addressed not only the issue of informal employment and the associated abuse of migrants but also the shortage of documented workers. The fragmentation of the employers' milieu and the diversity of employers' interests in the highly segmented labour market means that even the largest institutions, representing thousands of firms in one sector, have not developed a common position in legislative processes. The analysis clearly demonstrated this on the occasion of the enactment of the Bossi–Fini Law in 2002, when representatives of one employers' organisation made contradictory statements.

Interviews with labour market experts, most of whom were employers' representatives, revealed the adaptive strategies of Italian employers in the circumstances involving restrictive migration regulations and insufficient migrant quotas on the one hand and the widespread employment of undocumented workers and tolerance of the informal economy embedded in the Italian culture on the other. Interestingly, interviews provided material that helped us to understand how employers' interests in labour migration have changed over time. In recent years, labour market conditions have evolved, with labour and financial and quality controls becoming more frequent and severe, which increased the operational risks for entrepreneurs. At the same time, demographic shortages became more acute and Italy oriented itself towards skill- and technology-intensive production, even in sectors that rely on cheap, unskilled work, such as agriculture, construction and crafts. When earlier business strategies involving un- or under-documented employment appeared less and less functional, employers' organisations started to take active measures to train migrants in their countries of origin and bring them to Italy. In a fragmented employer environment, conducting an open social campaign in favour of immigration is neither politically acceptable nor feasible and tailored programmes run by employers' organisations are the most efficient means of recruiting skilled manual workers. As in previous decades, Italy lacks a bold migration policy but, in spite of this, the institutional environment enables organised employers to recruit migrant workers.

Appendix

Table A1 Interviewees and the organisations they represented

Interviewee ID	Role/position of the interviewee
1	National representative of *Confederazione Generale Italiana del Lavoro*
2	Employee of *Confederazione Italiana Sindacati Lavoratori*
3	Coordinator on immigration in *Confederazione Italiana Sindacati Lavoratori*
4	Press office employee of *Unione Italiana del Lavoro*
5	Lawyer and legislation expert at *Confindustria*
6	National-level representative of *Confraseanato*
7	Representative of *Coldiretti* and *Confederazione Italiana Agricoltori*, Northern Italy
8	Academic in industrial relations and labour-market studies
9	Academic in migration policy
10	Executive manager at *Confimi Industria*
11	Academic in agriculture studies
12	President of a provincial association of builders, Southern Italy
13	Member of a local farmers' organisation, Northern Italy
14	Three top representatives of *Confindustria Alto Adriatico*, Northern Italy

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Chapter 7
An Employer-Driven Migration Policy in a Dependent Market Economy: The Case of Poland

Kamil Matuszczyk, Dominika Pszczółkowska, and Sara Bojarczuk

7.1 Introduction

This chapter focuses on Poland – a post-communist, dependent market economy (DME) (Nölke & Vliegenthart, 2009) which, over the last two decades, has transformed from a country with very few migrant workers into the leading European Union labour-importing destination (Eurostat, 2024; Kaczmarczyk, 2024). The objective is to depict the primary role of employers and their interests in the process of creating liberal solutions for the admission of foreign workers at key moments between 2006 and 2025.

To clarify the conditions in which employers pursued their migration-related interests, the chapter first paints a broad-brush portrait of the circumstances that allowed for the implementation of an exceptionally liberal migration policy in Poland at a time when most EU countries were restricting labour immigration for low-qualified employment (Nagel, 2026). We argue that the country's position as a fast-growing dependent market economy, with increasing labour needs and a shrinking working-age population, created a strong demand for foreign workers. This became abundantly clear when the local labour force was depleted through the exodus of Poles to other EU countries after enlargement in 2004. Initially, insignificant numbers of foreign workers arrived, mainly from post-Soviet countries. Gradually, their influx

K. Matuszczyk (✉)
University of Warsaw, Centre of Migration Research, Warsaw, Poland
e-mail: kamil_t_matuszczyk@uw.edu.pl

D. Pszczółkowska
Centre of Migration Research, University of Warsaw, Warsaw, Poland
e-mail: d.pszczolkows2@uw.edu.pl

S. Bojarczuk
Centre of Migration Research, University of Warsaw, Warsaw, Poland
e-mail: s.bojarczuk@uw.edu.pl

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intensified, with Ukraine becoming the dominant sending country. Cultural proximity and informal norms inherited from communism, such as the acceptability of non-contractual work, offered a favourable institutional environment for employing Ukrainian workers (see also Vollmer, 2016). The demand for labour in Poland met with the availability of a large pool of workers in Ukraine, who had been made redundant due to the worsening economic and geopolitical situation. In effect, the situation in Ukraine created a large pool of potential economic migrants who were already familiar with the Polish labour market – even before 2006, when regulations facilitating the employment of foreigners were launched (Kindler & Fedyuk, 2016).

The above economic, demographic and institutional conditions would not necessarily have led to the large migration flows between the two countries – or the migration system might have developed differently – were it not for intense employer lobbying. Employers, starting with farmers but quickly extending to other sectors, exploited this environment and pressured the authorities to provide them with a system guaranteeing the regular inflow of workers, contributing first to what some have termed the 'Ukrainisation' of the Polish labour market (Duszczyk & Kaczmarczyk, 2022; Fiałkowska & Matuszczyk, 2021) and, more recently, to an increasingly diverse immigration. At the same time, the uniqueness and exceptional treatment of certain sectors by policymakers meant that only some employers' interests were prioritised. A prime example of this is the agricultural sector and farmers' lobby, which spearheaded the way for other sectors in Poland wanting to employ foreign labour.

To investigate the employers' impact on labour migration to Poland, this chapter tracks the positions and activities of their organisations over two decades. Our research regarding the first decade, starting from the events preceding the 2006 liberalisation, is based on an analysis of archival documents – including those accompanying legislation– and correspondence collected by the Labour Market Department of the Ministry of Family and Social Policy, to which we obtained exclusive access. These are a unique source of knowledge about the direct efforts of employers to influence migration policy. The department holds letters, political statements and other documents from the early 2000s until 2018. The archival work was carried out between February and May 2023. The understanding of more recent events was also sought through 24 expert interviews conducted with representatives of employers' organisations, lobbyists, trade union officials, parliamentarians and government officials. The findings presented in this chapter address a significant gap in the literature on shaping labour migration policy, particularly in the context of Central and Eastern European countries, which, to date, have been largely overlooked (Danaj & Meszmann, 2024; Gheorghiev, 2025; Mucha, 2024).

The empirical sections discuss six key periods when Polish labour migration policy was formulated, or significant changes took place on the ground. These periods were:

1) The period of **a farmer-driven migration policy**, when the so-called simplified procedure was introduced for agriculture (2006) and then extended to all sectors (2007). It allowed citizens of post-Soviet countries, starting from Belarus, Russia

and Ukraine, to work in Poland for three out of every six months, based on an employer's declaration of intent to employ them (soon extended to six out of 12 months). This triggered a substantial inflow of seasonal and other temporary workers.

2) The period of **Ukrainisation of immigration into Poland.** The Russian aggression on eastern Ukraine in 2014, the annexation of Crimea and the ensuing economic crisis caused intense emigration from various regions of the country. As a result, the predominance of Ukrainian citizens among foreigners on the Polish labour market became overwhelming, with increasing numbers staying long-term.
3) **Farmers' interests again came to the fore** due to the implementation of the EU Seasonal Work Directive (2018).
4) **The intermediary-driven turn to a more diverse foreign workforce.** Employers found it difficult to deal with various administrative burdens and resorted to the help of intermediaries, who provided an increasingly nationally diverse workforce. As a result, in the late 2010s and 2020s, Poland became a new migration destination not only for migrants from neighbouring countries but also for workers from other continents, a process strongly stimulated by intermediaries.
5) **Employer-driven migration policy and war.** In January 2022, the simplified procedure was extended to 24 months, immediately renewable, turning it into a *de facto* long-term immigration route. This culmination of a liberal immigration policy, which employers had long lobbied for, was immediately overshadowed by the full-scale Russian invasion of Ukraine, which precipitated the arrival of war refugees.
6) The final period distinguished was what we call the **mobilisation in defence of the employer-driven migration policy.** It resulted from a change of government in late 2023 and irregularities in immigration procedures highlighted during the electoral campaign. The new Polish government attempted to limit immigration – and businesses mobilised in defence of their interests.

The conclusions of this chapter highlight how employers, especially farmers, were effective in pursuing their interests regarding immigrant labour. The chapter confirms the following hypothesis of the E-factor project[1]: *Employers undertake particular activities aimed at granting themselves the desirable inflow or employment of immigrants; the magnitude and intensity of those activities (in other words: a strategy of pursuing group interests) are dependent on the actual situation or on foreseen changes in the labour market* – see the Introduction and Chapter 1 for the full list of the project's hypotheses. In the process, employers turned Poland into a migrant-dependent economy.

[1] The project 'Employer interests as an underrated factor in labour migration – an institutional approach (E-factor)' was funded by the National Science Centre of Poland (OPUS-20) under Grant No. 2020/39/B/HS4/10885.

7.2 The Institutional Environment of Labour Migration in Poland

Conceptually, this chapter resorts to neo-institutional notions, describing the Polish economy after the fall of communism in terms of the country's variety of capitalism (Hall & Soskice, 2001) and looking more broadly at its institutional environment, including the formal and informal norms and their enforcement (North, 1990; Pszczółkowska et al., 2026). All these influenced the employers' pursuit of their interests regarding migrant labour and the respective choices made by the Polish state in the two decades following Poland's European Union accession in 2004. A summary of the institutional environment for employers in Poland is provided in Box 7.1.

Box 7.1 Poland's institutional environment of the pursuit of employers' interests – key elements*

At level I (embeddedness – informal rules):

- Tolerance of irregular or informal employment
- Preference for ethnically similar, Christian migrants from post-Soviet countries
- The long-standing openness of employers to temporary labour migration, without any integration or settlement measures

At level II (formal rules):

- Liberal employment regulations (e.g. frequent use of civil-law contracts)
- Sectoral regulatory regime and agricultural exceptionalism, which manifests through legal exemptions from the obligation to pay insurance contributions for workers, as well as the existence of seasonal and other special work contracts
- A liberal immigration regime, especially for citizens of countries formerly belonging to the Soviet Union (e.g. simplified procedure)
- An electoral system which frequently leads to coalitions, in which peasant parties are present or even play a pivotal role

At level III (play of the game):

- The dominant usage of various forms of contracts, frequently flexible, some not covering health or social security insurance
- A strong dependence on migrants and Ukrainisation of particular labour market niches (agriculture, construction, domestic work)
- A significant role of informal networks and various uncontrolled intermediaries, from agencies to van drivers
- A strong political position of peasant representatives, who either act as government coalition partners or form protest movements
- Lengthy visa procedures and inefficient public bodies handling migrant affairs

• Weak position and role of the labour inspectorate and low level of unionisation of migrant workers

* In line with the definition presented in Chapter 2, the institutional environment of employers' pursuit of their migrant-labour-related interests is a dynamic ensemble of informal (level I) and formal (level II) rules, as well as some elements of the *play of the game* (level III) (Williamson, 2000), such as contracting and enforcement of regulations. Despite similarities, this institutional environment differs between European countries. The box demonstrates the most influential elements of this environment in the case of Poland.

Source Own elaboration based on academic sources and research for this book.

We refer to Poland as a dependent market economy (DME) (Nölke & Vliegenthart, 2009), which requires some justification. Ever since the seminal works of Hall and Soskice (2001) – who divided European market economies into two basic types depending on their different but complementary sets of institutions – and Amable (2003), who proposed a division of global capitalist economies into five types, scholars have debated where the newly capitalist states of Central and Eastern Europe fit in. Some authors (e.g., Crowley & Stanojević, 2011) argued that they were converging towards one of the dominant European varieties – a liberal market economy (LME) or coordinated market economy (CME). Others (e.g., Bohle & Greskovits, 2007; Myant & Drahokoupil, 2012) proposed a classification of the countries of the region into specific types, which nevertheless had commonalities with the already distinguished varieties. Some saw enough similarities between post-socialist economies to argue that they 'deserve' a separate variety of capitalism (Farkas, 2011; Nölke & Vliegenthart, 2009), even if it was a 'patchwork' variety, exhibiting strong institutional ambiguity (Rapacki, 2019).

Among the above, we follow the argumentation of Nölke and Vliegenthart (2009), who classified post-socialist states collectively as dependent market economies (DMEs), a fourth variety in Europe in addition to Hall and Soskice's LMEs, CMEs and Mediterranean mixed-market economy. Poland and other countries of the Central and Eastern European region can be classified as such due to their dependence on Western capital to develop their economies, acting as production and assembly hubs for foreign investors (Czarzasty & Mrozowicki, 2023; Piątkowski, 2018). The availability of relatively cheap and qualified labour was a *sine qua non* condition for such outsourcing of production from Western to Central and Eastern Europe. As Nölke and Vliegenthart wrote, the DME's comparative advantage was 'a combination of relatively low labour costs and a skilled population with substantial knowledge of a medium level of technology' (2009: 676). In terms of the institutional environment of the labour market, Poland is characterised by the widespread use of flexible employment and labour market arrangements, poorly coordinated and ineffective trade unions and the strong position of international corporations (Zientara, 2014). Although the Social Dialogue Council is formally a space for tripartite negotiations on socio-economic policy in Poland, its role has evolved over time, with its effectiveness depending on political will (i.e. the government) (Czarzasty & Mrozowicki, 2023; Męcina, 2017; Mykhnenko, 2007). Poland found itself in the position of a dependent market economy, whose speedy economic development required abundant labour at competitive costs – but without abundant labour (Zientara, 2014). The dwindling of the workforce in the 2000s was a major factor that emerging and highly dynamic employers had to contend with – finding workers from abroad became a key interest.

Poland's status as a DME has strongly influenced the legal choices regarding labour migration. However, to understand these legal trajectories and the preferences of employers and employment practices, particularly the implementation and popularity of the declaration scheme for post-Soviet workers, it is necessary to consider not only Poland's variety of capitalism but also its broader institutional environment, including various informal norms. Although the fall of communism in Central and Eastern Europe was undoubtedly a critical juncture (Capoccia, 2016), some informal institutions from the communist decades continued to be influential. Among them was a mistrust of authorities and low respect for regulations (Gardawski & Rapacki, 2019; Morawska, 2013; Skąpska, 2007). This tolerance of informal arrangements and conducting business outside official channels was fundamental in determining the forms of employment of foreign labour. This made it easier to circumvent employment regulations, including those concerning migrant workers which, incidentally, were very restrictive. Some authors, focusing on the specificity of the Central and Eastern European model of capitalism, have also pointed out that it is characterised by weak supervisory bodies, including labour inspectorates, due to understaffing and underfunding (Czarzasty & Mrozowicki, 2023; Lillie et al., 2025; Zientara, 2014). In particular, as it turned out, in the early years following the introduction of the simplified procedure (2006), migrants often worked for a different employer than the one who issued the declaration – or had no work contract at all (Górny et al., 2018).

At the same time, a strong narrative of 'catching up' with the West after decades of thwarted development dominated in the 1990s and early 2000s and was framed almost as a 'civilizational' choice (Nowicka-Franczak, 2021). This put economic development as the number one state interest (Piątkowski, 2018), which aligned with the interests of employers and, at times, encouraged the state to turn a blind eye towards the non-respect of employment regulations (Jaroszewicz et al., 2024; Męcina, 2017). Since irregular migrants rarely used public health care or other public services, informal employment did not pose a burden on the state's finances, which turned a blind eye to these practices (Matuszczyk et al., 2024). Below, we demonstrate how these informal norms, as well as Poland's position as a DME, influenced employers' preferences regarding migrant workers and contributed to the legal choices made by the state, which turned Poland from a country with a handful of migrant workers into a migrant-dependent economy, importing labour predominantly from neighbouring Ukraine.

A specificity of the Polish economic and institutional model at the turn of the twenty-first century was the major role of agriculture and the strong political representation of farmers (Gorlach, 2022). In contrast to other former communist states, during the period of a Soviet-type centrally planned economy, farmers in Poland avoided collectivisation and were allowed to hold small plots of land. As a result, at the turn of the millennium, over a quarter of the population was still employed in agriculture, a number which fell to 6.5 per cent in 2024 (World Bank, 2025). Peasant parties, such as the Polish People's Party (PSL) or other, more ephemeral, groupings representing farmers, participated in government during a significant part of the discussed period or were a vocal interest group in parliament and on the streets. They constantly sought to pursue these interests. For example, they maintained that the large agricultural sector in Poland required low-qualified and temporary workers and – as we shall demonstrate – its representatives were particularly effective in obtaining favourable solutions for it (see Gorlach, 2022).

7.3 Setting the Scene: From 'Ants' to Employees

Before turning to the events of the last two decades, it is important to understand the broad circumstances which made Ukrainian workers the obvious choice for Polish employers for as long as they were available. The collapse of communism in Central and Eastern Europe, followed by the dissolution of the Soviet Union (USSR), gave citizens of Poland, Ukraine and other countries the long-sought-after freedom to have passports and leave their homes at will. However, entry to Western countries was more difficult – e.g. until 2017, Ukrainian citizens were still obliged to obtain tourist visas in order to travel to the European Union. On the other hand, access to Polish territory during the pre-EU membership period (as for other Visegrad countries[2]) continued to be relatively easy, with visa-free tourism for Soviet and, later, Ukrainian citizens and various agreements facilitating border traffic and transportation (Fedorowicz, 2011; Okólski, 1997a). Already, in the 1990s, geographical proximity and the ease of access, coupled with the much greater difficulty of reaching Western Europe, made Poland a popular destination for Ukrainian citizens and a 'buffer' zone between East and West (Iglicka, 2001; Wallace & Stola, 2001).

In this first decade after the fall of communism, coupled with the dissolution of the USSR (and Ukraine's independence), the newfound freedom primarily served petty traders from post-Soviet countries, who sold second-hand goods or cigarettes in Poland and returned home with clothing, appliances and other goods for resale. Economic difficulties in Ukraine were more severe than in any other post-Soviet country, with the GDP four times lower than in Poland and the number of people in poverty soaring (Bedzir, 2001). The public sector, which employed most of the population, did not pay wages on time. Although officially, unemployment was

[2] The Visegrad Group (V4) is an informal regional alliance of the Czech Republic, Hungary, Poland and Slovakia, initiated during a summit in the Hungarian town of Visegrad in 1991.

single-digit, in reality, 50–60 per cent of the labour force was not in remunerated employment (Bedzir, 2001). Consequently, many employees, including engineers and teachers, resorted to supplementing their household income through cross-border trade (Iglicka, 2001). Some turned petty trade into full-time work. Polish border-traffic data illustrate the scale of the phenomenon – the overall number of border crossings increased from 8.2 million in 1989 to 88.6 million in 1999 (Iglicka, 2001: 58). Many of these 'tourists' – commonly nicknamed 'ants', since many of them crossed on foot, carrying goods – traded at border-side bazaars. Some ventured further into Poland, with one of Warsaw's former stadiums turned into the 'Europe Bazaar', where goods were traded between Poles and migrants from post-Soviet countries, as well as China, Vietnam, Turkey and other countries. As Okólski (1997b) estimated, the huge bazaar provided work for about 60,000 traders and producers, mostly of textile and leather goods, upholding a whole sector of Polish small businesses. Bedzir (2001) estimated that up to one-fifth of Ukraine's population (7 to ten million people) supported themselves or supplemented their income through cross-border trade.

The increased contacts between Poles and Ukrainians led many migrants, especially those from Western Ukraine, to seek short-term employment in Poland. The bazaars or their vicinities served as informal job markets, where work for a few hours or days could be found, for example, in construction or farming (Antoniewski, 1997). Eventually, an increasing number of Ukrainian citizens sought several weeks or months-long employment in the above sectors and in others, such as childcare or services. This led to circular or incomplete migration, especially between western parts of Ukraine and Poland, with work performed in one country but the home and family remaining in the other (Okólski, 2001). By the mid-1990s, the number of Ukrainians working (mostly in undocumented ways) in Poland was already estimated, by various sources, to be between 100,000 and 500,000 people (Iglicka, 2001; Okólski, 1998).

As a result of the 1998 economic crisis in Russia and neighbouring ex-USSR countries, together with the devaluation of the rouble, trade became less lucrative – however, circular migration to Poland continued. Preparing for its EU accession, Poland was obliged to tighten its border controls, which rendered crossing the border more difficult for Russian and Belarusian citizens. However, Ukrainian citizens, who benefited from free movement and readmission agreements, continued to arrive. Visa-free movement between Poland and Ukraine remained in place until 2003, when Poland had to synchronise its policies with the EU before membership. The introduction of the new rules did not disrupt travel – Poland issued free visas until it joined Schengen in 2007, while Ukraine reciprocated by not introducing visas for Poles (Fedorowicz, 2011). By the turn of the millennium, Polish employers from some sectors already benefited from the existence of a Ukrainian–Polish labour migration, albeit an undeclared one. Employing workers in the grey economy was a cost-cutting strategy, which stimulated growth and was only irregularly frowned upon by the authorities. By the first decade of the twenty-first century, short-term employment had replaced trade as Ukrainians' most preferred activity in Poland (Matuszczyk et al., 2024).

Poland in the late 1990s and early 2000s did not suffer from a general shortage of workers. On the contrary, unemployment had been increasing in the 1990s, reaching 20 per cent in 2002 and 2003 (GUS, 2025). Simultaneously, the grey zone economy was expanding, with rising demand for migrant workers. EU accession in 2004, which granted Polish companies full access to EU markets and guaranteed the inflow of structural funds, soon brought down unemployment and contributed to growth in the number of job offers (Kaczmarczyk et al., 2010; Piątkowski, 2018). At the same time, many Poles profited from the newfound freedom to undertake work in other EU countries. Moreover, due to persistently low fertility rates in the post-communist period, young-adult cohorts in the 2000s were significantly smaller than their predecessors, with about half of their members choosing to pursue tertiary education and thus delaying their labour-market entry. Levels of education increased dramatically between generations, with the majority of Polish youth gaining third-level degrees (OECD, n.d.) and not wanting to undertake manual work, especially given that the service sector was rapidly developing and offering better wages. Within one year of accession, employers in a few sectors already began to complain about labour shortages. The problem became particularly visible in Poland's agricultural sector, some branches of which – e.g. horticulture – required large numbers of low-qualified workers but were able to render profits only thanks to low wages (Fihel et al., 2026; Gorlach, 2022; Kaźmierkiewicz, 2007). Subsequently, the shortage of workers affected other sectors, such as manufacturing and construction (Piotrowski, 2020).

Ukrainian workers were well-placed to fill this gap for several reasons. Their home labour market still did not offer sufficient opportunities or wages (Kindler & Fedyuk, 2016). Visa and other facilitations in movement between Ukraine and Poland from communist times and from the previous decade created a path dependency – many employers already resorted to or knew potential workers and could recruit further ones through their networks. In Ukraine, most people had at least some awareness of the conditions and work opportunities in Poland. They also found the Polish market relatively easy to navigate, due to its linguistic proximity and certain commonalities inherited from communist systems, e.g. understanding informal modes and circumventing official regulations, which was an important element of the institutional environment in both countries (Iglicka et al., 2011).

Although the employers' role in converting Poland into a strongly migrant-dependent economy seems key, academic attention, to date, has mostly focused on their activities on the ground. In a pioneering work edited by Golinowska (2004), the problems faced by entrepreneurs relying on immigrant labour were articulated for the first time. Subsequent empirical regional or sector-specific studies (Gardawski, 2013) examined issues such as openness to foreign workers, bureaucratic problems and challenges related to recruiting foreigners (Duszczyk, 2012; Grabowska-Lusińska & Żylicz, 2008; Kubiciel-Lodzińska & Maj, 2017; Piotrowski, 2020). More recently, empirical studies have focused on the everyday practices of entrepreneurs who have come to rely on the migrant workforce (Fiałkowska et al., 2022; Jaroszewicz et al., 2024; Klimek, 2015; Wysieńska-Di Carlo & Klaus, 2018), with some demonstrating employers' active involvement in integrating foreign employees, in an attempt to retain them permanently (Shelest-Szumilas & Woźniak, 2023). The role of state and non-state actors in shaping the migration policy agenda in Poland has only been examined in a few studies (Matuszczyk, 2026; Mucha, 2024; Szelewa & Polakowski, 2023). Furthermore, research on the relationship between employers and private labour-market intermediaries is gradually increasing (Matuszczyk & Kowalska, 2024), including empirical studies published by employment agencies and their associations. These reports illustrate the growing dependence of employers on these non-state actors in Poland (EWL, 2024; GI Group, 2024).

To our knowledge, this study is the first to focus on changes in labour migration policy over the last two years from the perspective of employers' interests and their impact on the solutions adopted. To organise the rich data collected, the following sections concern six key periods of change in formal institutions and the *play of the game* on the ground (Williamson, 2000). The proposed periodisation situates the direct and indirect efforts of key employer organisations and supportive advocacy coalitions (primarily business organisations and private labour-market intermediaries) within a specific timeframe and institutional environment.

7.4 The Farmer-Driven Migration Policy

The first milestone in Poland's immigration policy was the introduction of the so-called simplified procedure in August 2006 (see also Duszczyk & Matuszczyk, 2018; Szulecka, 2026). This procedure, designed for post-Soviet citizens, was based on an employer's declaration of intent to employ a named foreign national (Szulecka, 2026). Recipients of such declarations could obtain a visa and work in Poland for three months without a work or residence permit. Initially, it concerned only workers in agriculture, before being extended to other sectors a year later. The solution was revolutionary for the Polish labour market, as farmers who reported a demand for seasonal work could rely on dedicated procedures to meet their needs without the bureaucracy and costs. The list of source countries in various periods included Armenia, Belarus, Georgia, Moldova, Russia and Ukraine. Until the full-scale Russian aggression against Ukraine in February 2022, the simplified procedure was by far the main legal route of entry for Ukrainian workers into the Polish labour market. Archival documents and expert interviews confirm that farmers' lobbying was the impetus for this regulation. The Polish Fruit Growers Association (*pl. Związek Sadowników Rzeczpospolitej Polskiej*), especially its president, Mirosław Maliszewski, who had been an MP since 2005 (Polish People's Party, *pl. Polskie Stronnictwo Ludowe, PSL*), was the main (effective) lobbyist for opening the labour market to foreigners. One of the experts interviewed described MP Maliszewski as the 'father of liberal migration policy' [Interview 3; for the list of interviewees, see Appendix, Table A1]. This is a unique example of an individual's involvement simultaneously in quiet and noisy lobbying (Morgan & Ibsen, 2021). Previous analyses have tended to suggest that political pressure is exerted collectively by groups of various state or non-state actors (Matuszczyk, 2026). He first appealed to the Sejm (*Polish Parliament*) for urgent legislative changes to this sector in March 2006. In a question to the Minister of Labour and Social Policy, MP Maliszewski asked about the possibility of seasonal agricultural employment for workers, regardless of their nationality. He emphasised the uniqueness of this sector, as well as the mounting problems caused by a lack of domestic labour:

> *There is a high degree of seasonality [in Polish agriculture]. Poland is also one of the countries where agriculture is of enormous importance. During office hours and at meetings in the field, farmers complain to MPs about Polish solutions in this area, which they feel almost exclude the possibility of employing workers for short periods.* [Notes from an archival inquiry, 2023]

Pressure from individual employers in the agricultural sector on political decision-makers intensified (Kaźmierkiewicz, 2007), particularly during the summer of 2006 – as evidenced, for example, by a memo, dated 22 June 2006, in the Labour Market Department's archives from a conversation between a Political Cabinet member of the Ministry and an agricultural producer. The memo highlighted the fact that strawberries were rotting in the fields due to a severe shortage of horticultural workers. The fruit grower complained that he had requested the employment of seasonal workers from Ukraine at the beginning of 2006, but had not received a response from the Ministry of Agriculture. During the discussion with the Ministry of Labour expert, he expressed concerns about the actions taken by the state agencies responsible for verifying the legality of employing Ukrainian workers:

> *Meanwhile, border guards and customs officers organise regular raids on farms. Around 30–40 officers arrive in approximately ten civilian cars, surround the field, and swiftly enter it, armed with firearms. The persecution of people on the eastern border is reminiscent of the persecution of companies during World War II. Additionally, Ukrainians are not issued visas at consulates or are only issued visas valid for a few days. Those with visas are sometimes not allowed to enter*. [Notes from an archival inquiry, 2023]

Thus, fruit growers perceived both the inefficiency of the state and its attempts to limit irregular work as a problem.

The legal change, which later proved fundamental for Polish immigration history, was introduced through a government regulation, without parliamentary debate. The Ministry of Labour justification made it clear that agricultural-employer lobbying was the inspiration, underlining that the provision was introduced 'due to increasing interventions by agricultural producers who have signalled labour shortages on farms (supported by parliamentary questions and interpellations)' [Notes from archival inquiry, 2023].

Farmers also pressured for the effective implementation of this change, which was not guaranteed due to bottlenecks in issuing visas. MP Maliszewski sent further letters and inquiries to the Ministry of Labour, alerting political decision-makers to the ineffectiveness of the changes introduced. He repeatedly emphasised the strategic importance of access to labour for ensuring Poland's food security (see also Fiałkowska et al., 2022). Within a single week in 2006, the Polish Fruit Growers' Association petitioned the most important politicians in the country, including the Deputy Prime

Minister, the Minister of the Interior and the Minister of Foreign Affairs, to whom MP Maliszewski wrote regarding visas:

> *In light of reports received by our organisation regarding the lengthy waiting times and significant difficulties that Ukrainian citizens face when applying for visas, we are urging the Minister to address this issue and expedite the visa issuance process. The current season has seen a slump in the agricultural labour market. A significant amount of fruit, including strawberries, raspberries and cherries, has not been harvested due to a shortage of workers.* [Notes from an archival inquiry, 2023]

As the above demonstrates, the lobbying success of farmers was the result of intensive work by one organisation – or even one person – who became the face of these changes. Although farmers were the primary force behind the liberalisation of foreign employment policy, representatives of the construction sector and other industries soon joined the (behind-the-public-scene) debate, voicing growing concerns over recruitment difficulties and seeking to benefit from arrangements comparable to those for agriculture. The collected archival material enabled us to observe a 'domino effect' among successive employers' organisations. The construction sector, in particular, began intensive lobbying, pointing out that many Polish construction workers had emigrated after Poland's EU accession in 2004 and that the sector needed labour to provide stadiums and other facilities for the European Football Championship, which was to take place in Poland and Ukraine in 2012 (the choice of hosting countries was announced in April 2007).

Initially, the lobbying efforts of other sectors were not successful. The Ministry of Labour explained that other industries, particularly construction, were not covered by the simplified procedure due to a lack of reports on the severity of the problem, as well as a lack of consensus among entrepreneurs. An interesting example of argumentation in this regard can be found in a letter dated October 2006, addressed to the President of the Polish Association of Construction Industry Employers:

> *Unfortunately, the Ministry does not have any data illustrating the nationwide scale of labour shortages in the construction industry. General information about staffing issues and recommendations for changes to Polish legislation, sent independently by various associations, industry organisations and local associations, does not constitute sufficient grounds for opening up the labour market to foreigners.* [Notes from an archival inquiry, 2023]

The Ministry of Labour's position above confirms that farmers managed to create a 'critical mass' and convince decision-makers to respond quickly to their demands. However, an archival search at the Ministry of Labour revealed that successive employers' organisations also sent letters and proposals for desirable solutions. For instance, in a letter to the Minister of Labour in 2006, the president of the UNI-BUD Construction Entrepreneurs' Corporation provided an in-depth diagnosis of the situation and referred to the positive experiences of other developed countries that pursue an active policy of recruiting foreigners. He argued that their practices had been well received by the public and employers in the construction industry, for example, in the United Kingdom and France.

Representatives of the clothing and textile industry also began to articulate their interests in this migration policy instrument, sending letters to the Ministry of Labour within a few weeks of the introduction of the simplified procedure. For instance, in October 2006, experts from the Federation of Light Industry Employers drew attention to a growing shortage of workers and emphasised that failing to adopt this solution for their industry would threaten production and lead to plant closures. The transport sector raised similar arguments. The President of the Podlasie Transport Association's Board argued that the growing shortage of qualified drivers was due to workers leaving Poland and the inadequacy of vocational education:

> *The current situation has created an opportunity for Polish carriers to hire well-qualified drivers from Eastern Europe (e.g. Belarus and Ukraine), who are cheaper labour. However, this raises a problem. Although Polish regulations permit the employment of drivers and other non-EU citizens in Poland, the extensive bureaucracy and administrative regulations, which are not adapted to the needs of the industry, make this practically impossible. For example, if you want to hire a driver, you have to meet an absurd number of bureaucratic requirements.* [Notes from an archival inquiry, 2023]

In response to mounting appeals from employers' organisations, the government finally extended the simplified procedure to all other sectors of the economy in 2007; in 2008, its duration was lengthened to six out of every 12 months, renewable immediately.

Although Poland's needs for workers had become more visible, the success of employers, particularly farmers, in obtaining the simplified procedure had not been a foregone conclusion. On the contrary, without strong employer lobbying, this liberalisation of employment regulations for foreigners may not have happened, as it also faced strong opposition both within and outside the government. Some institutional actors were concerned about the excessive dominance of employers in the process of creating a new migration policy and the government's favouritism towards one group of stakeholders. Trade unions criticised the 2006 regulations as potentially harmful for native-born workers. Although the general societal attitude towards Ukrainians was favourable, their broader inclusion into the Polish labour market was controversial. Liberal regulations would not have been implemented without strong employer lobbying, particularly from the farm sector and its main political representative, MP Maliszewski. Their pressure initiated the process of liberalisation and blazed the trail for other sectors. During this period, the interests of farmers were prioritised by the state, and their efforts in 2006 initiated a profound change in Poland's labour market. Their lobbying and the legal changes led to the creation of a large-scale circulatory or incomplete migration system between Poland and its neighbours, particularly western Ukraine (Okólski, 2001, 2012).

7.5 The Ukrainisation of Migration into Poland

Russia's annexation of Crimea in 2014, the war in eastern Ukraine and economic recession dramatically increased emigration pressure on inhabitants of the country, including those from its central and eastern parts, who had earlier been less likely to move to EU countries for work. Historically, Ukrainians primarily migrated to Russia for employment opportunities. However, the dynamic shift in geopolitical circumstances has prompted an abrupt change in migration patterns towards the European Union (Kindler & Fedyuk, 2016; Vollmer, 2016). Not only did more people wish to emigrate to Poland, but their demographic profiles and intentions also differed from those of their predecessors. They were, on average, better educated, and many wished to migrate long-term (Górny et al., 2018). Importantly, these migrants were not formally recognised as refugees. Simultaneously, labour shortages were increasingly felt in Poland due to persistently low fertility rates, emigration after Poland's EU accession and intense economic growth. Within the decade since EU accession, unemployment had nearly halved to 10 per cent by 2015 (GUS, 2025). Employers thus saw an opportunity in sourcing new cohorts of Ukrainian migrants.

The main obstacle to bringing these workers into the Polish labour market was the inefficiency of governmental agencies, which were not prepared to deal with large numbers of applications. At this stage, employers perceived the inefficient administrative system to be their main obstacle. The problem had existed since at least 2007 but became more acute after 2014, within both the consular system and regional Polish administration offices, which were inadequately staffed [Interview 10]. Employer organisations involved in the Social Dialogue Council and smaller industry organisations that had not previously been involved in migration policy raised the problem with the authorities (see more in Męcina, 2017). Thus, for instance, in mid-July 2016, the Association of Protected Tomato and Cucumber Producers wrote to the Minister of Labour, highlighting that visas for their workers could be effectively obtained only after the harvest. Food producers often argued that production would have to be halted if the central administration failed to respond to their appeals. For example, in June 2016, the Polish Association of Fish Processors sent a letter to Prime Minister Beata Szydło:

> *Due to the great difficulty in recruiting workers for our plants, we had to reduce production. In view of this, we kindly request a flexibilisation of the formalities for employing foreign nationals and quicker processing. The current employment rules for six or eight months should be changed. This is too short a period in which to train and prepare these people for the job. We propose that initial employment should be for 12 months, with subsequent employment for 36 months. Currently, formalities take up to three months, complicating the situation considerably. We would like to emphasise that foreigners should be employed on the same terms as Polish employees.* [Notes from an archival inquiry, 2023]

Other actors supported employers in their demands for more efficient procedures. The number of non-state entities, such as local business-support organisations, increased in this period and supported employers' lobbying for efficient administrative structures. The president of one such organisation warned in a letter to the Minister of Labour, in June 2018, that the failure to streamline administrative services for foreigners would result in their gradual departure for other countries.

Some Members of Parliament also advocated for the business community. Through parliamentary questions directed at various ministries and central government institutions, they openly conveyed the expectations of employers regarding the effective management of labour migration in Poland.

Other issues raised concerned Poland's demographic problems and the need for a strategic document outlining Poland's migration policy. Such a document had been in force since 2012 but was cancelled in 2016 by the right-wing government elected the previous year (Janicki & Świętek, 2025). Despite several attempts, a new one was not adopted until October 2024. The absence of a stable migration policy has created a kind of 'institutional limbo', characterised by ambiguity and uncertainty in the application of migration law. This has provided opportunities for the particular interests of non-state actors to come into play.

To lend credibility and weight to their demands, employers' organisations placed greater emphasis on the quality of evidence supporting their arguments when dealing with policymakers. Consequently, they became increasingly active in research and analysis, producing expert reports and commissioning studies from academics. For instance, a 2016 report by the Union of Entrepreneurs and Employers claimed that labour shortages were becoming widespread and that the only appropriate remedy was to continue supporting immigration from three countries: Ukraine, Belarus and Vietnam.[3] The key premise underlying this argument was the oft-repeated idea of 'assimilation' or cultural proximity (ZPP, 2016):

> *However, there is a solution: Poland urgently needs immigrants who are willing to work and can easily assimilate into society. Ukrainians are the obvious candidates for this. In view of the above, it is necessary to legalise the stay of all Ukrainians currently residing in Poland without delay. This could be achieved through a law that also covers Belarusians and Vietnamese – in other words, people from other countries who come to Poland to earn a living and work hard. Such a move could easily generate several billion* zlotys *for the state budget each year at virtually no cost. Poles also favour this type of idea. All that is needed is a little common sense and political goodwill to protect Poland from one of the greatest demographic disasters it could face.*

In addition to formalising the stay and employment of foreign workers, some employers expressed interest in a new approach to economic immigration. First and foremost, the demand for temporary workers increased steadily, and employers also began to seek more permanent relationships with foreign workers (see also Shelest-Szumilas & Woźniak, 2023). Consequently, some employers called for integration measures to be introduced for foreigners. Among other things, employers wanted to include Ukrainians in vocational education.

Employers anticipated that the lack of administrative and integration preparedness for handling foreigners would result in a brain drain of skilled Ukrainian workers to other European Union countries. Industry and regional organisations were the most concerned about losing foreign workers to Germany, followed by the Czech Republic and Lithuania. The threat was considered enormous as Germany introduced visa-free travel for Ukrainians in July 2017. The position of the President of the Board of the Union of Producers and Employers of the Meat Industry (UPEMI), as addressed to the Minister of Labour and Social Policy in January 2019, is one of the numerous examples:

[3] Poland has had a Vietnamese community since the communist period (Kindler & Szulecka, 2013).

Table 7.1 Foreigners working in Poland

	Work permits issued		Declarations		Seasonal work permits		Notifications
Year	Total	% of Ukrainians	Total	% of Ukrainians	Total	% of Ukrainians	Total*
2007**			21,797	92.9			
2008	18,022	30.0	156,713	91.2			
2009	29,340	32.4	188,414	95.6			
2010	36,622	35.2	180,073	94.1			
2011	40,808	45.7	259,777	92.3			
2012	39,144	51.8	243,736	91.8			
2013	39,078	52.2	235,616	92.3			
2014	43,663	89.9	387,398	96.3			
2015	65,786	76.7	782,222	97.5			
2016	127,394	83.4	1,314,127	96.1			
2017	235,626	81.7	1,824,464	94.0			
2018***	328,768	72.5	1,582,225	91.4	134,601	98.8	
2019	444,738	74.3	1,640,083	90.0	131,446	98.7	
2020	406,496	72.6	1,519,599	87.5	137,403	98.6	
2021	505,189	64.5	1,979,886	82.6	118,942	97.9	
2022	365,490	23.3	1,038,316	58.8	25,150	90.8	786,142
2023	320,630	2.3	506,554	34.6	16,298	81.0	1,079,816
2024	322,941	1.2	428,188	31.8	16,135	67.0	1,007,872

Source Data available from the Ministry of Family, Labour and Social Policy
*This regulation applies to Ukrainian citizens only and has been in place since 2022
**Data available for declarations covers August to December
***Since 2018, declarations relate to non-seasonal work

> *The biggest challenge at present is finding employees, since most factories are located in rural areas where the labour supply is very limited. In view of the current situation, it may prove particularly difficult to maintain budgetary assumptions at the planned level. The situation is further complicated by the expected outflow of employees from Ukraine due to the opening of the labour market by our Western neighbours. This could severely destabilise Polish companies, particularly manufacturing companies, which may lead to the collapse of many enterprises and resulting in layoffs and reduced state revenues.* [Notes from an archival inquiry, 2023]

Despite the employers' recurring complaints regarding the inefficiency of the Polish administration and the shortage of available workers, this period witnessed a very significant increase in the number of workers from Ukraine. The number of employer declarations registered exceeded one million for the first time in 2016, to reach almost two million in 2021 (Table 7.1) (MRPiPS, 2024) (although it should be borne in mind that not all declarations led to employment and not all employment was undocumented – Duszczyk & Matuszczyk, 2018). Of such declarations, over 90 per cent went to Ukrainians (Górny & Kaczmarczyk, 2020).

Work permits issued to migrants increased in number from 68,000 in 2015 to 504,000 in 2021 (GUS, 2022), with a significant majority being issued each year to citizens of the neighbouring eastern countries. The number issued to Ukrainians first exceeded 100,000 in 2016 and reached over 300,000 in 2021. Although citizens of other countries increasingly applied for such permits as well, Ukrainians were by far the dominant group and the total numbers grew at an impressive speed, turning Poland into one of the leading labour-migration destinations in the EU and in terms of first residence permits – the Number 1 country, with 967,000 permits in 2021, nearly double the number for Germany (Eurostat, 2024).

7.6 Farmers' Interests Again Come to the Fore

The diverse material gathered for this research revealed that another significant development in employers' interests in migration policy occurred around 2018 and was again related to farmers' interests. At that time, Poland was experiencing dynamic economic growth, which resulted in the continuation of an unrelenting demand for foreign labour. Employers representing various sectors of the economy reported a severe shortage of workers. Simultaneously, a historic change occurred: Poland began to record a positive migration balance, becoming an attractive destination not only for neighbouring Ukrainians but also for migrants from outside Europe (Okólski, 2021). The importance of agricultural employers again became apparent with the implementation of the 2014 EU Seasonal Directive into Polish law (see Adamski & Florczak, 2022; Szulecka, 2026), which the Polish legislator accompanied with the introduction of a new type of harvesting contract. The Seasonal Directive offered opportunities for employment contracts of several months' duration, which were to replace employer declarations in Polish agriculture. Despite the mechanism's flexibility, it was met with scepticism by farmers, who were used to the previous system. As an official recalled:

> *There was a lot of opposition. All the farmers were afraid that they wouldn't have any workers. They thought it would be much more complicated. It was a very difficult time indeed when we were working on this and the seasonal directive. Everyone was afraid of the consequences for the farmers. They wrote to us saying that seasonal work permits would be very complicated.* [Interview 8]

As with the simplified procedure in 2006, MP Maliszewski was the main representative of employers in the agri-food sector in 2017. During a parliamentary speech, he raised the issue of employers having to pay a fee of PLN 170 (*circa* EUR 40) per employee to hire seasonal workers under the new conditions. He proposed that this fee should be kept as low as possible, i.e. at a symbolic PLN 10 (*circa* EUR 2.5). Above all, MP Maliszewski pointed out that the provisions of the 2014 seasonal directive implemented in Poland were disadvantageous to farmers:

> *Compared to the current situation regarding the employment of third-country nationals for seasonal agricultural work – the declaration method – we can say that this draft is restrictive. Rather than promoting or facilitating employment, it hinders it. The government is, of course, hiding behind the EU directive – but this is not entirely true because many of the provisions in this law go beyond the directive's scope, introducing restrictions.* [Notes from an archival inquiry, 2023]

As a result of farmer pressure, the authorities implemented the Seasonal Directive in the most favourable possible manner for farmers, defining seasonal work as lasting nine months of the year:

> *When we were deciding how long the seasonal work permits should be for, we opted for the longest possible, which was a bonus for this group because they had six months on their declarations, and now they would have nine.* [Interview 8]

The 2018 reform also introduced a completely new type of contract adapted to the specific nature of work in horticulture. The Harvest Assistance Contract was an example of the approach defined by Albin (2014) as a 'sectoral regulatory regime' being implemented in Poland. The Act's explanatory memorandum emphasises the protection of growers' interests and the adaptation of the employment system to the unique demands of fruit and vegetable harvesting. Notably, growers of particular plants, including fruit and vegetables, were the only group to have obtained a legal instrument dedicated to their needs from the legislator, which provided limited protection for workers. Individuals employed under harvest assistance contracts are not entitled to the minimum wage or comprehensive social-security coverage (only accident and sickness insurance is covered), and their health and safety rights are also limited (see Fiałkowska et al., 2022; Matuszczyk et al., 2024). Despite numerous contradictions and chaos, the government had once again introduced an extremely flexible solution that met the needs of fruit growers.[4] The sector could count on priority treatment in legal solutions, regardless of the government's political orientation (Fiałkowska et al., 2022).

As with the simplified procedure, the new seasonal work regulations were met with envy by other sectors interested in such legal solutions. The Ministry of Family, Labour and Social Policy received complaints, for example, from representatives of the tourism sector [Notes from an archival inquiry, 2023]. The debate around the 2014 Seasonal Directive and the accompanying legislation once again demonstrated that farmers were effective in lobbying the government for their preferred solutions. As a result of the changes, they obtained some facilitations that the Polish government could decide about, particularly the possibility of employing seasonal workers for nine rather than the previous six months. Employers from other sectors were not as effective in adjusting the regulations to their needs.

[4] Despite its high level of flexibility and lack of restrictive requirements, the uptake of harvesting contracts remains rather marginal (Matuszczyk, 2024). Fruit growers still prefer less costly and binding types of civil law contracts.

7.7 The Intermediary-Driven Turn to a More Diverse Foreign Workforce

Over time, Polish employers' organisations have increasingly addressed the acute shortage of workers and the need to find new recruitment locations. Although this was not a new issue, since about 2018, it gained momentum and came to the attention of experts in the central administration. The accelerated economic development which Poland experienced before the pandemic provided the impetus to diversify existing immigration channels (Mucha, 2024).

The case for seeking new source countries for workers was primarily made by those involved in Poland's migration industry, although supported by some government experts. As an administration official recalled: 'Around 2018, there was a period of intense pressure from various sources for us to include more exotic countries in the declarations' [Interview 8]. This was not done, but somehow, the number of visas and work permits issued to non-Europeans started to increase rapidly. From 2019, the dominance of Ukrainians among foreigners on the Polish labour market started to decrease (ZUS, 2025); see Table 7.2.

This was partly due to the increased number and activity of intermediaries. According to data from the National Register of Employment Agencies, the number of registered employment agencies operating in Poland has fluctuated significantly in recent years, with an average of several hundred agencies closing and opening each year, although the number of agencies has remained within the range of 6000 to 8000. In 2017, temporary employment agencies were responsible for one-third of all applications under the simplified procedure (Matuszczyk, 2026). The rapid increase in the presence of particular nationalities who previously had no ties to Poland, such as Colombians, in particular, suggested that employers started resorting to organised recruitment through employment agencies. When asked about the reasons for their businesses' dynamic growth, representatives of the surveyed entities pointed to the lengthiness of administrative procedures and employers' reluctance to deal with the formalities (and delays) involved in recruiting and hiring employees. Individual employers were keen to outsource their tasks and responsibilities to specialised external companies. One expert associated with the intermediary services industry summed up the popularity of such services among entrepreneurs:

> *[…] Associations such as ours can help companies facing similar problems to obtain assistance and exchange experiences and information. There is nowhere else to get this kind of information.* [Interview 7]

Importantly, employers realised that, due to the country's demographic decline and competition from other destinations, migration from Ukraine would not be a sufficient solution to their problems. While, for over a decade, they had emphasised the benefits of employing Ukrainian workers in many of their statements and interviews, the need to reorient the geography of their future foreign workforce was recognised. In addition, greater emphasis was placed on the qualifications and professional training of workers. For example, in its 2021 activity report, the Lewiatan Employers' Organisation indicated the type of workers its members needed (Lewiatan, 2022):

Table 7.2 Number of foreigners registered in ZUS (national insurance institution)

Citizenship	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total	184,188	293,188	440,255	569,724	651,506	725,173	875,090	1,063,261	1,127,744	1,192,913
EU citizens*	29,421	31,694	34,116	35,960	37,596	38,733	38,608	39,339	39,638	41,086
Non-EU citizens	154,767	261,494	406,139	533,764	613,910	686,440	836,482	1,023,922	1,088,106	1,151,827
Ukrainian	101,150	194,418	316,474	420,723	479,113	532,503	627,028	745,980	759,387	787,468
Belarusian	8903	14,351	24,013	34,143	42,797	50,606	71,215	108,111	129,375	134,873
Georgian	505	624	2725	6931	10,611	12,971	23,373	27,385	26,219	25,665
Indian	1941	2755	4121	5931	7187	8268	10,735	15,961	20,549	22,701
Colombian	108	136	176	236	289	380	513	1647	5182	15,199

Source: Cudzoziemcy w polskim systemie ubezpieczeń społecznych (2024)
Note: *UK citizens counted as EU citizens until 2020

> The biggest problem currently facing employers in the Polish labour market is the shortage of workers and the mismatch between qualifications and business needs. Demographic processes have resulted in a significant shortage of people of working age, while the Polish economy needs workers due to the favourable export situation and domestic demand. This is why migration is such a key issue. We need long-term migrants to supplement the workforce in sectors such as healthcare, social care, telecommunications and IT, as well as people to fill gaps in trade and manufacturing. This requires predictable, migrant-friendly immigration laws that will allow us to estimate the time needed for processing applications for residence and work permits. Without transparent rules for granting foreigners the right to work and reside in Poland, we cannot compete with other EU countries for the best and most sought-after workers.

Interviewed employers frequently resorted to the rhetoric of the 'global war for talent', pointing out that Poland was losing to other countries. Their attitudes evolved but the Law and Justice government, in its second term (2019–2023), maintained its declared preference for migration from culturally, religiously and linguistically close countries, particularly Ukraine, Belarus and, before 2022, Russia [Interview 5]. However, in practice, the number of work permits issued to non-Europeans from countries such as India, Uzbekistan, Colombia or the Philippines increased significantly, heeding to employer demand. Interestingly, interviews with government officials revealed that some sending countries, e.g. the Philippines, were interested in concluding a bilateral agreement; however, Poland rejected such a format of cooperation, thus leaving migration to a larger degree in the hands of employers and intermediaries.

The above-discussed period was not characterised by significant legal changes but by employer activity – including cooperation with intermediaries who became important actors within the institutional environment – and by pressuring the public administration. In so doing, they were able to provide themselves with workers and significantly increase immigration into Poland through various legal channels and from a somewhat more varied group of source countries.

7.8 The Employer-Driven Migration Policy and War (2022)

The year 2022 brought two turning points for employers relying on migrant workers. In January, the duration of the employment period for foreigners based on declarations (the simplified procedure) was extended from six to 24 months and was immediately renewable, effectively introducing a long-term immigration paradigm in Poland. One of the central administration experts described the change as follows:

> *This solution is significant because it marks a transition from circular to permanent migration, suggesting a shift in state policy from focusing on circular migration to embracing long-term migration.* [Interview 10]

The explanatory memorandum to the legal act of 17 December 2021 emphasises the government's response to the long-standing challenges and barriers reported by employers seeking to hire foreign employees in the long term. Although, in contrast to the wishes of some employers, the list of source countries included in the simplified procedure was not extended globally, the procedure was now much better adjusted to the needs of employers and the aspirations of Ukrainian migrants, giving Polish businesses an advantage in the competition for these workers.

The employers' satisfaction with this long-awaited change was particularly short-lived due to the Russian aggression against Ukraine on 24 February 2022. Although it triggered the largest post-war refugee migration in Europe – which benefited some employers – employers' organisations and migration intermediaries quickly recognised that there were also risks for the Polish economy, linked to Ukrainian men's decisions to return home to fight and the subsequent Ukrainian ban preventing working-age men from leaving the country. Although the exact scale of the outflow from Poland in the weeks and months after the Russian aggression is unknown, the Transport and Logistics Employers' Association, for example, indicated in a document sent to the *Sejm* that the number of drivers had fallen by 20–30 per cent in the first two weeks of the conflict in Ukraine. Similar trends were confirmed in interviews with representatives of temporary employment agencies. An expert associated with one intermediary community assessed that businesses in Poland had been 'severely affected. To be honest, there has never been such confusion and problems in the Polish business' [Interview 11].

In response to the new crisis, the Polish authorities took intensive measures in the first few days of the full-scale war to regulate the status of Ukrainian war migrants in Poland, their access to social infrastructure and the conditions for financing assistance and accommodation. As the experts interviewed emphasised, the Act on Assistance to Ukrainian Citizens in Connection with the Armed Conflict in the Territory of Ukraine of 12 March 2022 (hereafter the Special Act), was drafted in an extraordinarily short timeframe. Consequently, there was no opportunity for public consultation on the document's specific provisions. However, at the parliamentary stage, the views of the most important public institutions and two employers' organisations (Lewiatan and Transport and Logistics Poland) were incorporated into the legislative process. Therefore, the regulation of war migrants' access to the labour market became one of the most important aspects of the aforementioned special act. Both employers' organisations drew attention to specific shortcomings in the draft law, particularly the exclusion of Ukrainian drivers working in international transport within the European Union. Furthermore, in its comments, the Lewiatan Organisation addressed not only issues related to the labour market but also several other legislative shortcomings, as well as potential threats and pitfalls that both Ukrainians fleeing the war and their families could face. Subsequent amendments to the Act, introduced at a later stage, took these and other demands made by employers into account.

From the perspective of the labour market and the integration of war refugees, the above-mentioned Special Act introduced a new legal framework enabling Ukrainians admitted with temporary protection to find employment quickly and easily, with businesses required to notify the authorities about the employment of a Ukrainian war refugee only *post factum*, without a labour-market test or additional documents. The regulations adopted in Poland were much more 'generous' and pro-immigrant than EU countries with the Ukrainians-before-2022 diaspora, thus enabling the rapid economic integration of war migrants; in fact, they were much more generous than those envisaged in the EU's 2001 Temporary Protection Directive (Matuszczyk & Kowalska, 2024). Paradoxically, although employers' organisations did not express their views on these facilitations at the time, the Act introduced a highly liberal solution.

However, the arrival of war refugees and the new measures to make things easier or faster did not mean that employers' labour needs were fully met. Several experts we interviewed complained that the women arriving could not fill the gap left behind by men – for example, in heavy industry or male-dominated sectors [Interviews 12 and 15]. This was also the case in agriculture, which also faced competition from better-paid and less arduous jobs in cities. With the support of the local authorities and the district labour office, strawberry growers in one region organised a meeting with Ministry of Labour and Social Policy experts. One of the participants described the meeting as follows:

> *They invited us because it is a strawberry-growing region. (…) They were very worried that they wouldn't have workers to pick the strawberries because refugees don't want to do this kind of work, and those who have already arrived in Warsaw don't want to travel outside the city.* [Interview 8]

In response to such issues, the Ministry used its website to inform Ukrainian war migrants about legal employment opportunities in agriculture, publishing materials prepared by farmers. Once again, in a crisis situation, the government responded to the needs of a specific group of employers. The expert also admitted that this level of involvement had not been extended to other industry organisations. Other sectors resorted to intermediaries, and business efforts to recruit male workers from other countries increased, which resulted in a larger number of arrivals from countries such as India, Colombia, the Philippines, Nepal or Indonesia (ZUS, 2025). Overall, as of the end of 2024, almost 1.2 million foreigners – of whom 787,000 were from Ukraine (ZUS, 2025) – were legally employed in Poland, constituting 7.3 per cent of the labour force.

7.9 The Mobilisation of Business in Defence of the Employer-Driven Migration Policy

Before the 2023 parliamentary elections, media outlets reported on irregularities in the issuance of Polish visas (Nakonieczna-Bartosiewicz & Heidrich, 2023). The opposition parties raised this issue in their election campaign, accusing the right-wing Law and Justice government of allowing uncontrolled immigration (Janicki & Świętek, 2025). Once again, immigration to Poland became a polarising political issue. Consequently, the newly elected (October 2023) government announced its intention to investigate any alleged abuse of applicable regulations and the tightening of the visa policy.

This marked a turning point in the activities of employers and intermediaries. Some were unable to recruit workers from distant destinations because visas were not issued; others complained about the suspension of particular schemes, such as the Business Harbour programme (which, from September 2020 to January 2024, offered simplified visa regulations for IT specialists and start-ups, first for citizens of post-Soviet countries and then for all citizens but which was suspended due to uncovered irregularities). Employers again articulated their expectations to the new political decision-makers. The demands of their organisations within the Social Dialogue Council did not change significantly from previous years. The new ministers were mainly expected to simplify the rules, strengthen the capacity of the authorities dealing with foreigners and support the recruitment of workers from non-European countries.

However, a noticeable change took place in the employers' lobbying strategies, with employers' organisations increasingly focusing on migration-related issues and underlining the need for comprehensive strategies, which would include integration programmes. For instance, in December 2023, the Business Centre Club, one of the largest employers' organisations, established its team to address the government's migration policy reform. In 2024, three national employers' organisations invited the Minister for Migration Policy to internal meetings to discuss legislative proposals and address community expectations regarding new legal regulations. The Employers of Poland (*pl. Pracodawcy Rzeczypospolitej Polskiej),* the oldest employers' organisation in Poland, went a step further by preparing their own 'migration manifesto' for Poland. Their expectations and recommendations extended well beyond their slogan 'We need immigrants to work'. The report contained proposals such as creating a roadmap for immigrants to facilitate their successful integration and social acceptance, investing in the digitisation of state–immigrant relations and resisting hostile propaganda (Pracodawcy RP, 2024).

Although a specific turning point is difficult to pinpoint, empirical research conducted in 2024 and 2025 revealed a greater emphasis, in the narratives of employers' organisations, on combating unfair competition and illegal practices when employing foreign nationals. The evidence from the interviews suggests that, on the one hand, this is a conscious strategy to align with the government's narrative of tightening policy towards irregular migration and unscrupulous intermediaries. On the other hand, it is an approach to clearly regulate and organise labour migration to Poland and set standards for good practices. Paradoxically, some employers are willing to agree to tighter controls by labour inspectorates, tax authorities and border guards, to target competition which resorts to loopholes in the law to exploit foreign workers. A representative of one of the largest employers' organisations explained this change as follows:

> *Increasingly, employers are raising issues that were previously not discussed, saying: 'Damn it! Do something about the black market because we can't operate legally'. This hasn't been the case for years. For years, employers said, 'Okay, don't write anything about these inspections because why do we need them?' We operate legally, so we don't need an inspector here checking that everything is legal because it would paralyse our business. Today, however,*

these same employers are saying, 'I can take an inspector for 12 months but let him weed out those who are simply distorting competition'. [Interview 2]

The representative of another employer organisation also spoke out against 'illegal migration' but, at the same time, argued that employers should not be responsible for the proper documentation of migrant workers. Some intermediaries serving larger business clients also addressed the problem of unfair competition, arguing in favour of the better regulation of intermediary services. The above – both the government attempts at tighter regulation and the positions of employers – suggest that Poland is moving away from the model of a relatively unregulated dependent market economy, with both formal and informal norms regarding employer–employee relations changing and work in the grey economy and informal intermediation arrangements becoming less acceptable, at least in public discourse.

Work on the new migration strategy in 2024 coincided with the planning of the biggest labour market reform in two decades. In the second half of the year, a draft law to regulate the Polish labour market was presented. In addition to updating the 2004 Act, the new Act aimed to digitise labour market services, develop modern career counselling, introduce salary requirements in job advertisements, strengthen the role of social partners and regulate the activities of employment agencies. Notably, the initial proposal for this reform emerged in 2022 and was closely linked to the implementation of reforms outlined in the post-Covid National Recovery Plan. Alongside the new labour market act, work was also underway on Poland's first legislation to regulate the admissibility of foreigners to the Polish labour market. It was the work on these two pieces of legislation that mobilised and consolidated the wider business community in Poland, encouraging them to present a united front against the proposed changes to the policy on the employment of foreigners.

In August 2024, 11 leading employer organisations and industry business organisations (including those representing the transport, food production, waste management and automotive parts manufacturing industries) signed an open letter entitled 'Poland needs workers', demonstrating a united front in the fight to improve the immigrant reception system and thus better serve the interests of employers in Poland. In the letter, addressed to the main ministries responsible for migration policy, the signatories wrote (Lewiatan, 2024):

> We advocate an open and favourable approach to legal and sustainable labour migration. Recognising the challenges posed by the geopolitical situation, the difficulties faced by the European Union and the aggressive stance of countries such as Russia, while distinguishing clearly between legal and illegal immigration and supporting an effective and uncompromising fight against the latter, we wish to emphasise the importance of economic immigration to Poland's prosperity. Security is a non-negotiable value, but it can be reconciled with controlled openness towards foreigners who contribute to the creation of shared wealth through their work.

A few months later, these organisations joined forces again to oppose the idea of making employment contracts mandatory for all foreign workers. The government proposal had its roots in the fact that the Polish labour market is characterised by an above-average proportion of civil law contracts compared to other EU countries. Migrant workers in Poland are often employed on the basis of contracts other than formal employment contracts. The aforementioned legislative proposal was met with an unprecedented, vehement reaction from employers' organisations and employment agencies. Ultimately, the government bowed to pressure from business organisations and withdrew the proposal. Interestingly, interviews have revealed that farmers were the only group of employers originally supposed to be excluded from these changes.

Another manifestation of the aforementioned mobilisation of the business community in Poland is the active participation of organisations in public and political debates. These organisations have previously remained somewhat in the shadow of the largest organisations that form the Social Dialogue Council. An interesting example of this is the lobbying activity of organisations that previously focused on sending workers from Poland [Interview 7]. Another example of involvement in reforming the migration management system is a nationwide industry organisation that represents companies in the business services sector. An interview with a representative of this organisation revealed increased efforts to build coalitions with various stakeholders, particularly at regional levels in Poland. The expert mentioned his organisation's plans to push for the implementation of public–private partnerships. Unlike in other countries, such as Sweden, such solutions are not commonly implemented in Poland (Axelsson & Pettersson, 2021). As part of the measures already initiated, the legal expert from an employer organisation shared that his organisation intends to propose to one of the public authorities that they agree to involve external experts to assist in considering applications from employers:

> *(…) We organised a meeting with the provincial governor to discuss the problems faced by companies there. But I want to emphasise that it was not just to complain; it was also to ask the provincial governor and the management if there was anything we could do to help them, make things easier and speed things up. You see, our companies submit around 1,000 residence permit applications a year. So, the scale is large. We also place a burden on the Provincial Office, so we suggested to the provincial governor that the office allow our lean management experts to visit, free of charge, to help organise their work and eliminate backlogs.* [Interview 4]

Overall, the efforts of employers' organisations identified in 2024 and 2025 have been aimed at maintaining a migration policy paradigm in which employers play a priority role. Material gathered in the first half of 2025 suggests that the employer community will further consolidate, building new advocacy coalitions with other labour market actors.

7.10 Conclusions

The Polish case demonstrates how the interplay between demographic pressure, sectoral needs, a relatively unregulated economy and organised employer lobbying shaped one of the most liberal labour migration policies in Central and Eastern Europe. At the same time, Ukraine's socio-economic context made it a natural source of migrant workers. Yet, the institutional design of Poland's labour migration policy – its flexibility, low barriers to entry and temporality – cannot be understood solely as a demographic and economic inevitability. It was decisively shaped by employers' mobilisation, particularly farmers, whose collective pressure and strategic framing of labour shortages as a national concern laid the foundation for Poland's liberal migration framework.

The origins of this regime lie in agriculture. Beginning in the mid-2000s, fruit-growing organisations became key policy entrepreneurs (see more in Matuszczyk, 2026), effectively lobbying for simplified recruitment procedures and seasonal work schemes tailored to their needs. This political pressure was driven by a single individual who served as both a spokesperson for the fruit-growing community and a Polish parliamentarian. Consequently, this success established a model for subsequent employer mobilisation and revealed what can be termed a *farmer-driven migration policy* – a sectoral regime shaped by a specific group's capacity to define policy priorities and shape the institutional environment (Albin, 2014; Kaźmierkiewicz, 2007). Successive political decision-makers approved of the narrative linking access to flexible and disposable migrant workers with food security. The fruit-growing community played a pivotal role in this, receiving robust backing from the peasant party's politicians. Consequently, the dominance of the interests of a particular group of employers has had a significant influence on the profile of migrants and the type of labour migration in Poland. During the first few years, temporary mobility was prevalent, with Ukrainian workers commuting between Poland and Ukraine with no intention of settling or integrating in Poland.

For over a decade, the pattern of employer demand remained stable: workers from post-communist countries, particularly Ukraine, were preferred due to common informal norms, cultural and linguistic proximity, geographical closeness and prior experience. Employers frequently rationalised the preference by emphasising reliability and temporary availability – qualities suited to industries reliant on seasonal or short-term labour, such as agriculture and construction. This pattern exhibited strong path-dependence, as earlier contacts reinforced existing recruitment channels and institutional openness toward Ukrainian workers. First experiences of informal employment in Poland, which were common in the early post-communist period, later led to more regular jobs.

However, around 2018, this path began to shift. Facing tightening labour markets and a declining inflow from Ukraine, Polish employers started to diversify recruitment, reaching beyond Europe to new source countries, such as India, the Philippines and Nepal. This marked a change from a regionally embedded to a globally oriented recruitment practice, indicating the adaptation of employers to new structural constraints. The recruitment was facilitated and, at times, even stimulated by intermediaries, who rapidly became important players shaping the institutional environment of immigration into Poland. In the third decade of the century, this relatively unregulated migration and intermediation system (Fihel et al., 2026), characteristic of a newly capitalist-dependent market economy, began to be questioned by various players, including some employers, who called for tighter regulation.

We demonstrate that, although Poland officially pursued a rather restrictive policy towards immigrants (Nagel, 2026; Szelewa & Polakowski, 2023), relatively easy access for workers from Ukraine and a few other countries was, in large part, due to the efforts of Polish employers. They undertook lobbying and other activities to provide themselves with foreign workers – particularly from Ukraine – and these efforts intensified during periods of economic and demographic change. Throughout most of the analysed period, the state remained responsive to employers' interests, accommodating their demands and legitimising migration liberalisation as an economic necessity. Yet, when policy responsiveness weakened – particularly with the new government in place since the end of 2023 – employers redefined their strategies. They began forming cross-sectoral coalitions and institutional partnerships to advocate collectively for their interests, signalling a maturation of business engagement in migration policymaking.

Appendix

Table A1 Interviewees and their role/position

Interviewee ID	Role/position of the interviewee
1	Central administration employee
2	Representative of an employers' organisation
3	Academic expert
4	Representative of an employers' organisation
5	Representative of an employers' organisation
6	Labour union expert
7	Representative of the intermediary community
8	Central administration employee
9	Representative of an employers' organisation
10	Central administration employee
11	Representative of the intermediary community
12	Representative of the intermediary community
13	Representative of the employers' organisation
14	Representative of the intermediary community
15	Academic expert
16	Labour-market expert
17	Migration-law expert
18	Migration-law expert
19	Academic expert
20	Public-employment services' employee

(continued)

(continued)

Interviewee ID	Role/position of the interviewee
21	Migrant NGO expert
22	Academic expert
23	Representative of the intermediary community
24	Local public-employment services' employee

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Chapter 8
How European Employers Adapt to and Shape the Institutional Environment of Labour Migration: The Case of Agriculture

Dominika Pszczółkowska and Sara Bojarczuk

8.1 Introduction: Comparing Institutional Environments

This chapter compares the circumstances in which employers pursue their migrant labour-related interests in the four countries' cases discussed in this book: Germany, the UK, Italy and Poland, which represent different varieties of capitalism (Hall & Soskice, 2001) and are influenced by various historical, economic and political path-dependencies. To do so, it resorts to the broad concept of the institutional environment, understood not only as the sum of informal and formal (legal) institutions but also as their dynamic ensemble (North, 1990). Within this environment, institutions interact with each other and with various players and are also shaped by powerful organisations – for example, trade unions or intermediaries. Enforcement is also a key component of this environment, since it determines the effectiveness of formal institutions (for a more detailed discussion of the concept of the institutional environment, see Chapters 2 and 9; also Pszczółkowska et al., 2026). Looking at the broad institutional environment helps us to understand the impact of formal and informal norms on employers' interests and strategies during the *play of the game* (Williamson, 2000) – when they lobby the authorities, resist or support the enforcement of norms, cooperate or compete with other players and conclude transactions with migrant workers or intermediaries. The comparison between four European countries shows that it is not only legal regulations but also various historical and economic path-dependencies and political traditions which lead to similarities and differences regarding how employers pursue their migration-related interests. We

D. Pszczółkowska (✉) · S. Bojarczuk
Centre of Migration Research, University of Warsaw, Warsaw, Poland
e-mail: d.pszczolkows2@uw.edu.pl

S. Bojarczuk
e-mail: s.bojarczuk@uw.edu.pl

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demonstrate that employers can be effective in obtaining migrant labour irrespective of the variety of capitalism and other institutional circumstances of a country.

As a common thread across all four countries, the analysis focuses on one sector – agriculture – which provides the grounds for exploring how sector-specific dynamics intersect with national institutional contexts. Agriculture serves our comparative purpose particularly well, both because it is economically and politically important in all four countries discussed and because global pressures have pushed it to rely heavily on migrant labour. Since the 1970s – and especially the 1990s – the sector has become increasingly globalised, with mass-scale production, food travelling to consumers across continents and large chains controlling much of its production and sales (King et al., 2021; Palumbo et al., 2022). This resulted in pressure on farmers to produce standardised products cheaply and just-in-time, to be delivered fresh to customers in distant locations (Medland, 2021). In Europe, the pressure has coincided with demographic decline and the educational and economic advancement of populations, first in the Western and, later, in the Southern and Eastern parts of the continent. New generations of natives no longer wished to work in agriculture, either full-time or seasonally. Agricultural employers from all parts of the continent have responded by resorting to migrant labour.

Migration for work in agriculture is not new and can be traced back to slavery and indentured labour (Rogaly, 2021); for a detailed analysis of events up to the 20th century, including in America, see Chapter 1 in this volume. Seasonal migration to other countries has been a well-known feature of European agriculture since the 19th century (Kępińska & Stark, 2013; Potts, 1990). However, the phenomenon intensified in the late 20th and early 21st centuries. Bilateral agreements (e.g., between Germany and Poland) and work in the grey economy were frequent in the 1990s and early 2000s, supplying workers for German or Italian agriculture. The European Union enlargements in 2004 and 2007 facilitated the movement of workers from Poland, Romania and other countries, who did not need visas or permits to work short- or longer-term in British, Dutch, Irish, Swedish, Norwegian or even Icelandic agriculture, forestry or fishing. Central and Eastern Europeans thus constituted the main source of agricultural labour in various Western and Northern European countries, leading researchers to speak of a 'new geography of agricultural labour migration' (Rye & Slettebak, 2020). In the last few years, due to Brexit and improving economic conditions in the sending countries, this source of workers has dwindled. New destinations, such as Poland, have also entered the competition for migrant labour (Górny & Kaczmarczyk, 2018; see also Chapter 7). Consequently, all countries considered in this chapter undertake steps to recruit workers from other regions and continents, through bilateral agreements (e.g. Germany), sectoral programmes (e.g. the UK) or liberal immigration regulations (e.g., Poland). The movements of farm workers have become increasingly globalised, not unlike the movements of the goods they produce. The increased competition for agricultural labour makes the sector a compelling case for researching employers' efforts to navigate and shape the evolving institutional environments of labour migration in their favour.

At the same time, agriculture has long been considered an exceptional economic sector due to the essential nature of the goods produced and the high dependence on natural conditions. In relation to employment, including the employment of migrants, this exceptionalism has often translated into separate sectoral regulations, which have prioritised farmers' or consumers' interests over the safety and economic interests of workers (Luna, 1999). Legal regulations in many European countries grant farmers preferential conditions for employing workers, including non-locals – for example, through exemptions from minimum wage and work time (Fauser & Linsel, 2026). As a result, migrant or ethnic-minority workers have been a particularly vulnerable group (Fiałkowska et al., 2022; King et al., 2021). The 2014 EU Seasonal Directive (2014/36/EU) (2014) attempted to 'civilise' the employment of non-EU seasonal workers by granting them many of the same rights as local workers while, at the same time, limiting their work period (to a maximum of five to nine months, depending on national regulations); however, its transposition into national regulations was slow and the uptake by farmers of new types of contracts created was limited (e.g., in Poland or Italy). Most recently, agricultural exceptionalism became evident in Covid-19-related regulations – agricultural migrant workers were exempt from travel restrictions and quarantine requirements, which meant that they were also denied certain protections (Bojarczuk & Fihel, 2025; Fiałkowska et al., 2022). A higher tolerance for informal employment in this sector compared to others has led to agricultural workers disproportionately being employed in the grey economy, especially in Southern European countries such as Italy (Ambrosini, 2024). Informal norms thus also contribute to the sectors' exceptionality.

The intra-EU labour migration for work in agriculture, in particular, has been well investigated in the academic literature (*inter alia*, Fiałkowska & Matuszczyk, 2021; Findlay & McCollum, 2013; Milbourne & Coulson, 2021; O'Reilly & Scott, 2023; Scott & Rye, 2021). Nevertheless, not as much attention has been devoted to comparative studies between employers' strategies in various countries and how this is related to – to use Hall and Soskice's (2001) parlance – the variety of a country's capitalist regime. The purpose of this chapter is to delve into this issue. Given that not only the varieties of capitalism – understood as the organisation of economies and the ways in which firms coordinate their activities – but also other circumstances all influence employers' interests and strategies, we consider the broader institutional environments. The chapter, which builds on the data and analyses from the preceding empirical chapters (Chapters 4–7), ponders the following research questions. Firstly, what are agricultural employers' main means of providing themselves with migrant labour in each of the four countries studied? Secondly, how have these been impacted on by the variety of capitalism in a country or other elements of the institutional environment? The analysis relies on empirical data – 20 interviews with employers, lawyers, public officials and NGO representatives knowledgeable about the functioning of employment in the agricultural sectors of the countries discussed (see Appendix, Table A1), as well as various documents (as specified in Chapters 4–7) and a rich body of academic literature and reports from European and national institutions.

This introduction precedes four 'national' empirical sections devoted to Germany, the UK, Italy and Poland, in which we highlight the main forms of employment of migrant labour in agriculture in each country and consider whether and how these have resulted from the country's variety of capitalism or other elements of the institutional environment. These are followed by a discussion and conclusions which compare agricultural employers' strategies for resorting to migrant workers in various institutional environments, highlighting the main similarities and differences. Returning to the main claim of the E-factor project[1] and this volume, that *Institutions concerning the inflow and employment of immigrants reflect the group interests of employers* (see the Introduction to this book), we demonstrate how, irrespective of differences attributable to the variety of capitalism in a country or other path-dependent institutions, agricultural employers manage to pursue their labour migration-related interests, sometimes obtaining exceptional treatment and even, in other cases, blazing the trail for other sectors.

Although this chapter focuses exclusively on agriculture, it can be treated as an example for further analyses of many other migrant-dependent sectors, from care to construction, medical or IT. Since these sectors also frequently benefit from particular schemes and regulations (formal institutions), the institutional environments analysed would vary compared to agriculture, although – if the analyses concerned the same countries as in this chapter – some informal norms and elements of the *play of the game* would likely overlap.

8.2 The Varied Institutional Environments of Farmers' Pursuit of Migration-Related Interests

The typology of varieties of capitalism (Hall & Soskice, 2001; Molina & Rhodes, 2007; Nölke & Vliegenthart, 2009), which inspired the choice of country cases for this book – Germany (the coordinated market economy), the UK (the liberal market economy), Italy (the Mediterranean mixed-market economy) and Poland (the dependent market economy) – focuses primarily on relations within industry rather than agriculture. However, the historical literature traces how social and economic relations within farming, including the creation of social classes, have underpinned the development of capitalism and its various types (Braudel, 1979; Escher, 2021).

The features of a country's variety of capitalism strongly influence not only the regulations passed but also their enforcement, which is reflected in the bargaining strength and working conditions of migrant workers in agriculture. For example, their position is worsened when non-contractual employment in the grey economy is the informal norm. This is often the case in Mediterranean mixed-market economies and – to a somewhat smaller and diminishing degree – in dependent market economies which, especially before EU accession, were relatively unregulated and with poor enforcement of existing regulations (Devitt, 2018; Matuszczyk, 2024). At the same time, not only the variety of capitalism in a country but also other political and

[1] This chapter, like the whole book, is the result of the research project entitled 'Employer interests as an underrated factor in labour migration – an institutional approach (E-factor)', which was funded by the National Science Centre, Poland (OPUS-20) under grant no. 2020/39/B/HS4/00885.

Table 8.1 Characteristics of the agricultural sector in four countries

	Agriculture, forestry and fishing as a % of GDP, 2024*	% of the workforce employed in agriculture, forestry and fishing, 2023*	Average size of the farm (ha)**	Main source countries of agricultural migrant workers***
Germany	0.9	1.2	61	Poland, Romania, Bulgaria
UK	0.6	1.0	87 (England)	Previously Romania, Bulgaria, and recently Central Asia, e.g., Kyrgyzstan, Uzbekistan
Italy	2.0	3.6	11	Romania, Morocco, India, Albania + other non-EU countries
Poland	2.5	7.6	13	Ukraine

Sources *World Bank (2025), **National Statistical Offices, ***authors' elaboration based on the literature for case studies in this book

historical circumstances strongly influence the regulations passed and the margin of manœuvre of employers. In the case of farmers, one such circumstance is the presence of peasant parties on the political scene or the impact of farmer lobbies within the main political parties. Tolerance of the discrimination of ethnic or national 'others' is also a powerful informal norm, which can influence the conditions of work of migrants. In agriculture, this is compounded by the fact that work is frequently done in remote areas, away from public scrutiny, which increases the probability of exploitation (Olofsson & Lundmark, 2025).

The following section consists of four country-centred sub-sections, which discuss the main institutions forming part of the institutional environment of agricultural employers' pursuit of their interests regarding labour migration. To provide an overview of the situation, the main parameters of the economies and agricultural sectors of the four countries discussed are presented in Table 8.1, highlighting the significance of agriculture and migrant labour within it in all four countries as well as underlining important structural differences between the agricultural sectors, for example, related to the size of farms and levels of overall employment in agriculture.

8.2.1 Germany: From Bilateral Agreements to Free Movement (and Back)

Agriculture today represents only a small share of Germany's economy, accounting for around 0.9% of GDP and 1.2% of total employment (World Bank, 2025). In recent decades, the agricultural sector has experienced substantial structural change. Advances in technology, intensified global competition and the spread of capital-intensive production models have all contributed to integrating German farms more deeply into international agri-food markets, making the sector highly competitive (BMEL, 2025; Fauser & Linsel, 2026).

In the 1950s, one in five German employees worked in agriculture, due to the manual labour-intensive nature of the work (BMEL, 2025). With technological progress and increased mechanisation, farmers were able to cultivate more land and keep larger animal populations. The modernisation of the industry also led agriculture to become a capital-intensive industry, pushing some out of the sector. In 2023, among the approximately 876,000 people working in the sector, 45% were family members employed on their own farms, 27% held regular waged employment and 28% were seasonal workers – the majority of whom came from abroad, particularly Central and Eastern European countries (BMEL, 2025). Regionally, the proportion of seasonal workers ranges from 11% in Saarland to 59% in Rhineland-Palatinate, depending on the profile of production (BMEL, 2025). The variety is due to farm structures – in the former East Germany, farms are larger and run by legal entities rather than families (BMEL, 2025).

Agriculture in Germany has, for decades, been governed by the logic of exceptionalism (Fauser & Linsel, 2026; Fiałkowska et al., 2022). Fauser and Linsel (2026) show that this plays a critical role in structuring the labour regime underpinning agriculture, particularly regarding seasonal migrant workers from Central and Eastern Europe. Since the 1990s, migration from the region had been regulated by bilateral agreements, which ensured a predictable and state-managed inflow of seasonal workers for German farms – mainly from Poland. This model was reconfigured after EU enlargement when, after the transition period, citizens of the new member states gained full access to the German labour market. Free movement replaced bilateral schemes as the main recruitment route. Currently, most labour demand is met by EU workers, mainly from Romania and Bulgaria (Augère-Granier, 2021). Yet, demographic change, rising wages and improving employment opportunities in Central and Eastern European countries have steadily eroded this supply, leaving growers without sufficient labour to meet production needs.

According to one of the interviewees [Interview DE2[2]], employers have intensified lobbying for legal solutions, being desperate for any workers, although those who return year after year to work seasonally are particularly valued. Another interviewee [Interview DE16] noted that 'the German agricultural lobby has long been considered one of the most powerful' and has obtained exceptional regulation for the sector. In particular, he shared the example of the asparagus industry, which has expanded because of regulations adjusted to farmers' needs. The asparagus sector, framed as traditional, grew rapidly during the 2010s due to policy decisions that enabled farmers to access low-cost seasonal workers – first, predominantly from Poland and, later, mainly from Romania. As the interviewee noted, this growth was possible 'only through specific political rules that were tailored to [farmers'] needs' [Interview DE16]. In the last decade, lobbying has been public, including TV discussions in which farmers have complained about labour shortages, prompting official

[2] This chapter refers to some of the same interviews as in previous chapters (Chapters 4–7), and uses their same numbers, which are here preceded by letters denoting the country.

responses. In one such instance, the Minister of Labour pledged to create new recruitment pathways and 'personally explore options for bringing seasonal workers from Georgia to Germany'. Such public commitment materialised institutionally when the Federal Ministry of Labour and Social Affairs, together with the Federal Employment Agency, introduced a new bilateral agreement with Georgia in 2020 to secure seasonal workers from outside the EU (Augère-Granier, 2021; Centre for Global Development, 2021). In the face of a dwindling labour supply within the EU, the German agricultural sector is returning to its traditional routes of sourcing migrant labour: bilateral agreements. Following the reforms of the 2019 Migration Package (see Chapter 4), farmers and all other employers can also employ asylum-seekers (after three months from the asylum application – if the applicant is not obliged to live in a reception centre – and six months if they must remain there). The employment of an asylum-seeker involves approval from the Federal Employment Agency but applicants from so-called 'safe countries of origin' can be exempt from this procedure.

At the same time, employer influence is not uncontested: trade unions and expert bodies have increasingly acted as a counterweight by conducting outreach in the field, documenting and regularly reporting violations, providing multilingual rights counselling and translating seasonal workers' grievances into public and policy claims [Interview DE16].

In the context of a coordinated market economy (CME) – with vocational education, strong worker protection and regulated employer–employee relations – agriculture stands out as an institutional outlier. It is a sector where low-wage, low-security, highly flexible labour persists – largely insulated from the protective labour institutions characteristics of the CME model; migrant workers are at the core of these exceptions. One way in which farmers obtain this is through regulatory exceptions, which allow them to hire migrants under conditions that do not meet German labour-market standards. One of them is the exemption from the minimum wage and social protection. Although Germany introduced a statutory minimum wage in 2015, agricultural employers successfully lobbied for a three-year transition period, delaying its implementation until 2018 (Fauser & Linsel, 2026; Kunert et al., 2022). Although the regulation is now in place, severe minimum wage violations continue (Bruzelius & Seeleib-Kaiser, 2023; Dribbusch, 2021). Moreover, Fauser and Linsel (2026) argue that nearly 80% of seasonal workers are employed through the short-term employment scheme, which allows employment for up to 70 days without the obligation to contribute to the social security system (Späth et al., 2018). The main condition, however, is that the seasonal employment cannot be the employee's main job, which means that their main income and social security must be based elsewhere – for example, in a regular job abroad from which the worker takes a vacation to pick fruit in Germany (Fauser & Linsel, 2026). The scheme is not formally assigned to agriculture; however, it is heavily used for seasonal workers in farming and the workers' social security situations in other countries are rarely checked (*ibid.*). Moreover, a clause allows for dismissal on one day's notice for workers hired for up to three months. Combined with piece-rate payment and high harvesting norms per person, this enables farmers to 'kick out the less productive workers' and replace them with better ones [Interview DE16]. Employers can also obtain permission to introduce 12-hour-a-day work during harvest time.

The unionisation rate is low, collective bargaining coverage is weak and working conditions are typically determined by employers or intermediaries. This presents a divergence from the CME's model of strong labour institutions through reliance on mobile, disposable, non-unionised migrant workers. In effect, the German labour market is strongly dualised, which means that, while, in some sectors, precise qualifications are sought, in others, which rely on manual labour, they are not recognised or are even unwelcome. As one of the participants, who is a local-level politician, illustrated:

> *Agricultural firms (…) want hard-working people in their fields and they don't need classical competencies, but more like they should work hard and for long hours and not complain, not get high wages and not have high expectations (…). I talked with a lot of farmers about Polish teachers who work in their fields and how we can deal with recognition issues of their workers in the field. And the employer said: 'It's good that they are working in the field and don't have the recognition, because if they did, I would lose them'. So, this is their interest.* [Interview DE2]

Fauser and Linsel (2026) further note that farmers have historically influenced political decision-making and contributed to weakening labour law enforcement in the sector. Exceptionalism plays a critical role here: by portraying agriculture as indispensable for food security, it encourages the tolerance of practices that would not be tolerated elsewhere. Moreover, the level of enforcement remains low as the farms are geographically dispersed and the formal authorities responsible for labour law enforcement – German Customs Authority (*Zoll*) – remain permanently understaffed (Bruzelius & Seeleib-Kaiser, 2023). In Germany, the authorities responsible for health and safety regulation enforcement are regional and province-based. Yet, '*the province often depends on big farmers very much in terms of the economic sector, so they would not be too hard on them*' [Interview DE16].

This has been particularly noteworthy during the COVID-19 pandemic, where farmers have secured airlifts through charter flights for Romanian workers during the lockdowns (Augère-Granier, 2021). The degree of exploitation that occurred resulted in the Romanian Labour Minister travelling by car (due to the travel restrictions) to express her support for seasonal workers who have not received their wages (Bruzelius & Seeleib-Kaiser, 2023; Hummel, 2020).

8.2.2 The United Kingdom: Strict Regulation of Seasonal Labour Migration

The United Kingdom, classified as a liberal market economy (LME) (Hall & Soskice, 2001), represents a model where firms coordinate activities predominantly through competitive markets and hierarchies, rather than through dense, institutionalised strategic coordination (as in coordinated market economies). The UK's agriculture exhibits core features of the LME model in the way in which farms and agri-food businesses coordinate labour and production: coordination is primarily market-based (competition, prices and contracts) and firms rely on organisational and contractual solutions to manage uncertainty (such as outsourcing or subcontracting). In labour-intensive segments, such as horticulture, the LME logic is visible through the strong dependence on external labour markets and intermediaries – historically, agencies and labour providers (Monastiriotis, 2005), and post-Brexit, increasingly, approved scheme operators under the Seasonal Worker Scheme (SWS) – through which employers can 'purchase' labour flexibility while externalising compliance and risk management (McKinney et al., 2023).

At the same time, the UK case also illustrates an LME-typical pattern of selective regulation: rather than resorting to comprehensive coordination, the state targets high-risk nodes – most notably labour intermediaries (i.e. Gangmasters and Labour Abuse Authority licensing standards governing labour supply in agriculture/horticulture) and immigration access (sponsorship rules and scheme design) – which together structure the everyday *play of the game* for employers and migrants, without transforming the underlying market-led model. Importantly, this governance architecture also creates space for a counterweight to employers' interests that is characteristic of LMEs: rather than sector-wide bargaining coordination, contestation tends to occur through enforcement bodies, civil-society monitoring and episodic public scrutiny (e.g. NGO reporting, worker support coalitions), which can pressure the state to tighten rules at specific risk points (FLEX, 2024).

In 2024, agriculture, forestry and fishing accounted for 0.6% of the UK's GDP (World Bank, 2025), while the government Department for Environment, Food and Rural Affairs (DEFRA) estimated agriculture's direct contribution to the national economy at 14.5 billion GBP (DEFRA, 2024).

The UK's reliance on migrant labour in agriculture is long-standing (see Chapter 1) but has been institutionally reconfigured. A seasonal migration channel has existed since the mid-20th century: the Seasonal Agricultural Workers Scheme (SAWS). It was introduced in the 1940s and evolved from a post-war response to labour shortages into a recurring mechanism for supplying labour to labour-intensive production – especially horticulture – before its closure in 2013 and subsequent redesign (McGuinness & Grimwood, 2017). During the era of EU free movement (which functioned as a low-administration labour supply channel), horticultural employers heavily relied on EU nationals and SAWS admissions (the scheme focused on nationals of Bulgaria and Romania, who joined the EU in 2007 but were not granted immediate freedom of movement). Cross-border recruitment became embedded within commercial production models. Post-Brexit policy shifted from intra-EU mobility to a managed temporary migration route, the Seasonal Worker visa, institutionalising short-term sponsor-tied recruitment to cover peak demand. This transition has been analysed as a repoliticisation of labour supply in the UK agri-food system, with employers and state actors renegotiating 'acceptable' dependency and risk – i.e., how reliant the sector can be on sponsor-tied temporary workers and who bears the costs of the uncertainties of that system (Milbourne & Coulson, 2021; Thiemann et al., 2024). The shift is reflected in a change in origin composition: in 2024, 78.1%

(27,759) of seasonal worker visa-holders were from Central Asian countries, with almost all working in horticulture (UK Government, 2025).

In the UK, migrant labour serves as a *taken-for-granted* solution to the seasonal scarcity of the workforce. In particular, research on British horticulture documents a long-term shift towards a migrant-dominated seasonal workforce, with migration becoming embedded in employers' expectations and operational planning, such as onsite accommodation, recruitment calendars and returnee systems (Rogaly, 2008). In this sense, migrant labour is not merely an input but, rather, part of the institutionalised production model on many UK farms. This, in turn, reflects the normative tolerance and wide acceptance of labour market segmentation and – simultaneously – expectations about non-discrimination. While, in the UK, there are relatively strong normative constraints on overt ethnic discrimination, the segmentation persists through the job design (short-term, physically demanding roles), spatial isolation and migrants' dependence on their employers through time-limited visas. This produces an embedded contradiction, where employers rely on migrant workers precisely because the jobs are hard to fill locally, yet they must present this reliance as compatible with norms of fairness (Interview UK14; Consterdine & Samuk, 2018; Milbourne & Coulson, 2021).

In their approach to advocating for the recruitment channels for migrant workers, farmers are a politically salient group, with an organised representation (i.e. the National Farmers' Union, NFU and other sub-sectoral organisations – see Chapter 5) and routinised access to policy processes. Nevertheless, they compete with other sectors and face other priorities of the state, such as immigration control, labour standards and keeping food prices down. Food security, seasonal urgency and the perishability of crops are used to justify tailored migration routes (NFU, 2025), leading to agricultural exceptionalism in regulations. As an expert highlights:

> *For food security, you need a mix of supplies. So, I think we're not going to be totally 100% self-reliant but we need to have that flexibility to be able to move to [self-reliance] if there's an interruption to supply from outside the UK. I think if the government wants to be able to maintain food security, that means there's a real need to support a Seasonal Worker Scheme.* [Interview UK24]

Currently, agricultural employment in the UK operates under general labour law, rather than sectoral wage-setting. The Agricultural Wages Board was abolished in England and Wales in October 2013, meaning that agricultural workers must be paid at least the national minimum wage. As an expert explained, this change was led by horticultural growers:

> *One of the very striking things was that it was led by horticultural growers. Their labour costs are generally about 40% [of the production costs] compared with, say, about 10% for arable [farms]. So, they were highly motivated to get rid of a statutory collective bargaining body that had established not just one minimum pay rate, but six minimum pay rates. So, there was a career structure and a whole range of really quite highly developed [wage rules], negotiated over long periods of time.* [Interview UK31]

Moreover, the liberal labour market architecture supports flexible contracting (fixed-term, seasonal, variable hours) but places significant weight on enforcement capacity, payslip clarity and employers' record-keeping – areas that become more complex when productivity systems (such as piece rates) interact with wage compliance. Another pillar for the relatively strong formal governance of labour providers in high-risk sectors lies in the Gangmasters and Labour Abuse Authority (GLAA) that operates a licencing regime covering labour supply into agriculture/horticulture and related areas, with detailed licensing standards (GLAA, 2025). Formally, this creates a dual compliance burden: growers must manage their own employment obligations and exercise due diligence over intermediaries. As an expert adds:

> *So you have to trust those people that they're doing everything properly and there can be occasions where things don't get done properly on the other side, so we've had a case recently where people in Indonesia were paying the recruitment agency to get a place to come over which is not part of the agreement, they shouldn't be doing that, but you get people in other countries not following the rules that we've put in place, so that can be a real barrier and that can be a real risk to people.* [Interview UK16]

In relation to immigration rules, policy design is explicitly quota-based and politically adjustable. Government announcements and reviews confirm how many visas will actually be issued under each quota – for instance, for 2024, 43,000 visas for horticulture (DEFRA, 2024). Yet, uncertainty about the timing of the quota release for a given year significantly affects employers' business planning [Interview UK24].

In practice, the Seasonal Worker Scheme is administered by approved scheme operators who match workers with employers, effectively embedding an intermediary layer into the labour market's operations (GLAA, 2025). Employers adapt by developing durable relationships with operators and agencies – treating recruitment as a procurement function with performance metrics (fill rates, drop-out rates) and compliance auditing, 'run by four or five licenced operators … everybody knows where they stand' [Interview UK14]. This intermediary model can reduce transaction costs for individual farms but also creates new risk points (fees charged abroad, debt-bondage dynamics and accountability gaps) as well as poses a question of who recruits and on what terms. As another expert highlights, 'growers simply don't have resources or the staff on the ground to manage that kind of process' [Interview UK14].

Because seasonal farm work is geographically concentrated and time-sensitive, employers commonly provide tied accommodation and transport – turning the employment relation into a bundled package of work, housing and mobility. Such a bundle creates a domino of vulnerabilities, which has been highlighted by an interviewee: '*The visa scheme is designed in a way that leaves itself exposed to exploitation because of the nature of how it is implemented and designed*' [Interview UK16] While this can improve recruitment feasibility, it can also increase dependency and vulnerability if standards or grievance processes are weak. The UK policymaking in this area reflects a close entanglement of business interests (Afonso & Devitt, 2016) and political elites (Consterdine, 2018), where employers' interests are often translated into policy through both routine stakeholder access and formal advisory processes (Scott, 2022). The NFU, for example, routinely communicates sector needs and pressures for earlier allocations of annual visas, so farmers can plan production, recruitment and accommodation.

This ongoing state-stakeholders engagement was formalised in 2007 and continues through the Migration Advisory Committee (MAC) – an independent public body which provides evidence-based advice on labour-market needs by combining labour-market analysis with stakeholder submissions from both employers, unions and civil-society organisations. This institutionalises recurring review cycles, in which employers' needs (e.g. labour shortages, crop-loss risk) are considered, alongside concerns about exploitation and weak protections for workers within this temporary, sponsor-tied recruitment. UK agricultural employers' adaptation to the post-Brexit institutional environment of labour migration can be summarised as a move from relatively open recruitment under EU free movement, towards a more managed, compliance-intensive model. Employers actively construct narratives that normalise reliance on migrant workers – framing it as a function of seasonality, perishability and specific labour requirements, while simultaneously signalling responsibility through audits, codes of conduct and grievance mechanisms. They increasingly institutionalise returnee pathways and repeat-migration in order to stabilise labour supply and reduce recruitment uncertainty [Interview UK14]. At the level of governance, agricultural businesses apply for visa allocations based on production plans, demand forecasts and accommodation capacity, which embeds compliance with SWS rules into management routines. Moreover, under the SWS, licensed scheme operators (government-approved agencies) are held responsible for departures at the end of the visa. If, within any 12 months, fewer than 97% of sponsored workers who obtained entry clearance leave the UK when their permitted stay ends, the operator's licence is revoked (Home Office, 2025). In the everyday *play of the game*, employment agencies diversify recruitment risk by combining multiple nationalities within scheme rules and re-recruiting returnees for the following season. The above pattern is consistent with the broader 'guestworker' governance literature, which shows that highly constrained seasonal visas systematically generate workers' vulnerability (Consterdine & Samuk, 2018; Scott, 2015; Scott & Rye, 2025). It therefore strengthens the claim that UK agricultural employers' post-Brexit adjustment has depended not only on the recruitment strategies but, more so, on the institutional architecture that structures mobility.

8.2.3 Italy: Informal Practices Reinforced by Formal Regulations

Italy is classified as a Mediterranean mixed-market economy (Molina & Rhodes, 2007), which is characterised by inconsistencies in industrial relations. The state plays a crucial role in mitigating these inconsistencies. However, in an economy based, on the one hand, on strong industries in the North and, on the other, on small businesses – from agriculture to services and artisanal production – the state's hand has difficulty reaching all sectors, particularly since informality is broadly accepted, even in employment relations outside of large companies and the public sector. This is especially the case in agriculture. Below, we analyse how formal and informal regulations resulting from Italy's capitalist model, as well as other elements of its institutional environment, shape the employment of migrant labour by agricultural employers.

Agriculture is responsible for 2% of the Italian GDP, well above the EU average of 1.2% (World Bank, 2025). The country is the largest world producer of wine and one of the largest producers of olive oil and cheese, as well as many fruits and vegetables – particularly tomatoes, fennel, artichokes and apricots. Small farms still constitute the majority of the 1.1 million farms in Italy, although the deactivation of small plots and concentration of ownership are progressing, especially in the north, where most large farms are located (Della Puppa & Piovesan, 2023).

Italian agriculture has become structurally dependent on migrant labour, especially in sub-sectors such as horticulture, olive-growing and viticulture (Guidi & Berti, 2023; Palumbo, 2024). It began to resort to migrant labour in the 1980s, with the first such workers coming from North Africa, particularly Tunisia (Avallone, 2016). Today, among the more than 1 million workers in the sector, approximately 35% are foreigners (Casella, 2024). A decisive majority originate from a wide geographical spectrum of non-EU countries, particularly Morocco, India and Albania, although the largest single source country is an EU member – Romania (Coldiretti, 2023). EU enlargement by ten Central and Eastern European states in 2004 and 2007 temporarily facilitated farmers' access to a pool of workers from the region, who did not require visas or permits to work in Italy. However, as these employees gradually lose interest in the poorly paid and seasonal jobs, farmers have increasingly turned to non-EU workers, particularly asylum-seekers. Since 2015, asylum-seekers have been allowed to undertake work after 60 days from lodging their application. Given that they often perceive their stay in Italy as temporary, until their claim is resolved and they can move to another country, they are willing to accept seasonal jobs with housing. First-time asylum applications have been rising since the Covid-19 pandemic and, currently, with 130,000 applications in 2023 and 151,000 in 2024, they exceed the levels during the so-called 'refugee crisis' of the mid-2010s (Eurostat, 2025). Applicants thus constitute a significant pool of labour and many work in agriculture, alongside other foreigners without legal residence permits (Hoque, 2024). This has led researchers to speak of a 'refugeeisation' of the agricultural workforce in Italy (Della Puppa & Piovesan, 2023; Guidi & Berti, 2023). The dependence of the sector on non-EU workers is thus increasing.

Informal employment has long been a feature of Italian agriculture. Nearly a quarter of workers in the sector – almost double the share in the Italian economy as a whole – especially non-EU migrants, work without a contract (Avallone, 2016; Guidi & Berti, 2023). The tolerance for employment in the grey economy is characteristic of the Italian institutional environment in general, although it is decreasing [Interview IT8]. Such practices are notoriously hard to control in agriculture, where work often takes place out of public view and labour inspections are more difficult to conduct and less frequent than in other sectors [Interview IT8]. The worst-paid and most unstable jobs, in particular, are performed by illegally employed workers from outside the EU. These workers are also subject to poor working and living conditions, being housed either on the farms or in informal makeshift settlements nearby, which sometimes house as many as 2000 workers (Brovia & Piro, 2020). As Cristina Brovia and Valeria Piro write, these housing systems, which guarantee worker proximity to the workplace and limit their possibilities of movement elsewhere, 'do not represent just a "side-effect" of labour market distortions but, rather, are deeply constitutive of a certain labour regime based on the reproduction of flexible and cheap labour' (2020, p. 55). The presence and use of irregularly employed migrants can thus be considered a structural feature of Italian agriculture.

The informality of employment is not only a long-standing tradition in Italian agriculture. In the case of migrants, it is also reinforced by formal institutions. Immigration into Italy is governed by a system of immigration quotas for non-seasonal and seasonal workers, annually set by the government through a so-called *Decreto Flussi* (Flow Decree). The quotas vary significantly from year to year but usually cover only a small percentage of employers' needs, especially in agriculture (Corrado et al., 2024; Guidi & Berti, 2023). Thus, possibilities of gaining legal access to the Italian labour market for non-EU citizens are limited. On the other hand, migrants who cross the border irregularly or overstay and abuse the conditions of their tourist visas by undertaking work can count on an amnesty or regularisation. Such regularisations have been conducted eight times between 1985 and 2020, with the largest one in 2002 covering nearly 650,000 migrants (see Chapter 6 for details). Between amnesties, the system encourages the arrival and presence of irregular migrants, who are particularly exploitable and who depend on their employers for a possible future regularisation since, to be regularised, a migrant needs to hold an employment contract. As one of our respondents, an academic in agricultural studies, underlines:

> *The effect [of regularisations] on the Italian labour market was to create, recursively between one amnesty and another, a huge number, hundreds of thousands of workers (…). This undocumented workforce was good for some employers' needs. Other employers have other needs, so they push politicians for amnesties and quotas for regular entry into Italy. Those are the employers that need a regular, not irregular, workforce.* [Interview IT11]

Employers who need inexpensive, undocumented workers are frequent in agriculture, pressured by a global demand for the just-in-time delivery of fresh products at low prices. This results in a kind of lobbying competition concerning the timing of regularisations between representatives of sectors in need of cheap seasonal labour on the one hand and sectors in industry, which require a more stable workforce, on the other. The success of this lobbying is sometimes influenced by particular personal connections to politicians [Interview IT8]. Nevertheless, the cyclicality of regularisations (see Chapter 6) also benefits agricultural employers, enticing the influx of new workers who are not well acquainted with the Italian labour market and thus more readily accept poorly paid jobs in agriculture. As the above expert adds:

> *I insist on the fact that this is a cyclical phenomenon because the newly arrived workers are the most vulnerable. After three or four years of working in the worst level of the labour market, when they obtain their documents, they leave work in agriculture.* [Interview IT11]

Irregular work in agriculture, followed by more-regular employment or a move to a different sector in the city or another region, such as from southern to northern Italy, is a typical professional route for migrants in Italy.

As the above demonstrates, agricultural employers' access to inexpensive labour results from particular elements of the Italian institutional environment. On the one hand, it is facilitated by the high level of tolerance for informal employment, especially on farms. On the other hand, regular amnesties allow migrants to move out of illegality, making 'space' for even more amenable newcomers. Moreover, the process of regularisation depends on the law-abidingness of the employer, since only workers holding contracts can become regularised (Avallone, 2016; Finotelli & Arango, 2011). Any legal employment, however far from the migrant's competence and aspirations, is thus seen as a route to remain in the country. As Gennaro Avallone (2016, p. 223) points out,

> Asymmetrical labour relations have been reinforced by the national immigration law, which, by linking labour – or more specifically employment contracts – to the permit to stay (permesso di soggiorno), has contributed to creating a strong hierarchy in the local labour market.

Immigration regulations thus reinforce employers' bargaining strength over migrants.

Another specificity of the Italian system of employment in agriculture, which dynamically interacts with the above-mentioned formal and informal institutions and reinforces them, is the *caporalato* or informal brokerage between employers and workers. Its origins also reach back to times before the reliance on migrant labour. Although various forms of labour intermediation occur in all the countries discussed in this chapter, in Italy this informal system is particularly influential and not regulated by law. The *caporali* (literally, corporals) not only match labour supply and demand but often act as gatekeepers to both legal and illegal employment. Sometimes, migrants pay them to obtain a legal work contract (Avallone, 2016). They may control various spheres of the migrants' lives, often providing transportation from housing to the workplace or facilitating access to better housing. Without their intermediation, locals are sometimes reticent to rent, especially to people of colour. Intermediaries may also offer informal banking services, guaranteeing the security of earnings but also gaining control over when and if earnings are paid out.

Local parishes and trade unions have long supported migrants in precarious situations (Palumbo, 2025) and the Italian state and local authorities have attempted to replace the *caporalato* with public intermediation, including through so-called social integration hubs, which aim to especially help migrants with housing and transportation (ANSA, 2025). Nevertheless, the *caporalato* remains popular, as it offers inexpensive, flexible and easily disposable labour, key for the just-in-time production required by supermarket chains while, at the same time, outsourcing the costs of labour reproduction and recruitment, which are largely passed on to the migrants themselves (Interview IT7; Perrotta & Raeymaekers, 2023). Moreover, recent legal options for bringing in migrant workers, resulting from the 2014 EU Seasonal Directive, are not well-adapted to the needs of Italian agriculture – they foresee seasonal migration, while the sector requires workers almost all year round (Corrado et al., 2024).

The *caporalato* system both builds on informal norms allowing for racism and the discrimination of foreign workers and reinforces them by mediating and limiting contacts between migrants and locals, through what has been termed the ‘subordinate integration’ of migrants (Ambrosini, 2024). This normalises separation between national groups and reinforces the already high bargaining strength of employers vs employees (Poppi, 2026). Moreover, the intermediation system also often contributed to divisions between migrants of various nationalities, who are offered different positions and work conditions, depending on their legal status (EU vs non-EU) and the seniority of the group on the Italian labour market. Thus, employers in the Italian agricultural labour market, subject to international pressure to produce cheaply and on time, guarantee themselves access to an inexpensive and flexible workforce by resorting to informality, both in employment contracts and in their recruitment strategies through the *caporalato*. The system of legal rules, especially amnesties, paradoxically facilitates the continuation of these informal practices.

8.2.4 Poland: Flexible Employment and Liberal Migration Regulations, Especially for Neighbours

Although there is some discussion about whether Central and Eastern European countries represent a separate model of market economy or converge towards one of the two most stable models (LME or CME), Poland can be classified as a dependent market economy (DME) (Nölke & Vliegenthart, 2009), whose development since the democratic transition in 1989 has relied on foreign investment in production and services. Investments were facilitated by an inexpensive but relatively well-qualified labour force and encouraged further by extremely flexible employment regulations, even compared to other DMEs in the region (Polakowski & Szelewa, 2016). This flexibility reinforced the bargaining position of employers, which was already very strong in the late 1990s and early 2000s due to high unemployment (Meardi, 2007). Bargaining was conducted mostly at company level. The importance of trade unions had declined after the transition and employers’ organisations were only gradually gaining a voice. In terms of the labour market, Poland’s institutional model was thus more liberal – not only compared to coordinated market economies such as Germany but also liberal market economies such as the UK.

Another specificity of the Polish economy was – and continues to be – the significant role played by agriculture, especially when measured through the share of workers employed – over a quarter at the turn of the millennium and still a significant percentage (7.6% for agriculture, forestry and fishing – World Bank, 2025). Currently, agriculture contributes 2.5% of Poland’s GDP, more than one percentage point above the EU average, although this number is declining due to the even faster growth of other sectors (World Bank, 2025). EU accession in 2004 brought major investments and productivity growth and a tenfold increase in Polish agricultural exports (while agricultural imports increased over seven times) (GUS, 2025).

The average size of a Polish farm has increased but remains small compared to other countries (13 ha in Poland, 17 in all of the EU); only 8% of the 1.3 million farms exceed 50 ha (Eurostat, 2022; GUS, 2025). The segmentation of Polish farms and large-scale employment in agriculture resulted from a specific feature of Poland's communist economy before 1989. In contrast to other countries of the bloc, Polish farmers were spared collectivisation but, in a large part, turned into 'peasant-workers' – that is, people who simultaneously worked on their (small) family farms and were shuttled into nearby cities to work in industry, because the state wished to avoid investments in housing and costly municipal infrastructure (Gorlach & Foryś, 2021; Ofer, 1977; Okólski, 2001a). By 2023, most farms still relied on the labour of the holder and family members, while only 1.3% of all farms employed permanent workers, over 19% employed contracted workers and nearly 16%, temporary workers (GUS, 2025). In terms of the number and size of farms, as well as employment levels, Poland's agricultural sector is broadly similar to Italy's but very different from Germany's and the UK's, where farms are usually much larger (see Table 8.1).

The relatively large numbers of farmers and rural dwellers in Poland created a distinct and vocal political representation, which has been an important feature of Poland's institutional environment throughout the post-communist period. Farmers have been represented by their own parties since pre-World War II times. After 1989, these parties have acted as subordinate partners in many coalition governments, a situation not comparable to the three other countries discussed in this book, where farmers have traditional links with political parties – e.g., the Conservatives in the UK – but do not usually have separate parties representing them. Farmer interests have also been represented in Poland by trade unions and producer groups, which have, at times, been responsible for organising road blockages and other protests (Foryś, 2023). As a result, farmers have been one of the most influential political lobbies in the country (Śpiewak et al., 2016).

This strength of representation became evident when labour shortages started to be felt in agriculture soon after EU accession in 2004. Already in the 1990s and early 2000s, many workers who lost their jobs in industry turned to what has been described as 'incomplete' migration (Okólski, 2001b), circulating between work abroad – particularly in Germany – and the family, who remained at home. After accession, they were joined by many others, who migrated longer-term (Pszczółkowska, 2024). This took place as the economy was developing dynamically due to EU funds, investments and trade; significantly smaller generations of Poles were entering the labour market. A majority of Polish rural communes, particularly those located away from large cities, started to experience depopulation and an increase in the proportion of inhabitants who were of retirement age (Stanny & Strzelecki, 2020). Farmers, especially from the labour-intensive horticultural sector, were the first to lobby the government for an opening to foreign workers (for details, see Chapter 7).

In 2006, this resulted in the introduction of the so-called simplified procedure for citizens of post-Soviet countries who wished to work temporarily in Polish agriculture.[3] This regulation, although very different in procedural terms, can be likened to German bilateral programmes for seasonal workers, as it targeted workers from particular countries. Moreover, it was strongly path-dependent, as Poland aimed to recruit workers from countries, particularly Ukraine, with which it shared a similar language and who had already been coming to Poland for work or trade in the 1990s and early 2000s. Although data for non-permanent employment are lacking, researchers (Duszczyk & Kaczmarczyk, 2022; Fiałkowska & Matuszczyk, 2021; Górny, 2017) have demonstrated a 'Ukrainisation' (dominance of Ukrainians among migrants) of the Polish labour market, which strongly concerns seasonal work in agriculture, particularly labour-intensive horticulture (Górny & Kaczmarczyk, 2018). Workers from a neighbouring country, who spoke a similar language and frequently originated from villages where they had done similar agricultural work, were an ideal fit for Polish farmers.

Not only was the regulation a highly flexible way of recruiting temporary workers for agriculture (and later also other sectors). Its enforcement in Poland's newly capitalist economy was also rather chaotic, with few controls and workers often undertaking employment in the grey economy or with a different employer than the one who issued the declaration. Work was highly temporary and employment and housing conditions were often inadequate (Duszczyk & Matuszczyk, 2022; Matuszczyk, 2024; Polkowska & Filipek, 2020). As late as 2015, only 14% of employers issuing declarations for migrant workers intended to employ them on a work contract (MRPiPS, 2015), as opposed to other civil law contracts (task-specific contracts and contracts of mandate). This has improved gradually and, today, most workers have formally adequate contracts although, at times, a considerable proportion of their wages are still paid unofficially. As of 2023, about one-third of migrants were employed based on lawful employment contracts, and the situation of the majority employed on civil law contracts has also improved, as these contracts now require social-security and healthcare contributions (MRPiPS, 2024). However, farmers still pay much smaller social-security contributions into a dedicated scheme, so they are privileged compared to other workers.

Workers in agriculture from Ukraine have long been recruited through the personal networks of migrants or through 'van drivers'. These drivers, who are often also Ukrainian citizens, match employers and workers and provide direct transportation from the town or village of origin to the workplace. However, in contrast to the Italian *caporalato* system, they do not have any further control over workers or their work and living conditions. Nevertheless, the absence of powerful intermediaries sometimes translates into the even greater bargaining strength of farmers, since their position is

[3] Foreigners could obtain a visa based on an employer's declaration of intent to employ them, without applying for work or residence permits. Initially, the allowed period of employment was three out of every six months but, in 2008, this was extended to six out of every 12 months and, in 2022, to 24 months. The list of countries eligible in various periods included Belarus, Russia, Georgia, Moldova and Ukraine. The scheme was initially created for agriculture but, in 2007, it was extended to all sectors.

not countered by any other entity. This is also the case because, in contrast to the other three countries discussed, the precarious and sometimes inadequate work conditions of migrants in Polish agriculture have, to date, received scant attention from Polish public bodies and potential support organisations, such as trade unions, the Catholic Church or NGOs. Although they are becoming more aware of agricultural-sector-related issues, to date none specialise in supporting agricultural migrant workers.

By the second decade of the millennium, the agricultural sector was again one of the first in Poland's economy to feel a shortage of inexpensive Ukrainian workers, especially since it had to compete with other quickly developing sectors. Ukrainians increasingly knew their employee rights – e.g., a Ukrainian trade union was created in Poland and existing trade unions reached out to migrant workers (Czarzasty & Mrozowicki, 2023; Kubisa, 2017) and actively sought more favourable employment opportunities. Many have moved from agricultural work which, in Poland, is highly seasonal, to better-paid and more-stable jobs in cities. As in Italy, the agricultural sector in Poland has served as a stepping stone for some migrants towards higher-quality employment (Interviews IT8, IT11; Górny & Kaczmarczyk, 2020). Even before the war in Ukraine in 2022, many managed to obtain long-term visas and residence permits (see Table 7.1 in Chapter 7).

The shortage of Ukrainian workers in agriculture has become particularly acute since February 2022 (Matuszczyk, 2024). Although the war in Ukraine pushed large numbers of war refugees into Poland – refugees who immediately had unrestricted access to the labour market based on the EU Temporary Protection Directive and the Polish 'special law' of 2022 regarding assistance to Ukrainian citizens fleeing the war – this did not translate into more potential workers for the sector. In fact, while men who had been circulating between Poland and Ukraine arrived in much smaller numbers than before 2022, the arriving women, who were frequently university graduates and had children in their care, were not interested in undertaking employment in rural areas (Matuszczyk & Kowalska, 2024). As a result, some farmers have turned to labour from poorer non-European countries, such as Nepal, India or Bangladesh (Mucha, 2024). This was facilitated by work agencies, which had, by this time, become a characteristic feature of the Polish migrant labour market in other sectors and who had been advertising workers from Asia as an alternative to the 'increasingly costly' or 'demanding' Ukrainian workers (Pszczółkowska, 2022).

Various types of intermediaries have become a characteristic feature of the Polish migrant labour market, first as a sending and then a receiving country (Matuszczyk, 2026). As of the end of 2025, the National Register of Employment Agencies listed 8,000 companies (KRAZ, 2025). In the second decade of the millennium, when – due to persistently low fertility rates and quick economic growth – Poland started to experience acute worker shortages, these agencies focused on importing workers. As one respondent stated:

> *We dramatically need workers today. For employers in various kinds of production, foreigners are the key. They mostly don't employ them themselves but go through agencies which provide these people.* [Interview PL2]

Intermediaries' activities were facilitated by liberal regulations on the one hand and ineffective and slow bureaucratic procedures for bringing in migrant workers on the other, which made it difficult for employers to deal with formalities themselves [PL2, 8, 17]. Both are characteristic of dependent market economies, where Soviet-type public institutions, which had been operating inefficiently for decades, have been undergoing a gradual process of adjusting to capitalist realities. Intermediaries´ activities have led to a geographical diversification of migration into Poland, although Ukrainians are still by far the largest group, including in agriculture.

Paradoxically, the functioning of numerous intermediaries has, in recent years, rendered recruiting workers for Polish agriculture more difficult by shrinking the pool of potential migrant manual workers in the country, as agencies started 're-exporting' non-EU citizens who were already in Poland, particularly Ukrainians, to Western Europe. Poland's liberal immigration regulations for post-Soviet citizens, coupled with relatively inaccessible Western European labour markets, especially for non-skilled workers, made this an attractive route for both migrants and their potential German, Dutch or other Western employers. The mechanism has been described as a 'hole in the wall of fortress Europe' (Lens et al., 2022) and countries such as Poland, through which third-country nationals enter the EU, as 'gate openers' (Danaj et al., 2023).

In the case of agricultural workers, the Netherlands, Sweden and France have attracted foreigners posted from Poland (Interview PL24; European Commission, 2025).[4] The new government, which took power in late 2023, has attempted to limit the impact of intermediaries but, as of 2025, law-abiding employers and agencies were still complaining about unfair competition from those who were willing to 'bend' the law to 'export' non-EU workers to other EU countries (e.g., pretending that migrants were previously present and working in Poland) [Interview PL2]. Such intermediaries continued to operate in Poland, neighbouring Lithuania and other countries – and employers feared losing workers to foreign competition.

> *[Polish] employers realise that a Vietnamese worker will arrive, but he will soon find his way to the Netherlands or Germany, even if we had sent a Dreamliner to get him. The biggest problem today is how to keep these people.* [Interview PL17]

Thus, the key role of intermediaries in labour migration, which has become a feature of the institutional environment in Poland and some other countries in the region, is now also negatively impacting on the scope of manœuvre of Polish employers by increasing competition, especially for low-wage workers in, for example, agriculture, while the sector also has to compete with other, frequently more attractive, economic sectors in Poland.

During the past two decades, when Poland began to experience labour shortages, farmers have been the most effective interest group, managing to provide themselves

[4] The SOPEMI report for the Netherlands (Odé et al., 2025) demonstrates a particularly high share of third-country (non-EU, presumably mostly Ukrainian) nationals posted from Poland to work in many sectors in the Netherlands. In road transport, 48% of workers posted from Poland in 2023 were non-EU citizens while, for all other sectors, the average share was 40%. This highlights the scale of the competition for foreign workers with which Polish farmers must contend.

with regulations facilitating the employment of foreign workers. This was due to the essential nature of agricultural production and was facilitated by the path-dependent and strong position of peasant parties and protest movements in the Polish political system. The loosely regulated Polish capitalist economy in the making, with liberal labour and immigration regulations and limited enforcement powers, gave farmers, especially in labour-intensive horticulture, much space for manœuvre regarding the employment of seasonal labour. Poland's status as a dependent market economy and other elements of the institutional environment, particularly related to the presence of peasant parties, has contributed to farmers' success in obtaining very flexible immigration regulations. This allowed them to pursue their interests and develop relatively high-quality but inexpensive production. Today, due to competition from other sectors and countries, they find it increasingly difficult to recruit temporary workers – a similar situation to that faced by their colleagues in Western and Southern Europe.

8.3 Discussion

Above, we have demonstrated the relationship between various institutional environments – including different varieties of capitalism – and employers' interests regarding migrant workers in agriculture in four countries: Germany, the UK, Italy and Poland. The main elements of the institutional environment in each country and at each of the three levels of this environment, as distinguished by Oliver Williamson (2000) – embeddedness (informal rules), formal rules and the *play of the game* – are listed in Table 8.2. These are divided into the three most relevant spheres of activity – related to the labour market, immigration and political decision-making (Pszczółkowska et al., 2026). The three levels and three spheres encompass the institutional environment in which agricultural employers pursue their interests related to labour migration. Analysing them jointly, in line with a neo-institutionalist perspective, permits a comprehensive understanding of the institutions delimiting employers' interests and activities and the dynamic interplay of those institutions. It also allows for comparisons, highlighting the commonalities and differences in the employers' pursuit of their labour-migration-related interests in the four countries.

Below, we compare the institutional environments of four countries, starting from the broadest and most stable of Williamson's levels – embeddedness or informal norms (Level I), through formal norms (Level II), down to how these are negotiated and implemented during the *play of the game* (Level III). Each institutional level powerfully influences the level below – with, for example, informal norms limiting what laws can be passed and how the *play of the game* is conducted (Williamson, 2000, see also Chapter 2). Nevertheless, in exceptional situations, the influence can also happen bottom up – with, for example, a law that has been passed (Level II formal institution) influencing what is perceived as acceptable (Level I informal institution).

As indicated in Table 8.2, some tolerance for ethnic and national discrimination – and thus the discrimination of migrant workers – is present in all the countries

Table 8.2 The main elements of the institutional environments of agricultural labour migration in four countries

Levels of social analysis	Spheres of activity					
	Related to the labour market	Related to immigration	Related to the political process	Related to the labour market	Related to immigration	Related to the political process
	Germany			United Kingdom		
Level I Embeddedness	Tolerance for the segmentation of the labour market (primary vs secondary).	Tolerance for the segmentation of the labour market based on nationality.	Expectation to follow rules and procedures. Consensus-oriented decision-making.	Normalisation of migrants as a solution to labour needs.	Low official tolerance for racism or ethnic discrimination.	Politics understood as competition between interest groups.
Level II Formal rules	Agricultural exceptionalism through, e.g., an allowed period of work without insurance.	EU free movement and bilateral agreements.	Important role of social partners in policy-making. Lands' co-decision as a constraint on central policy.	Liberal employment regulations. Agricultural exceptionalism through sectoral schemes.	EU freedom of movement, after Brexit replaced by sectoral schemes & quotas.	Structured law-making process. Farmers as an interest group competing with others.
Level III Play of the game / governance	Wage bargaining for agriculture. Lower enforcement than in other sectors.	Segmentation of the labour market based on immigration status.	Lobbying primarily at the lands/local level.	Employment governed by fixed-term, seasonal contracts and organised by agencies rather than contracts with employers.	A limited and government approved number of accredited agencies bringing in foreign workers.	Policy-making process favours actors (e.g., sectoral organisations) which can provide strong evidence and conduct well-organised lobbying activities.

(continued)

Table 8.2 (continued)

Levels of social analysis	Spheres of activity					
	Related to the labour market	Related to immigration	Related to the political process	Related to the labour market	Related to immigration	Related to the political process
	Italy			Poland		
Level I Embeddedness	Tolerance of irregular employment.	Tolerance of irregular migration. Acceptance of racism and ethnic discrimination.	Tolerance of informality in lobbying and decision-making.	Tolerance for irregular employment and informality.	Preference for ethnically similar, Christian, post-Soviet migrants.	Strong expectation of state protection for farmers.
Level II Formal rules	Agricultural exceptionalism through seasonal work contracts.	Long procedures and bureaucratic requirements for bringing in migrant workers. Regularisations for migrants. Annual quotas.	Large discretion of executive government, e.g., through setting annual quotas for migrants in various sectors, including seasonal.	Liberal employment regulations. Agricultural exceptionalism through exemptions from insurance, seasonal and other special work contracts.	Liberal immigration regime, especially for post-Soviet citizens.	Electoral system leading to coalitions, frequently with peasant parties.
Level III Play of the game / governance	Weak enforcement of employment regulations. Segmentation by nationality.	Employment of migrants in the grey economy. Ethnic segregation of workers. *Caporalato* system. Agriculture as an entry point into the regular labour market.	Informal lobbying and consultations, which privilege big companies and other powerful players.	Various forms of contracts, frequently flexible, with or without insurance.	Ukrainisation of the labour market. Significant role of informal networks and intermediaries (drivers).	Strong political position of peasant representatives as coalition partners or protest movements.

Source: own elaboration based on academic sources and research for this book discussed, especially in agriculture. However, historical experiences cause this to play out in various ways. In Poland and, to some degree, in Italy, it is politically acceptable to express preferences for white and Christian (and in the Polish case – Slavic) migrants. This manifests in public discourse and in behaviour on the ground, such as when renting accommodation and, in the Polish case, in formal (Level II) regulations, which give strong preference to migrants from the post-Soviet sphere, particularly neighbouring Ukraine. On the other hand, in the UK, post-colonial experiences and a several-decades-old legal tradition of anti-discrimination regulations make public ethnically discriminatory statements officially intolerable. These norms are reflected in the post-Brexit Seasonal Worker Scheme, which is open globally and does not indicate any preferences based on nationality (Bojarczuk et al., 2026).

Nevertheless, both in the UK and in Germany, discrimination is still experienced by migrant workers through legal (Level II) regulation and ethnic segregation or stereotyping during the *play of the game* (Level III), especially in manual jobs such as agriculture. In both countries, regulations concerning seasonal work reflect discriminatory norms by creating separate, structured systems of employment, which isolate non-EU or (in the case of the UK) foreign migrants from locals and limit their rights. In Germany, this manifested between the 1950s and 1970s through the guestworker programme. Bilateral agreements led to a strong dualisation of the labour market into jobs for locals and jobs for migrants, institutionalising discrimination based on nationality. In the last two decades, free movement within the EU has been the main source of agricultural workers but, as the pool of interested EU citizens dwindles, Germany is again switching to bilateral agreements, e.g. with Georgia. Such agreements, on the one hand, regulate employment conditions and work time more specifically than is usually the case for workers coming to Poland or Italy but, on the other, they render movement between jobs and sectors more difficult. This is also the case of post-Brexit Britain, where state-accredited agencies provide foreign workers for agriculture but are also tasked with ensuring that they depart after their work period has ended.

Another Level I norm – tolerance for informality – is generally larger in less-consolidated market economies such as Poland and Italy. In Italy, the informality of employment can be considered as a structural element of the agricultural sector, granting farmers access to subsequent waves of docile irregular immigrant workers, before they manage to regularise their stay through an amnesty and move to other sectors. In Polish agriculture, employment without any work contract has been decreasing, although agricultural employers resort to various flexible and quasi-legal work arrangements for migrants. These are not only in line with traditions of informal work in the countryside but are also possible due to very flexible migration and employment regulations, which have long allowed for short- or part-time employment without health or other insurance. Informality (Level I) is thus an important norm, which is reflected in the formal (Level II) regulations of those countries and the *play of the game* (Level III). In the two longer-established market economies analysed, Germany and the UK, tolerance for informality is not as large but is still larger in agriculture than in other sectors. As a result, while, in Italy and Poland, work in agriculture serves as a stepping stone for migrants wishing to move to other sectors in cities, the more structured route of employment in agriculture in Germany (for non-EU citizens) and in post-Brexit UK (for all citizens), keeps migrant workers in separate migration ‘channels’, which are to lead to departure after the job is done, frequently with little contact with the local population. This greatly complicates a change of job and profession in the destination country, even for those who hold relevant qualifications.

In all four countries, agriculture is subject to special regulations (Level II), lending credibility to the concept of agricultural exceptionalism in employment relations. Some of these regulations in Germany, Italy and Poland result from the European Union’s 2014 Seasonal Directive but the details of its implementation (e.g., allowed work period) differ by country. Everywhere – but especially in Germany and Poland – exceptional regulations for agriculture principally take the shape of legal exemptions from general employment rules, such as minimum wage regulations or the obligation to pay social security for agricultural workers. In Poland, preferential migration policies for agriculture (in place since 2006) were soon extended to other sectors, although preferences regarding short-term employment and social security for the sector persist. In the UK, employment regulations are broadly the same for migrant agricultural and local workers – but agriculture receives preferential treatment by being able to import workers based on a special scheme. In Italy, exemptions for agriculture function in practice through irregular employment.

The comparison between the four countries discussed suggests that another element of the institutional environment: enforcement (which takes place during the *play of the game* at Level III), is even more fundamental for labour migration into agriculture than regulations. The effectiveness of enforcement, particularly of labour regulations – such as controls of work conditions – is generally lower in agriculture than in other sectors, an issue pointed out by our respondents from all countries, including the most tightly regulated of the four – Germany. Nevertheless, the four countries analysed can broadly be divided into two groups, based on the effectiveness of the enforcement of regulations concerning labour migration into agriculture. On the one hand, Germany and the UK, despite representing opposing varieties of capitalism, both operate relatively precisely regulated seasonal migration systems to which agricultural employers must adapt. On the other hand, the regulation and enforcement of immigration regulations in Italy and Poland have been less strict, leading employers to circumvent some regulations and shape labour immigration to a greater degree.

This dichotomy can also be applied to the different roles and positions of intermediaries. In Germany and the UK, they operate within defined legal frameworks, by bilateral agreements or sectoral programmes. In Poland and Italy, they have more flexibility of operation – and the lack of specific rules and poor enforcement facilitates their impact on the ground. In Italy, the functioning of informal migration channels, with a large role of informal intermediaries, is additionally reinforced by certain formal regulations, such as repeated regularisations, which stimulate irregular migration between amnesties. Persistent informal norms allowing for the grey economy in agricultural employment – or employment in general – also favour informal intermediaries, who effectively compete with formally registered ones in Polish and, especially, Italian agriculture.

8.4 Conclusions

The research in the E-factor project, discussed in detail in this book, was directed by the general research postulate that *Institutions concerning the inflow and employment of immigrants reflect the group interests of employers* as well as by more detailed hypotheses concerning employers' activities. These were all aimed at granting themselves the desired migrant labour, as well as the circumstances – particularly the institutional environment – which shape these interests and delimit employers' scope for manœuvre (see the Introduction and Chapter 1 for a discussion of the hypotheses). The historical analysis in Chapter 1 and empirical results presented in Chapters 4–7 highlight employers' active pursuit of migrant labour, from lobbying for preferred regulations to choices made on the ground in transactions, during the *play of the game.* In particular cases, our analysis also demonstrated that employers' interests can be prioritised by governments even without active business lobbying.

In this comparative chapter, we have focused on how the institutional environments – which we understand to include informal and formal norms related to the labour market, immigration and the political process, their enforcement, as well as other circumstances created by powerful players – influenced the way in which agricultural employers played the game of guaranteeing themselves needed labour – frequently, less expensive and more flexible migrant labour. We demonstrated that, despite different varieties of capitalism and institutional path-dependencies, employers in all four countries analysed have managed to either shape formal regulations in their favour or manœuvre within formal and informal social norms in a way that allows them to resort to migrant labour, often exploiting these norms to increase their bargaining strength over workers. In cases where legal regulations were deficient or incomplete, the void was quickly exploited and filled at the level of the *play of the game* – for example, by intermediaries who started to co-shape migration systems, as has been the case in Poland. Although the institutional environments of Germany, the UK, Italy and Poland differ significantly, in response to global pressures to produce cheaply and on time, coupled with a shortage of local workers, agricultural employers in all four countries have become increasingly reliant on migrant workers and have managed to secure exceptional migration regulations, in addition to a greater tolerance for discrimination or informal employment in the sector. Despite this exceptionalism, many agricultural employers' strategies can be treated as an example of the broader effectiveness of business in wealthy and democratic European countries in pursuing their interests regarding migrant labour, confirming our postulate that the relevant institutions reflect the interests of employers.

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Appendix

Table A1 Interviewees and the organisations they represented

Interview ID	Role/position of the interviewee
DE2	Consulting research officer
DE6	Policy think-tank
DE9	Scholar
DE11	Scholar and policy advisor
DE15	Local-level politician
DE16	Representative of the workers' union
UK14	Chief Executive of the British Growers Association (BGA)
UK16	Head of Partnerships and Policy, Institute for Agriculture and Horticulture (IAH)
UK24	Policy Advisor at the National Farmers Union (NFU)
UK31	Representative of a trade union
UK33	Representative of an NGO working on ethical trade
IT7	Representative of *Coldiretti* and *Confederazione Italiana Agricoltori*, Northern Italy
IT8	Academic in industrial relations and labour-market studies
IT11	Academic in agriculture studies
IT13	Member of a local farmers' organisation, Northern Italy
PL2	Employers' organisation
PL8	Central administration
PL17	Migration law expert
PL24	Local public employment services

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Chapter 9
Towards the New Institutional Economics of Labour Immigration

Agnieszka Fihel and Marek Okólski

9.1 Introduction

The immediate motivation for this monograph was an observation, shared with other authors (see, for example, Ambrosini, 2017; Lang et al., 2021; Meardi, 2024; Menz, 2008; Scott, 2013; Triandafyllidou & Marchetti, 2015), that employers remain under-recognised as actors shaping labour migration. Although empirical work on employers' recruitment practices and their contribution to the erosion of labour protections has grown substantially, theoretical discussions continue to pay them only limited attention.

We focus in this chapter on theoretical frameworks of labour migration. Neoclassical economics overlooks the fact that employers, alongside the migrants themselves, constitute another significant group that benefits from migration – in this respect, migrant workers and their employers can be seen as two sides of the same coin. According to this perspective, however, labour migration is driven solely by differences in the relative endowments of production factors and, consequently, in wage levels (Borjas, 1989; Harris & Todaro, 1970). Within this framework, employers remain 'hidden' behind labour demand, which aligns with labour supply through the 'invisible hand' of the market. The new economics of labour migration postulates that labour flows can occur in the absence of wage differentials, driven by a broader set of motives. One such motive is the need for households from which migrants originate to diversify their income sources (Stark & Bloom, 1985; see also Taylor, 1999). A similar argument could be made in reference to employers who may turn to foreign workers for reasons other than wages, such as the greater time flexibility of working arrangements and the relative ease of dismissing workers (Caviedes, 2010). All these factors are considered by authors contributing to the segmented labour market theory (Doeringer & Piore, 1971; Piore, 1979), although the argument about

A. Fihel (✉) · M. Okólski
University of Warsaw, Centre of Migration Research, Warsaw, Poland
e-mail: a.fihel@uw.edu.pl

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migrants' low wages is the most prominent. Different approaches contribute to the segmented labour market theory, pointing to the emergence of ethnic niches and enclaves (Portes & Wilson, 1980; Waldinger & Lichter, 2003), global cities (Sassen, 1991, 1998) or employers' recruitment strategies and their role in strengthening occupational segregation (Ruhs & Anderson, 2010). What unites these perspectives is the conclusion that immigration is structurally embedded in the logic of highly competitive economies, where low-end jobs are typically avoided by native workers and are, instead, filled by migrants from less-developed countries.

However, as with every area requiring international exchange, such as that of capital and goods, the state's role in labour migration remains crucial and is evident in migration policy – an element that the above theories largely marginalise. Non-economic approaches place greater emphasis on political forces. For instance, the social capital theory postulates that, in the long term, as natives are reluctant to take on low-paid jobs, firms become dependent on migrant labour and defend their interests whenever the state attempts to reduce inflows (Portes & DeWind, 2004) – however, the approach hardly addresses how this defence is pursued. In turn, theories of political economy, which are not considered in many overviews and discussions of migration theories (Arango, 2000; Massey, 1999; Massey et al., 1993, 1998; Riosmena, 2024), highlight the role of employers in establishing 'organised publics' that influence state policy (Freeman, 2002), as opposed to the 'diffuse' groups that often bear the costs of this policy but rarely influence them, because they lack organisation. Research inspired by this perspective has concentrated primarily on political institutions and parties, though several studies also examine the role of employers (Menz, 2008; Statham & Geddes, 2006) for promoting more liberal (Afonso, 2012; Freeman & Kessler, 2008; van Ostaijen et al., 2017) or more restrictive (Trampusch, 2019) immigration rules. Within this approach, employers typically appear as collective stakeholders in migration governance (Guiraudon, 2003), yet their concrete practices and strategies are explored narrowly, in reference to policy formulation. Employers' actions outside formal policymaking and the effects of their unspoken interests are usually overlooked, while their motivations are often assumed rather than analysed (Ruhs & Anderson, 2010).

We therefore find ourselves at a theoretical impasse, with two separate strands of research explaining the same process. The first body of research focuses exclusively on migrants' own motivations for moving, without considering how the interests of employers or other actors shape migration dynamics. The second body of research investigates how state policy sustains migration under pressure from interest groups – employers being one such group though not the only one. The purpose of our deliberations is to demonstrate the usefulness of the new institutional economics (NIE) – its logic, scope of interest and selected concepts – for explaining the mechanism of labour immigration. We aim to investigate immigration in a holistic way – that is, by referring to actors from three scales of social analysis (individuals, social groups and states) – to examine both incentives and behaviours underlying the pursuit of economic interests and the institutional environment that is both a condition for and indirectly conditioned by labour immigration. Our reasoning deliberately emphasises employers' agency and sets aside migrants' economic motives, which are well accounted for in neoclassical economics, the new economics of labour migration and segmented labour-market theory; instead, we explain only the theoretical foundations of migrants' vulnerability in their relationship with employers. In our view, the new institutional economics, if considered useful in investigating labour immigration, which we strongly advocate, can complement these established approaches to explaining why individuals migrate and work abroad, particularly segmented labour-market theory and the social-capital perspective. The added value of the proposed approach is that it integrates the individual economic interests of the employer, the group interests of employers and migration policy– that is, the three elements that shape labour immigration.

In what follows we discuss three NIE elements that we consider to be critical to the initiation and sustainment of labour immigration: 1) bargaining power (strength), 2) group interest and 3) path dependency. These three critical concepts for investigating the interdependence between economic interests and labour immigration form an integral part of our approach. We begin our considerations by briefly introducing the institutional environment in which the pursuit of the individual and group interests of employers takes place.

9.2 Institutional Environment

Studying international migration requires situating it within the broader institutional environment, since institutions shape the constraints and opportunities that govern human interactions. In the NIE, institutions are 'humanly devised constraints on repeated human interaction' (North, 1988: p. 15) that reduce uncertainty and transaction costs by establishing a system of rules, norms and enforcement mechanisms that limit the range of expected outcomes of interactions. In this approach, the institutional environment can be conceived very broadly because its components – formal and informal institutions – are interdependent and mutually reinforcing. As we argued in Chapter 2 and elsewhere (Pszczółkowska et al., 2026), enforcement is a constitutive element of the institutional environment, as it determines whether formal and informal rules are actually applied. The institutional environment should therefore be understood not as a static set of rules but as a dynamic ensemble in which institutions interact with one another and with actors through enforcement and strategic behaviour. Building on this logic, in the present book we adopted the framework of Oliver Williamson (1991), who proposed analysing institutions across four levels: (I) embeddedness, encompassing customs and norms; (II) formal rules, including legal regulations; (III) the social practices, the *play of the game*, including enforcement; and (IV) resource allocation, reflected in prices, wages and quantities of labour. These levels correspond to processes of different duration, with embeddedness operating over a long timescale, formal rules and social practices evolving over a shorter timescale and resource allocation constituting an immediate result of processes from the other three levels. We discuss Williamson's framework in detail in Chapter 2; in the present considerations, we focus on three of these levels – the embeddedness, the formal rules and the *play of the game* – while omitting the allocation of resources.

In addition to Williamson's framework, we refer to three scales of social analysis and three key concepts of the NIE:

1) *the micro scale*, which refers to the relationships between the employer and migrant workers; we consider crucial that the employer uses their *bargaining power (strength)*, defined as 'the ability to get advantageous terms in the transaction' (Kuhn, 1964: p. 50), over employees;
2) *the meso scale*, which refers to the existence and pursuit of employers' *group interests* whenever – paraphrasing the classic claim about collective action (Olson, 1965) – potential effects of collective mobilisation in relation to labour immigration align with individual economic interests; and
3) *the macro scale*, which refers to migration policy implemented by the state in anticipation of or reaction to the actions of interest groups; here, the state's policy is not discretionary but is constrained by previous institutional choices that constitute the mechanism of *path dependency* (North, 1990, 1991).

The three NIE concepts that correspond to the above scales of social analysis – bargaining power, group interest and path dependency – constitute the core of our approach. They capture the structure of the institutional environment, typically analysed in political economy, while also integrating (and operationalising) employers' interests, motivations and agency – that is, issues examined in economics and sociology. These concepts also support a holistic perspective. In what we propose, Williamson's levels of institutional analysis help to address institutional complexity and, as we demonstrated in Chapter 3, they intersect with the three scales of social phenomena. Embeddedness, formal rules and actual practices both operate and are reinforced at the three scales of social processes: in the relationship between the employer and the migrant worker (the micro scale), the coordination among employers whose economic interests align (meso scale) and in high-level governance where migration policy is drafted, implemented and reformed (macro scale). Table 3.1 in Chapter 3 illustrated how selected topics in labour-migration research fall within the intersection of the three social scales and Williamson's institutional levels. On this basis, we extend here the scope of topics (Table 9.1) and argue that, in practice, any aspect of labour inflows, whether investigated from an economic, legal, political or sociological perspective, can be situated at this intersection. Finally, these three concepts do not rule out cross-sectoral, regional or national variation in institutional environments; rather, they provide a framework applicable to different settings, while also maintaining a consistent conceptual structure. In what follows, we present these three concepts of the institutional analysis of labour immigration.

Table 9.1 Research subjects in labour immigration, categorised according to Williamson's levels of institutional analysis and the scale of social processes

Williamson's levels of institutional analysis	Scale of social processes		
	Micro (enterprise)	Meso (interest group)	Macro (migration policy)
Level 1: Embeddedness	Employers' cultural attitudes to migrant labour (reliability, productivity, docility); modes of contract negotiation and tolerance for informal employment; sectoral traditions of migrant employment	Narratives about migrants as flexible/ cheap labour; readiness for collective actions and informal cooperation among employers (in different sectors)	Public opinion and national identity frames; legitimacy of migration; historical traditions (guest-worker, colonial ties)
Level 2: Rules of the game	Labour law; firm strategies in response to labour/tax/contract law; adaptation or circumvention of wage standards	Lobbying law, employer organisations' role in collective bargaining	Admission and work rules, labour market regulations affecting migrants (such as the recognition of qualifications)
Level 3: Play of the game	Contracting practices, such as the use of temporary agencies, subcontracting, undeclared work; enforcement of work contracts; strategies to bypass regulations	By sectors: collective lobbying activities; coalition-building with unions/NGOs; role of intermediaries and brokers	Enforcement of migration rules; selective state responses to lobbying; recruitment and guest-worker schemes, administrative discretion and selective enforcement
Level 4: Allocation of resources	Hiring patterns (migrants vs natives); wages and conditions; segmentation of jobs	Distribution of migrants across sectors; political influence of employer organisations	Admission numbers and quotas; regime structures (temporary, seasonal, permanent); persistence of policies

Source Own elaboration based on Table 3.1 (Chapter 3).

9.3 Bargaining Power

Employers' individual interests, especially the aim of minimising transaction costs, constitute one of several factors influencing labour immigration. These costs are expenses that accompany each transaction – and employment relations are essentially transactions that consist of providing services in exchange for money. In Chapter 3, we invoked the distinction of transaction costs into three main categories (Dahlman, 1979). The first category relates to search and information costs that arise well before a contract is concluded. In the context of employment, the employer invests time and resources in identifying workers who possess the desired skills, time flexibility (if work is urgent, temporary or as a replacement) and wage requirements, particularly in economic sectors where employers have little leeway to raise wages in order to attract employees. The second category includes the costs of bargaining and decision-making which arise during the negotiation and conclusion of the contract. For instance, if the employment contract is formal, it is the employer who bears the cost of drafting contracts that comply with labour regulations. Obviously, the party (the employer or the employee) who has the highest bargaining strength is able to lower their costs incurred in a transaction.[1] We discuss this issue further below. Finally, the third category – policing and enforcement costs – reflects the ongoing effort required to ensure that the contractual obligations of an employee are respected.

The employer hires migrant workers for several reasons. In the long term, sustained labour migration may result in the native population ceasing to work in certain occupations or sectors, while employers insistent on hiring native workers would have to face exorbitant transaction costs. Let us first consider the triggers of immigration in the situations where foreign and native labour still substitute for each other.

Three features of work generate high transaction costs accompanying employment: task frequency, asset specificity and uncertainty (Williamson, 1975, 1985). The first feature simply captures the routine nature of tasks: if work is regular and repeatable, it is optimal for the employer to offer a standard, ongoing work contract, whereas temporary, seasonal or intermittent tasks lead employers to rely on short-term arrangements. Workers usually prefer permanent work contracts to short-term ones because of the uncertainty which the latter entail[2] and, therefore, the employer's bargaining strength *vis-à-vis* workers tends to be limited. This can be said of native workers and immigrants whose legal status is not constrained and who can also search for more-stable employment options. However, the employer enjoys significantly stronger bargaining power over would-be migrants who remain in their countries of origin and are attracted, in the first place, by non-temporal aspects of the job contract, especially the financial terms. The same is true for migrants already in the destination country, who face legal constraints, lack transferable skills or have limited access to labour-market information. The second feature of employment with high transaction costs is asset specificity. The employer faces increased transaction costs when the knowledge and skills are valuable for a given firm. Specific assets require investment, which encourages the employer to stabilise employment through long-term contracts and other incentives. This also explains why the employer recruits workers with advanced or rare skills – including immigrants or would-be migrants – and why native workers without such skills can be readily substituted by migrants who, by definition, possess lower bargaining strength. The third characteristic, uncertainty,

[1] Transaction costs that concern workers include time, disadvantageous terms of contract and missed opportunities for better work.

[2] The exception proves the rule. Freelance work is only preferable in conditions where a high demand for services ensures the continuity of service provision or where high remuneration compensates for a lack of such continuity (Boeri et al., 2020; Muszyński et al., 2023).

reflects the volatility of market conditions, such as changes in the supply of raw materials, technological advances and fluctuating demand, to which employers must adapt their production and labour involvement. When tasks are complex and demand firm-specific skills, the employer prefers stable employment contracts; however, when tasks are simple and easily codified but carried out in uncertain conditions, the employer externalises that uncertainty by hiring migrant workers. Another strategy involves resorting to work intermediaries, a point which we develop further.

The fundamental difference between native and migrant workers originates in the employer's bargaining strength *vis-à-vis* these two categories: the employer can negotiate more-favourable contract conditions with migrants than with native workers because migrants lack market information, are unable to fully transfer their skills in an international setting and have a constrained legal status and limited access to collective bargaining in a given country. This migrant vulnerability exacerbates the asymmetry of power and of information about the labour market between the two parties to the contract – and employers, motivated by opportunistic considerations,[3] impose their own conditions and transfer uncertainty to migrants. Although the employer is, of course, constrained by national regulations, their stronger bargaining position often enables them to bend formal rules (Williamson's Level II), generally accepted social practices (Level III), and social norms (Level I). In this book, we examined the presence of employers' interest groups and their influence on migration policy in the following four European countries: Germany (Chapter 4), the United Kingdom (Chapter 5), Italy (Chapter 6), and Poland (Chapter 7). In all the countries examined, the law forbids informal employment and various measures are implemented to enforce it. Nevertheless, in Italy for instance, the agricultural sector has depended on the undeclared work of immigrants for decades, reflecting a societal tolerance for irregular practices (see Chapter 8). In a country that has relied on foreign labour for a long time, immigration may also foster distinct social norms towards migrants, including broader tolerance for undeclared employment and other forms of abuse.

Another example relates to the importance of the *play of the game* for contracts; rather than providing standard remuneration or the legally required level of labour protection, employers may exploit vulnerabilities tied to the migrant status, particularly when a worker's right to stay depends on his or her employment contract. This dependency is intensified in employer-sponsored migration programmes. In fact, the employer's bargaining strength can lead to outcomes across a wide spectrum, ranging from conditions resembling slavery to situations practically indistinguishable from those of native workers (see also Chapter 1 for historical examples of migrant recruitment); however, across this spectrum, the employer leverages characteristics associated with being a migrant – precarious legal status, limited skill transferability, weak collective bargaining capacity and the reduced protection that arises when the destination-country regulations are incomplete or weakly enforced. The employer may deliberately circumvent national enforcement rules by establishing an incomplete contract – that is, one that does not specify all possible actions

[3] Like all economic agents, workers included.

or outcomes – which shifts most risks related to the contract onto migrant workers, including the possibility of immediate dismissal when their employment is no longer needed. By resorting to migrant workers under such incomplete arrangements, the employer effectively reduces the transaction costs related to employment, particularly those incurred during bargaining and decision-making.

However, even in a fully open economy with unrestricted labour mobility, employers would not rely solely on migrant workers. This is because employing migrants, even though it may reduce certain transaction costs, especially those linked to bargaining and enforcing contract terms, raises other costs, particularly those associated with searching for suitable candidates, navigating the complexities of migration law, conducting international recruitment and overcoming language barriers and the limited transferability of human capital. To reduce these costs, the employer may turn to intermediaries, ranging from informal brokers (middlemen) to licensed temporary work agencies and legal advisers who, thanks to economies of scale, can more efficiently gather information, recruit migrants and handle administrative requirements than a single employer could do on his or her own. However, the size of the intermediaries' operations is not the only factor that reduces the transaction costs of employing migrants. Even more important for the employer is the possibility to shift contractual risks onto intermediaries who often operate at the margins of the law. By designating a temporary work agency or a platform intermediary (such as a fleet operator) as the formal employer, the firm can limit worker protection and reduce the exposure to regulatory liabilities (Neugart & Storrie, 2006). Sharing employment responsibilities with one or more intermediaries deliberately blurs the work arrangement and diffuses the legal, financial and regulatory obligations towards migrants. This functions as a risk-management strategy: the employer benefits from the labour while outsourcing the formal employment relationship and associated transaction costs. Nowadays, employment is becoming increasingly deregulated and intermediaries take on many roles previously performed by the employer, particularly in certain sectors, which undermines the traditional understanding of the employer–employee relationship.

Offering jobs to migrants and, in effect, attracting labour immigration results from the employer's motivation to reduce transaction costs, especially those arising during the bargaining and enforcing of the contract. Migrants' weaker bargaining strength compared to natives is due to their constrained legal status, limited labour-market information and imperfect transferability of skills. To lower transaction costs, the employer deliberately negotiates more-favourable contract terms, imposes incomplete contracts and externalises uncertainty to migrants and/or intermediaries.

9.4 Group Interest

The individual interest of the employer in hiring migrant workers can be extended to the group of employers within a sector, region or country. When the economic benefits of recruiting migrants are substantial on an aggregate scale, a common group interest emerges, defined as a shared incentive among employers who encounter similar transaction costs, risks and degrees of discretion in employment. Unlike individual interest, the concept of group interest assumes that coordination or collective action is necessary to secure the benefits that would be more costly to obtain individually and that members of the group recognise this. With regards to labour immigration, employers may share this common interest because bearing the costs and risks of international recruitment individually would be inefficient. By acting collectively, for example, through lobbying, employers can influence regulations and reduce the transaction costs associated with recruiting and hiring migrant workers.

Not all groups of employers facing similar economic benefits form interest groups; they do so when 1) transaction costs associated with employing native workers are relatively high, 2) the costs of coordination or collective action – time, resources, negotiation among heterogeneous firms – outweigh the expected gains and 3) the institutional environment enables collective action. The first premise arises in sectors that rely on low-cost, time-flexible employment, where native workers either seek better employment opportunities elsewhere or avoid these sectors entirely, particularly if immigration has been ongoing for a long time and immigrants have replaced natives. It also applies to sectors requiring rare skills, where employers face high transaction costs in bargaining with native workers possessing these skills. As for the costs of coordination and collective action, these tend to be high in fragmented sectors, with limited economies of scale, where individual firms have little influence over state policies and the potential effects of collective action, while beneficial, are not essential for operations. Last but not least, the institutional environment must allow firms to coordinate or establish autonomous organisations capable of collective action. This relates to how employers are embedded in social norms; trust, reciprocity, reliability, shared identities and expectations all facilitate mobilisation and coordination. A favourable regulatory environment is also crucial because unambiguous rules of association, lobbying and collective bargaining lower the organisational costs of coordination and make collective action less risky. Conversely, restrictive or ambiguous legal frameworks raise the costs of meeting regulations and deter employers from forming interest groups capable of lobbying for more open labour immigration policies. Finally, employers' influence depends on strategic engagement in the *play of the game*, including coalition-building with unions or NGOs and the use of intermediaries who help to articulate sectoral demands.

It is no coincidence that, in this book, all four country studies (British, German, Italian and Polish) concern liberal-democratic economies. In non-democratic or strongly state-regulated systems, the institutional environment curtails firms' autonomy; the allocation of resources, such as foreign and native labour, is determined by administrative decisions rather than market-based logic. In such regimes, employers have limited scope to articulate their needs publicly or develop independent organisations and their behind-the-scenes activity is largely subject to political priorities set by authorities. Consequently, migration policy tends to reflect state priorities more than the interests of employers. In turn, the four European countries that we investigated operate under liberal rules regulating employers' association and lobbying. However, the actual practices regarding how these legal frameworks are respected and used to introduce new migration regulations differ substantially. In the United Kingdom, as argued in Chapter 5 and demonstrated by other authors (Caviedes, 2010; Menz, 2008), the possibilities of employer lobbying were limited until the 1990s. During the New Labour administration, employers in several sectors had strengthened organisational structures and established procedural routines which later proved effective in responding to post-Brexit seasonal labour shortages. By contrast, in Poland the introduction of the so-called simplified procedure for hiring seasonal migrant workers in agriculture resulted from what was virtually a 'one-man's' lobbying effort (Chapter 7). Encouraged by this success, employers from other sectors sought to extend this simplified procedure beyond agriculture, which happened in less than two years. The contrast between the United Kingdom and Poland illustrates how the *play of the game* shapes employers' capacity to mobilise: in the UK, long-established organisational structures enabled employers to effectively coordinate their lobbying whereas, in Poland, the underdeveloped institutional environment of a young democracy meant that employers lacked stable collective structures and policy change emerged from highly individualised activities.

It is also possible that differences in institutional environments lead to country-specific measures which, nevertheless, achieve similar outcomes with regards to addressing employers' interests. As our empirical study for the UK (Chapter 5) demonstrated, employers operating in the liberal market economy[4] have strong incentives to organise and actively advocate for flexible migrant recruitment programmes because the overall economic logic relies on market signals. Conversely, the study for Germany (Chapter 4), a coordinated market economy, showed that this state either coordinates policy via the tripartite mechanism – that is, sectoral negotiations involving employers' associations and trade unions – or proactively anticipates employers' needs by delegating the macroeconomic analysis and labour shortage expectations to government agencies. In each case, international recruitment in Germany is regulated in fine detail, covering matters such as countries of origin, qualification recognition, training standards etc. Regardless of whether employers mobilise – as in the UK – or rely on state-coordinated mechanisms – as in Germany – both national systems ultimately ensure policy measures that enable employers to recruit highly skilled labour from abroad, even if they do so in markedly different ways. Two other case studies: Italy (Chapter 6) – marked by substantial institutional incoherence – and Poland (Chapter 7), where democratic and liberal market institutions are relatively recent, developed different pathways to more permissive regulations for low-skilled migration. In Italy, migrant workers who arrived illegally or overstayed their permits had their stay legalised through reactive, ex-post regularisations responding to labour demand in such sectors as agriculture and services. In Poland, the success of a 'one-man' lobbying for simplified international recruitment was largely enabled by favourable economic conditions and the claim that the inflow

[4] In the monograph, we used the *Varieties of Capitalism* approach (Hall & Soskice, 2001) to describe country-specific institutional environments. See Chapter 2 and 'empirical' Chapters 4–7 for more details.

would be strictly seasonal, an assumption quickly abandoned in subsequent revisions of the programme.

To sum up, group interests emerge when employers face similar transaction costs and risks, recognise shared interests and coordinate their actions. Mobilisation, however, depends on the embeddedness in norms of trust, reciprocity and shared expectations. Collective actions are also shaped by formal rules that regulate association and lobbying, which determine how costly or risky it is for employers to act together. Strategic implementation of the *play of the game* by employers, such as building coalitions and resorting to intermediaries, further conditions how effectively employers can articulate and pursue their interests. The variation in institutional environments across countries shows that, even where common interests exist, differences in social embeddedness, regulatory frameworks and social practices produce distinct patterns of employers' mobilisation. In an institutionally coherent environment, collective action may not occur at all, because long-established policy mechanisms already replace mobilisation and governments anticipate and address employers' needs in advance.

9.5 Path Dependency

Whether articulated in direct mobilisation or anticipated by governments, employers' group interests lead to the establishment of labour migration regulations. However, rather than being developed from scratch, these policy responses make use of the pre-existing institutional arrangements, following the dynamics of path dependency. Path dependency refers to the mechanism whereby current institutional decisions, including those on migration policy, are constrained by earlier choices (North, 1990, 1991). In order to be efficient, new institutions must be consistent with the environment into which they merge, because the further they deviate from an established path, the more this deviation is costly, difficult and, at least at first, inefficient. Moreover, institutions are not established once and for all; instead, they continue to evolve along distinct paths because rules and enforcement mechanisms consistently leave some political and economic conflicts unresolved (Thelen, 2004). Except during rare historical events that set new directions (Acemoglu & Robinson, 2012; Capoccia & Kelemen, 2007; Mahoney, 2000; North, 1991), institutional change occurs gradually, rather than through radical shifts, with new arrangements built on the historical legacy (Streeck & Thelen, 2005; Thelen, 2004). As we discussed in Chapter 3, the evolutionary character of institutional transformation is not only a matter of tempo but also of cost. New practices and routines, rules, enforcement procedures and collective agreements need to be established and learnt, which leads to new power relations, while some social actors may continue to have a vested interest in preserving the *status quo*. These inertial, self-reinforcing dynamics limit the scope for institutional change, forcing actors to choose incremental options that can actually be worse than other alternatives.

The mechanism of path dependency can be seen in the employment of migrants, when migration policies adopt (and respond to) institutions originating from other policy domains, especially welfare regimes, labour-market instruments and training systems. In our empirical studies presented in Chapters 4–7, we used the Varieties of Capitalism typology not only to conduct international comparisons but also – and more importantly – to demonstrate the role of institutional legacies from other domains in establishing migration regulations which, despite being based on the same economic premises, differ between countries. Germany, a coordinated market economy with strong vocational training systems, including firm-based apprenticeships, promotes migrant recruitment that is highly regulated by the state and organised economic actors, particularly with regards to the recognition of qualifications and experience and to sectoral affiliation. By contrast, the United Kingdom, a liberal market economy, relies on market-based skill formation with a relatively weak vocational training system and therefore designs flexible, employer-sponsored international recruitment programmes. Italy, a mixed-market economy marked by structural incoherence between its labour market institutions and a large informal sector, initially developed a migration policy that was reactive rather than proactive: unable to coordinate across fragmented employers' organisations, vocational training systems and public administration, the state repeatedly resorted to large-scale regularisations of undocumented migrants already employed informally, substituting coherent admission policy with ad hoc amnesties. Poland opened up for labour immigration soon after the radical institutional transition from centrally planned to a liberal market economy, exceptional circumstances which led to a largely improvised migration policy, weakly embedded in complementary policy domains (vocational training system) and unsupported by a strong administration. Migration policy instruments, notably the simplified procedure of migrant recruitment based on employers' declarations, were designed primarily to meet the expectations of the business community, constituted a small burden to public administration and made few commitments to migrants' well-being, settlement and integration. Under conditions of institutional immaturity and volatility, limited administrative capacity and little experience in this policy field, a substantial part of migration governance was externalised to employers; however, what was intended as an *ad hoc* solution paved the way for a durable, long-term policy strategy.

Apart from institutional complementarities with other policy domains, historical legacies also matter for migration policies, notably colonial pasts and traditions of seasonal mobility; in some countries with a colonial history, the contemporary regulations of migrant employment draw directly on earlier frameworks of international recruitment, with the *kafala* system operating in the Gulf Cooperation Council countries constituting a clear example (see Chapter 1). In Germany, traditions of bilateral agreements regulating seasonal mobility with selected countries of origin date back to the nineteenth century and continue to shape migration policy today. In general, short-term solutions to labour shortages, such as seasonal schemes, often persist over time and shape the national identity frames and normative expectations about who performs which profession. In the long-term, the reliance on migrant employment in specific sectors reinforces the dualism of the labour market, with all its consequences for wage rates, employment stability, the prevalence of undeclared work and ethnic stereotyping (Anderson & Ruhs, 2010). This, in turn, strengthens the dependence on migrant labour. Path dependency also operates on the ‘supply’ side of migrant employment (*ibid*.), when societies with long-standing traditions of mobility have developed social norms and expectations that make migration a legitimate strategy for future generations and/or when established migrant communities attract new inflows of family members into the same destination countries and occupational niches. Once international recruitment, employment practices and migration regulations are established, they not only provide ready-made solutions for migrants, employers and the state but, more importantly, constrain future policy choices by defining what is considered acceptable, credible and administratively feasible.

Therefore, whether the state anticipates employers’ interests and designs policies to enhance competitiveness or responds to pressures from sectoral interest groups, it usually adjusts existing policy instruments incrementally, as such solutions minimise coordination efforts and risk of conflicts arising from the existing vested interests. Migration policy evolves according to cumulative, path-dependent changes that reconcile employers’ interests with institutional constraints.

9.6 NIE of Labour Immigration and Further Research

The usefulness of the proposed approach does not lie in translating the well-known mechanisms of labour immigration to the vocabulary of the New Institutional Economics; rather, it offers an analytical structure that integrates the social phenomena that the existing theories of migration treated separately. The NIE provides conceptual tools to address the following questions:

- How do the interests of individual employers lead to specific employment practices that generate demand for migrant workers and why is migrants’ bargaining strength in employment relations lower than that of native workers?
- Why do employers in some (sectoral, regional, national) contexts form interest groups to influence migration policy, while in others, mobilisation remains fragmented or absent?
- Why do states implement and maintain particular migration policies and how do historical choices or institutional incoherences constrain the policy choices made today?
- How do embedded norms, formal rules and actual practices operate to produce varied, country-specific institutional pathways to labour immigration, despite comparable labour shortages?

The triad of concepts that we consider crucial to our approach – bargaining power, group interest and path dependency – integrates three scales of social analysis – individual employers and their workers, employers’ organisations and the state and its policy – without leaving any relevant actor in international labour migration out of consideration. These three concepts explain the employment of migrants as a simultaneous outcome of individual behaviours, collective actions and state regulations, whereas the existing theories privilege only one level of analysis – for instance neoclassical economics investigates individual incentives, the segmented labour market theory focuses on structural labour demand and approaches in the political economy investigate the pressure from interest groups that is translated into regulatory frameworks. In this sense, the NIE of labour immigration complements approaches established on the grounds of economics, sociology and political science.

The NIE framework reveals the causal links in labour immigration, leading from employers' incentives to take advantage of migrants' weak bargaining strength at firm level, through the sectoral mobilisation of employers, to regulatory measures that are also shaped by the legacy of previous policy choices (see Fig. 9.1). This approach, therefore, does more than repeat what we already know; it instead offers a consistent framework for understanding how institutions shape incentives, reduce uncertainty and determine patterns of labour immigration in country-specific contexts. At each point of this approach, the agency of employers is emphasised.

This focus addresses an important gap in migration studies: while most theories either ignore employers or treat them as a homogeneous, implicit 'labour demand', the framework we propose explains how employers exercise their power: through bargaining in employment relations, interest-group mobilisation and influence on policy shaped by path-dependent institutional choices. Employers are actors embedded in the institutional environment, rather than passive agents subject to once-established rules. When intersected with any typology of the institutional environment, such as Williamson's framework, the focus on the agency can be integrated with structural incentives and constraints in which labour immigration is initiated and sustained. Even the mechanism of path dependency does not eliminate employers'

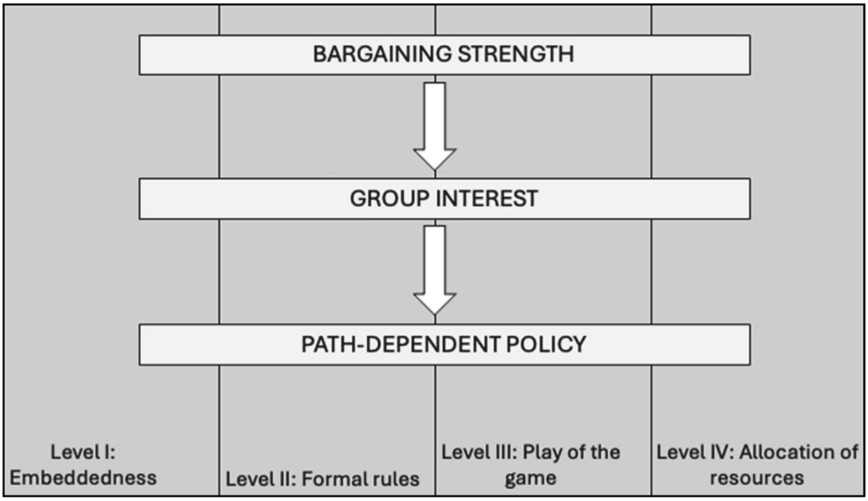

Fig. 9.1 Causality between bargaining strength, group interest and path-dependent policy – and their embedding in the institutional framework. *Source* Own elaboration based on Williamson (1991)

agency but defines the boundaries of acceptable and institutionally feasible strategies. Conceptualising the interrelationship between employers' strategic actions and the institutional environment is obviously problematic for empirical research. To address this issue, in this monograph, we compared four country studies in order to disentangle the impact of embeddedness, regulatory frameworks and social practices on employers' behaviours, as well as employers' power to shape these institutions. While this is certainly not the only way to empirically tackle the agency–structure nexus, the consistency of the NIE apparatus makes further conceptual attempts possible.

The research project that has resulted in this book[5] involved seven researchers working over five years, yet we were able to examine only one scale of social analysis (employers' mobilisation) limited to selected sectors, four countries and only for the most recent period. This leads us to conclude that the NIE of labour immigration, although conceptually coherent and analytically valuable, could be realistically implemented instead in focused studies that examine one specific mechanism leading to the initiation and/or sustainment of labour inflows.

There are several fields of research that would benefit greatly from the proposed approach; one of them is the micro-scale investigations of employers' decisions to hire migrants instead of natives. The so-called 'firm's problem' explains the firm's demand for labour based on a canonical production function. Matched with the workers' utility function, it describes how the general equilibrium between firms' and workers' choices is reached. In this area of study, the focus is placed on limited skill transferability and informal employment; for instance, several neoclassical models demonstrate how the firm reacts to various measures introduced by governments to combat undeclared work (Di Porto et al., 2017; Ruggieri & Cisneros-Acevedo, 2023; Schneider & Buehn, 2018). Models which consider workers' heterogeneity apart from productivity and which incorporate attributes specific to migrant status, such as legal uncertainty, incomplete contracts, the role of intermediaries, remain scarce. The same field of research could benefit from NIE concepts to integrate new forms of intermediation (platform brokers, international labour agencies) and to study how they modify employers' incentives and redefine the boundaries of the firm.

Another limitation of the approach we propose is that, while it allows us to identify the interests and activities of employers in a specific institutional environment, it remains difficult to trace the entire causal chain to a specific migration outcome – that is, to the employment of migrants and the characteristics of such employment, as defined at Williamson's Level IV of the institutional model. Our analyses presented in Chapters 1 and 4–7 suggest that constructing such a causal chain is appropriate only within a specified multidimensional context, defined by a particular model of market economy, the prevailing economic conditions and, most importantly, the economic

[5] The project 'Employer interests as an underrated factor in labour migration – an institutional approach (E-factor)' was funded by the National Science Centre, Poland (OPUS-20) under grant no. 2020/39/B/HS4/00885.

sector to which it applies. For this reason, the NIE approach constitutes a middle-range theory (Merton, 1957) – that is, one that explains a delimited phenomenon: the employment of migrants under clearly specified institutional conditions, while remaining complementary to other established theoretical approaches. The research presented in this book helps to identify the contexts in which the NIE reasoning is justified and feasible.

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