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Immigration policy and
constitutional change:
The perspectives of
Scottish employers and
industry representatives

Scott Tindal
David McCollum
David Bell

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Improving our understanding of the key drivers and implications of population change

ABSTRACT

Attracting and retaining migrants has been positioned as a key driver of population and economic growth in Scotland (Scottish Government, 2011). The Scottish Government has consistently stated that current UK immigration policies do not meet the needs of Scotland (2013a, 2013b). In the event of independence, the Scottish Government would seek to implement immigration policies that it feels would better serve Scotland's interests. Given that Scotland seeks to use immigration to meet population and economic growth objectives, it therefore seems pertinent to examine employers' perspectives on migration policies in the context of possible constitutional change. The analysis draws on primary data gathered from an online survey of Scottish employers, which is supplemented by 20 in-depth interviews with employers and other industry representatives in key economic sectors in Scotland.

A case is made that immigration is a highly important issue for Scottish employers, who argue that current UK immigration policies do not adequately meet their business needs. Employers view EU migration as of great benefit to their companies, but the restrictions on non-EU migration have caused concern for many of them, and in some instances have been blamed for restricting growth. Employers claim that UK immigration policy is disproportionately focused on the needs and interests of London and South-East England and view the current constitutional change debate as an opportunity to rectify this perceived imbalance. Their views are discussed with particular reference to how immigration legislation affecting Scotland could be improved in the future, regardless of the 2014 referendum result.

KEYWORDS

EDITORIAL NOTE

Scott Tindal and David McCollum are members of the ESRC Centre for Population Change (CPC), University of St. Andrews. Their research interests centre on migration issues, and this project is funded as part of the ESRC 'Future of the UK and Scotland' suite of research. Prof. David Bell is an economist at the University of Stirling. His research interests focus on the economics of social care, economics of subjective well-being, the Scottish economy and the economics of education.

ESRC Centre for Population Change

IMMIGRATION POLICY AND CONSTITUTIONAL CHANGE: THE PERSPECTIVES OF SCOTTISH EMPLOYERS AND INDUSTRY REPRESENTATIVES.

CONTENTS

1 INTRODUCTION

1.1 DIVERGENT PERSPECTIVES ON IMMIGRATION BETWEEN THE SCOTTISH AND UK GOVERNMENTS

The Scottish and UK governments have consistently expressed divergent views on immigration. Since 2010, the UK government has adopted increasingly restrictive immigration policies which it cites as economically and socially necessary (May, 2012). Conversely, attracting and retaining migrants in Scotland has been posited by the Scottish Government as a key driver of both population and economic growth in Scotland (Scottish Government, 2011).

In terms of population change, the experience of Scotland has been somewhat different to that of other parts of the UK (Packwood and Findlay, 2014). In the early 2000s, Scotland was increasingly concerned about its continued population decline. In 2003, the General Register Office for Scotland (GROS)[1] predicted a continued fall in the total population of Scotland to 4.84 million by the year 2027 (GROS, 2003). This was due to a combination of below-replacement fertility rates and emigration. These trends were also cited by the then Scottish Executive (now Government) as reasons to attract 'new Scots' to Scotland (Scottish Executive, 2004). The Scottish Government currently has a series of social and economic policy goals that it calls 'Purpose targets'. One of those is to grow Scotland's population to match average European growth (EU-15) over the period 2007 to 2017. Migration is seen as an integral part of meeting this objective (Scottish Government, 2013c).

The Scottish Government explicitly links population growth with economic growth (Scottish Government, 2011 and 2013a). It argues that businesses in Scotland require the free movement of people in order to operate effectively and so they wish to attract and retain key migrant groups such as international students and highly skilled migrants to Scotland: these groups are perceived to be economically beneficial (*ibid*). Therefore, migration to Scotland is also cited as a strategy for meeting economic objectives as well as population ones. While EU law permits European Union (EU) citizens to move freely within the EU, the Scottish Government perceives UK immigration law on restricting the number of non-EU migrants into the country as problematic. The position of the Scottish Government is that an annual

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[1] The General Registrar for Scotland has now merged with the National Archives of Scotland (NAS) to become the National Records for Scotland (NRS).

limit on net migration is a blunt instrument that does not address the complex needs of the economy (Scottish Government, 2010).

The key 2013 'Scotland's Future' white paper stated that if the 2014 Scottish independence referendum returns a 'yes' vote, the Scottish Government will adopt a points-based system similar to that already existing in the UK, but do so in a way that is not focused on arbitrary limits which do not allow Scotland to meet its ambition of growing its working age population nor meet the needs of Scottish employers (Scottish Government, 2013b: 267-268). The white paper argues that different types of migrants, such as international students and highly skilled migrants, should be encouraged to settle and work in Scotland. Attracting these types of migrants has been an important element of Scotland's economic policy in the past. In 2004, the Scottish Executive established the 'Fresh Talent Initiative'. This was a post-study visa designed to try to encourage international students to live and work in Scotland for up to two years after graduating from a Scottish higher education institute. In 2005 the Scottish National Party (SNP) stated its ambition to encourage 'new Scots' (SNP, 2005: 4) to settle in Scotland, and they have continued this to hold this position in their independence campaign (Scottish Government, 2013b). These examples demonstrate the ways in which, over the last decade, and through successive governments, Scotland has sought ways to encourage immigration through policy and positive rhetoric. This contrasts significantly with the direction of the UK government, which aims to limit net migration to fewer than 100,000 per annum by 2015 (Scullion and Pemberton, 2013).

In 2004, the expansion of the EU to include the A8 countries[2] of Eastern and Central Europe meant that citizens of these countries could migrate to the UK without restriction[3]. The UK underestimated the number of migrants that would come to the UK (see Dustmann *et al*, 2003), which has resulted in public anxiety about future EU immigration (Lahav, 2004; Blinder, 2012). In response to this, the UK government has attempted to reduce immigration by restricting non-EU citizens' access to the UK. By 2006 the UK government proposed and legislated for the introduction of a new immigration system (Home Office, 2006). The Immigration, Nationality and Asylum Act was subsequently phased in between 2008 and 2010. The Points-Based System

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[2] The A8 countries are: Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia.
[3] Along with the UK, Ireland and Sweden also permitted unrestricted access in the 2004 ascension. The rest of the EU placed restrictions on migration from A8 countries until 2011.

(PBS) created a system of different tiers to which non-EU applicants apply. The tier to which applicants apply depends on the circumstances of their entry[4].

In 2010, the new UK government introduced an annual cap on the number of non-EU migrants entering the UK; with a limit on net migration of 100,000 per annum. These restrictions come in light of increasing public hostility towards migration (McCollum *et al*, 2014; Blinder, 2012). In 2012, the UK government reaffirmed its intention to restrict immigration, arguing that migrants adversely affect social cohesion, create pressure on infrastructure, public services, jobs and wages (May, 2012). These examples illustrate how, over the years, the UK government has adopted a more hostile position towards immigration in both policymaking and rhetoric. This contrasts significantly with the position of the Scottish Government.

The narratives around the issue of migration developed by the Scottish and UK governments have become increasingly polarised over the last few years. In its 2013 white paper, the Scottish Government stated that 'Scotland has a different need for immigration than other parts of the UK' (2013b: 267) and that 'the current UK immigration system has not supported Scotland's migration priorities' (*ibid*: 268). Yet immigration is a 'reserved' matter, meaning that policies relating to immigration are controlled by the Government in Westminster. Therefore, Scotland is significantly constrained in the immigration policies that it is able to implement under the current constitutional settlement. There is, however, some very limited recognition by the UK government that Scotland's immigration needs are different to those of other parts of the UK. For example, the UK government recognises the role that migrants play in terms of filling labour shortages in key economic sectors. Every year, the UK government releases the 'Shortage Occupation List'[5] for the whole of the UK (UKBA, 2013a). In addition to this list, and in recognition that Scotland's needs are different, the UKBA also releases a further list of occupation shortages that apply solely to Scotland. However, this list is currently very short, containing just two additional occupation fields to the UK-list (physical scientists and medical practitioners) (*ibid*).

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[4] For example non-EU students wishing to study in the UK apply for a tier 4 (general) visa.
[5] According to the UK Border Agency, an occupation on this list means 'there are not enough resident workers to fill the available jobs in that particular occupation [therefore] they will get all the points they need to apply' (UKBA, 2013a)

1.2 CONTRIBUTION TO THE DEBATE – EMPLOYERS' AND INDUSTRY REPRESENTATIVES' PERSPECTIVES ON IMMIGRATION POLICY IN THE CONTEXT OF CONSTITUTIONAL CHANGE

The current constitutional debate raises the opportunity to discuss how far current migration policy is contributing to Scotland's ability to meet its economic and demographic needs, and how these needs might be different from the rest of the UK. This research explores these issues from the perspectives of employers and other industry representatives in Scotland. It examines the challenges and opportunities immigration policy brings to employers when faced with expanding their companies. The study provided an opportunity for employers to discuss how immigration policy affects their businesses, and situate these views in light of the constitutional change debate.

As discussed above, the Scottish and UK governments have differed in their preferred policy direction and rhetoric towards immigration. However, the 2014 referendum offers the opportunity to debate some of these issues. Employers are directed by government's immigration policy, but are also players in shaping it. Exploring their views is an important facet of the constitutional change debate and the future of Scottish immigration policy. This paper analyses the perspectives of employers in this regard, exploring some of the benefits and restrictions they face, before going on to discuss what policies might be implemented in order to best meet Scotland's migration goals either within or outwith the UK.

This paper consists of four main sections. First is a selective literature review in which various government immigration policy strategies and challenges are examined and reflected upon. It then turns from government perspectives on immigration policy to those of employers. Following the literature review, data collection methods are discussed before findings of the analysis are presented. The final section offers a discussion which reflects on the findings of this study as well as the wider literature and leads to suggested policy options available to Scotland in either referendum outcome. The research concludes with the implications of these policy options in terms of the ongoing debate, and in light of employers' views on immigration to Scotland in the future.

2 LITERATURE REVIEW

2.1 GOVERNMENTS' IMMIGRATION POLICY CHALLENGES IN MEETING ECONOMIC GOALS

The ability of nation states to attract and retain 'talent' is a significant issue because human capital plays an important role in stimulating economic growth (Kuptsch and Pang, 2006; Florida, 2002). Human capital is defined by the OECD as 'the knowledge, skills, competencies and attributes embodied in individuals that facilitate the creation of personal, social and economic well-being' (OECD, 2001: 18). The recognition that immigration plays a role in economic growth has led many countries, including the UK, to integrate immigration policies into a strategy for economic growth (Kofman, 2013). This point was raised in the introduction of this paper as the Scottish government seeks to use immigration policy as a non-fiscal lever to economic growth (Scottish Government, 2013b).

The literature points to empirical research that shows evidence that migrants can stimulate employment (Zavodny, 2011) and encourage the labour force (both migrant and local) to specialise in areas where the country or region has a competitive advantage (Peri and Sparber, 2009). This specialisation, coupled with brain exchanges (Modood and Salt, 2011) can boost the development of new technologies (Fuente, 2011). These views are coupled with a perception by many nation states that, globally, countries, regions and cities are now competing in a 'war for talent' (Beaverstock and Hall, 2012). This perception is felt by governments in the established markets of Europe (Gümüs, 2010; Peri, 2005), the US (Shachar, 2006) and the strongly-growing economies of Asia (Yahya and Kaur, 2010; Zweig, 2006).

While countries seek talented migrants to address a (genuine or perceived) skills deficit, they may also seek migrants to fill labour shortages. Labour shortages can result from demographic factors such as low fertility and population ageing (Papademetriou *et al*, 2009) or much more complex issues relating to the availability and perceived 'employability' of domestic labour (Anderson and Ruhs, 2010), particularly in some undesirable sectors (*ibid*) or geographic locations (McCollum and Findlay, 2011).

States attempt to develop immigration policies that create a system which maximises the benefits of migration at the same time as minimising the social and economic challenges that it can also bring. The research literature critically reflects on the effectiveness of governments who have attempted to devise different measures to

achieve this balance (Kuptsch and Pang, 2006; Zaletel, 2006). An increasingly popular tool of government has been the development of a Points-Based System (PBS) which attempts to select those migrants deemed by the state to have the greatest potential to boost economic growth. The PBS has increasingly been used by governments as a way to regulate migration, especially among advanced economies (Murray, 2011). The system 'scores' applicants on their personal attributes such as age, career history, educational qualifications, language, and the possession of a job offer. This latter criterion is an acknowledgement of the role that employers have in the immigration process. Most PBSs are employer-led, which means it is the employers themselves that select the migrants to work for the company, and the company follows a procedure to procure a visa for the prospective employee. This system is flexible in the sense that it is not the state which is determining who is 'good enough' for the economy, but employers. Companies are better at responding to skills shortages as they feel its effects more directly and immediately and will not want prolonged shortages of labour or skills as they adversely affect business operations (Papademetriou and Sumption, 2011). Despite the role of employers in the immigration system, the state has the final say on who is actually granted visas.

Immigration policies in many states, including the US and Australia, have also been proactive in shifting the stance from one that assumes that opportunities attract talent, to one that is aimed at retaining key skill groups such as international students (Martin *et al*, 2006). This strategy has also been developed in other smaller countries such as the Netherlands; where they attempt to retain 'talented' international students post-study. The Scottish Executive's 2004 'Fresh Talent Initiative' was a similar attempt to attract and retain overseas graduates from Scottish higher education institutions. In 2008, this system was absorbed into the PBS of the UK and then eventually abolished[6] (UKBA, 2013b). The Scottish Government's 2013 white paper argued that an independent Scotland would retain a PBS that would be designed to both attract and retain 'talented' international students to help support the higher education sector and high growth companies (2013b: 102).

Although most nation states enact immigration policies on behalf of the whole country, this is not always the case. Moving down the scale to the regional/provincial level, there are examples where immigration policy is shared between provincial and

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[6] See Rogerson *et al*, 2006 for more information on the scheme.

national governments. Canada and Australia are examples of such a system (Rose and Desmarais, 2007; Collins, 2007). Canada has devolved immigration policies to the provincial level for all ten of its provinces, which are in turn overseen by the federal government; this means that responsibility for immigration policy is shared between the provincial and federal governments. Canada, therefore, offers one of the few exceptions to the state-wide implementation of immigration policies; what Wright (2013) refers to as 'adding regionality'.

If applicants are applying to a specific province which lacks specific skills or has specific demographic targets[7], then a lower immigration threshold is needed to obtain a visa. This counters the tendency of migrants to Canada to concentrate in the three main cities of Toronto, Montreal and Vancouver (Radford, 2007). The province of Quebec has greater autonomy than other provincial governments, with full responsibility for immigration policy and migrant selection. In Quebec, the federal government fulfils a predominantly administrative role in terms of issuing the visa certificates and performing the medical and criminal checks (*ibid*). Like Canada, migrants in the UK are unevenly distributed, with the majority tending to concentrate in London and South-East England (Wright, 2013: 3).

Yet, while the Canadian system offers examples of how regional governments can operate a quasi-autonomous immigration policy within the Dominion of Canada, the majority of regional governments do not have such privileges and are confined by the restrictions of a national government. However, small independent nations can find their national immigration policies substantially influenced by the international context in which they operate, particularly if they are dominated by larger neighbouring states.

Despite being an independent country, the Republic of Ireland has an immigration policy that is closely aligned with that of the United Kingdom. As Ryan (2001) notes, Ireland is very much the junior partner in the relationship between the UK and Ireland on immigration policy terms, and as such has 'tended to be involved in the implementation of British immigration policy rather than vice versa' (Ryan, 2001: 874). This relationship is most evident in the context of the EU's Schengen Agreement. In order to maintain its favourable position with the UK and the Common Travel Area (CTA), Ireland has opted out of the Schengen open border elements of

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[7] For example, Quebec uses immigration policy to also meet demographic targets, specifically, the attraction and settlement of Francophone migrants to the province (Roy *et al*, 2007).

the treaty in order to maintain the CTA with the UK. In this way, even though independent national governments have the freedom to adopt the immigration policies that it choses, in practice smaller states can often be dominated by much larger neighbours - this can influence the policies of the smaller partner.

Finally, it is important to recognise that even influential and dominant states are often constrained in the immigration policies they adopt by the international context in which they find themselves. The UK, for example, as a member of the European Union cannot create policies which would restrict the free movement of European Economic Area (EEA) citizens. While the Schengen Agreement was established outside of the remit of the EU, it entered EU law through the Amsterdam Treaty in 1997[8]. Despite the UK and Ireland's exception from the borderless travel principles, both countries have entered into several aspects of the agreement allowing for the free movement of EU citizens into their respective countries. Therefore, any restriction and regulation of migration into the UK (and Ireland) can only be applied to non-EU/EEA citizens. These examples demonstrate how even larger states can be constrained by their international context, and by their agreements with other states. Ireland offers an interesting comparison with an independent Scotland and demonstrates how immigration policies of smaller states can be constrained by both its proximity to a large and more dominant state as well as its broader international context.

To summarise, this section of the literature review has discussed the perceived benefits of having a suitable immigration policy that meets the needs of employers and the wider economy: to compete for global talent, to meet skills and labour shortages and stimulate economic growth. But there are often constraints derived from the national and international context in which many states and provinces find themselves: these can have a significant impact on their policymaking ability.

The review continues with an examination of employers' views of migrants and immigration policy in meeting their needs.

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[8] The UK, like all EU member states, is constrained in its immigration policymaking by this international context. It is unable to create policies which impede or restrict the free movement of European citizens across or between member states.

2.2 EMPLOYERS' AND INDUSTRY REPRESENTATIVES' VIEWS ON MIGRANTS AND IMMIGRATION POLICY

Many countries' PBSs have elements in which the employer is either directly or indirectly involved in the process. For example, in the UK if an applicant does not have a 'certificate of sponsorship' from a 'recognised employer', it is not possible to accrue enough points to qualify for entry[9] (UKBA, 2013a). Some countries go further. Singapore's PBS means that the visa must be gained by the employer for the employee. The entire process is structured around the employers' needs for specific skills or demands for labour. This has the potential problem of employers exploiting migrant labour, or using the system to suppress wages (Kaur, 2010). Employers often desire the free movement of people for a range of reasons: migrants can be used to cover perceived or actual shortages in the labour market; both chronic (Moriarty *et al*, 2008; Buchan, 2002) and temporary (Pang, 2013). Migrants can also be used to cover labour shortages in specific geographical areas, particularly rural ones (Findlay and McCollum, 2013; Moriaty *et al*, 2008).

Often, large transnational companies do not view immigration as the single event of bringing employees into the country, but rather as a dynamic process with employees constantly moving within the company and across international borders (Iredale, 2001; Beaverstock and Boardwell, 2000). It is not a unidirectional movement, but a dynamic flow of skills across the company, between companies, and across the world. Immigration policy is perceived as a procedural issue that sometimes does not reflect the complex needs of international companies', or the competition that exists between companies (Mahroum, 2001) or states (Mahroum, 2002) in attracting and moving skilled labour. Poorly designed immigration policies can therefore be a major disadvantage to companies in terms of their competitiveness and growth. Immigration policy must allow companies to be able to attract and recruit migrants to the country and to the company.

While both national and international companies compete for labour and skills, this is not to say that they selfishly pursue their own needs to the detriment of the national interest. There is ample evidence that employers' needs overlap with that of the national economy. As mentioned previously, migration can encourage skill specialisation (Peri and Sparber, 2009 and 2011) and the development of new

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[9] An exception to this is international students who do not need a certificate of sponsorship from an employer. Instead, they require an offer to study on a course at an UKBA-recognised higher education institute.

technologies and innovation (Fuente, 2011). The self-selectivity of migrants means that they often have attributes that are sought after by companies, such as being more competitive or ambitious than the local population (Chiswick, 2008). Furthermore, increasing globalisation and competition from emerging markets has meant companies, even in times of recession, are competing for 'talent' (Beechler and Woodward, 2009). This competition exists for both transnational and localised companies who seek to attract the best 'talent' to their companies. In an age of increasing globalisation, technological complexity and competition, the search for 'rare' talent has also become more globalised (*ibid*), with employers seeking candidates from across the world. Unsuitable immigration policy can be a significant barrier to companies in succeeding in 'the war'.

Having access to the largest pool of talent possible is in a company's best interests. While talented migrants and the 'creative class' bring opportunities for employers and the economy as a whole (Florida, 2002), employers may also favour labour migrants for possessing other, sometimes less tangible properties (Findlay *et al*, 2013) or for their 'soft skills' in terms of team working, customer care and work ethic (Rolfe and Metcalf, 2009; Green, 2007; McCollum and Findlay, 2011). As well as possessing desirable skills and attributes, employers and others such as recruitment agencies, often see migrants as being more tolerant of undesirable employment conditions (Ruhs and Anderson, 2010). Furthermore, employers often develop practices to obtain migrants with these specific qualities (Findlay and McCollum, 2013) through specific migration channels (Findlay and Li, 1998; Goss and Lindquist, 1995). These practices develop to obtain what Scott (2013) calls the 'good migrant worker'. Furthermore, Findlay *et al* (2013) argued that there is a temporal and geographical aspect to this, namely, that the 'good migrant' can change depending on economic prosperity (or recession) and current legal frameworks regulating migrants. For example, the development of the 'good migrant' as Eastern European is due to the changing structure of immigration law regulating labour movements within the EU. This created a source of low-cost, but legal, labour that employers in particular economic sectors, such as agribusiness, have utilised to their benefit.

This section of the literature review has examined the motivation of employers in seeking less restrictive immigration policies. The review highlights that immigration policies of many states have elements in them which, indirectly or directly, involve the employer, and the reasons why employers may desire more

liberal immigration policies. Employers have considerable impact on shaping migration patterns. Therefore, it seems appropriate to explore the views of employers with regard to immigration policies in the UK, and to situate this in the context of the Scottish independence debate.

2.3   RESEARCH QUESTIONS

The research is driven by four research questions:-

1. How do employers view immigration to Scotland?
2. To what extent does UK immigration policy currently meet the needs of Scottish employers?
3. Do employers see the constitutional change debate as an opportunity to raise immigration policy as an issue for economic growth in Scotland?
4. Can Scotland, as a small dominated labour market, use policy levers effectively to meet its migration needs, regardless of the outcome of the referendum?

3   RESEARCH METHODS

3.1   METHOD OF DATA COLLECTION

This study uses a large scale online survey and in-depth interviews to solicit the views of employers and in industry stakeholders on UK immigration policy; how effective it is in meeting their needs; and how the current constitutional change debate might offer the opportunity to highlight some of those issues.

3.1.1   ONLINE SURVEY

The researchers developed an online survey of Scottish employers. The survey consisted of 11 principal questions which asked respondents for their views on a wide range of policy issues connected with Scottish independence and the effect they might have on their companies. The survey was carried out in June 2013, hosted by Qualtrics and promoted by the Scottish Chambers of Commerce (SCC). The SCC e-mailed their members on behalf of the researchers with a web-link to the survey. The survey was open to all employers who were based or represented in Scotland. For the purpose of this analysis, there were 714 completed and useable responses.

The approach described above contains a number of inherent strengths and weaknesses. The online survey has the benefit of being easily transmitted to the sample, returning results quickly in a digital format. The quantitative data that was generated also have the benefit of containing a relatively large sample of respondents. Despite this relatively large sample there are limitations. Since the survey was promoted by the Scottish Chambers of Commerce (SCC) to their members, any company not a member of this organisation would unlikely to be aware of the survey. Furthermore, if there are sectors that are not well-represented by the SCC, then this would be reflected in the sample. Indeed, when comparing the Scottish Government's corporate sector statistics with the survey sample, we find that three sectors are not represented in the sample at all[10], two sectors are underrepresented[11], and four are overrepresented[12]. Aside from these exceptions, the survey broadly represents the distribution of Scottish companies by economic sector and readers can therefore be reasonably confident that the patterns emerging from this analysis of the survey are broadly representative of the views of many employers in Scotland. Being an online questionnaire, it is difficult to speculate on the response rate returned in this survey. The survey was disseminated through each of the 26 individual Chambers of Commerce in Scotland, but it was not possible to ascertain the exact quantity that were sent to members, or whether they reached their intended targets. The Scottish Chambers of Commerce website states that they have 9,000 members. Based on 714 responses, a very crude calculation could be that the survey produced a response rate of around 8%. Despite these limitations, this survey is one of the few examples of research that sheds light on employers' views on immigration policy in Scotland in the context of the constitutional change debate.

A limitation of quantitative data of this nature is that it can illustrate trends in employers' attitudes on various issues, but cannot explain the process that lies behind those trends. Survey tools, such as this questionnaire, also contain difficulties in how the results can be interpreted. For example, the survey can estimate the level of concern amongst employers on immigration issues, but it cannot explain why they are concerned. It is for this reason that in-depth interviews with employers and other

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[10] These are: mining, motor trades (including repairs), and Education.
[11] These are: construction, and professional, scientific, technical.
[12] These are: Administration, service sectors, IT, Finance.

stakeholders have been of tremendous value to this research, because they aid interpretation of the trends identified in the questionnaire data.

3.1.2   SEMI-STRUCTURED INTERVIEWS

To supplement the online survey and overcome some of the limitations associated with lack of detail, in-depth interviews with employers were also carried out. Eliciting the views of employers through qualitative interviews is very useful in this type of research; and has been used with great effect in the authors' previous research with employers (McCollum and Findlay, 2011). Semi-structured interviews allow for an open forum for employers to respond in a rich and nuanced way that is not possible through large-scale survey designs (Corbin and Strauss, 2008).

The research interview schedule (Appendix I) is separated into six sections: the context of the business; the workforce profile; policies and other factors that impact on recruitment and labour issues; the use of non-UK citizens in meeting labour demand; the constitutional change debate and the impact that Scottish independence might (or might not) have on the business; and expectations for the future after the referendum. The schedule also solicits employers' views on possible developments in the constitutional position of the UK (or Scotland) in the EU and how this issue relates to other issues of labour and migration.

Interviews were transcribed verbatim. Pseudonyms were used to protect the identity of the respondents and all personal identifiers of the respondents and their organisations were removed.

The interview data were then thematically analysed, drawing out common themes across the data and using these as codes to meaningfully look at patterns. . The resulting thematic narrative represents the opinions of areas of agreement (where most participants hold the same opinion) as well as areas where participants' opinions diverge (disagreement). The coding framework was developed in the NVivo computer software package. The final coding framework is presented in appendix II.

As with all data of this nature, the subjectivity of the researcher plays a significant role in shaping the direction of the creation of themes. This can be overcome to a certain extent by having two researchers analysing the data simultaneously, both affirming and challenging the narratives derived by the other. The quantitative results of the online survey were used as a comparator to the results of the qualitative interviews in order to strengthen the validity of the findings

A total of 20 interviews were conducted in the summer and autumn of 2013 with employers and stakeholders from across Scotland in the aforementioned sectors. 10 of the interviews were with direct employers in Scotland, and 10 were from representatives of different economic sectors or inter-business organisations.

One of the challenges of interviewing elites (such as company Directors) is access (Rice, 2010). Specific employers and industry stakeholders targeted for potential participation were recruited using two techniques. First, using convenience sampling, eight interviews were conducted with employers who were known to the researchers and who expressed an interest in participation. The second technique involved using lists of companies registered or with operations in Scotland who fitted the criteria for inclusion. Once a list of potential participants was drawn up, the researcher conducting the interviews emailed or wrote to potential participants to request an interview. This was followed up soon after with a phone call to encourage potential participants to agree. One of the biggest challenges was accessing directors of large multi-national companies through personal assistants or secretaries who were sometimes hesitant to forward emails or letters to their superiors whom we were trying to contact. The response rate was 17% after the initial email or letter, and rose to 20.4% after the reminder phone call. The non-response rate was 73.6% and the refusal rate was 6%. The most commonly cited reason was refusal to participate was that potential respondent felt they could not offer anything of value to the research, or they simply did not have time to spare in the coming weeks or months during which the data were being collected.

Most interviews took place in the offices of the respondents or at a public place such as a café. Interviews lasted typically one hour and were recorded using a digital recorder. Two interviews took place over the telephone because of logistical difficulties in terms of the interviewees being in relatively remote locations in Scotland.

3.1.3 USING THE ONLINE SURVEY TO INFORM INDEPTH INTERVIEWS

The online survey gained 714 useable responses from employers across Scotland. There was considerable variation in the number of responses from different economic sectors. This is shown in figure 1. The classification of sector is self-defined by respondents using the UK Standard Industrial Classification (UK SIC 2007; ONS,

2007) with those who tick themselves as 'other' being asked to define it. This resulted in the production of a 'tourism' category.
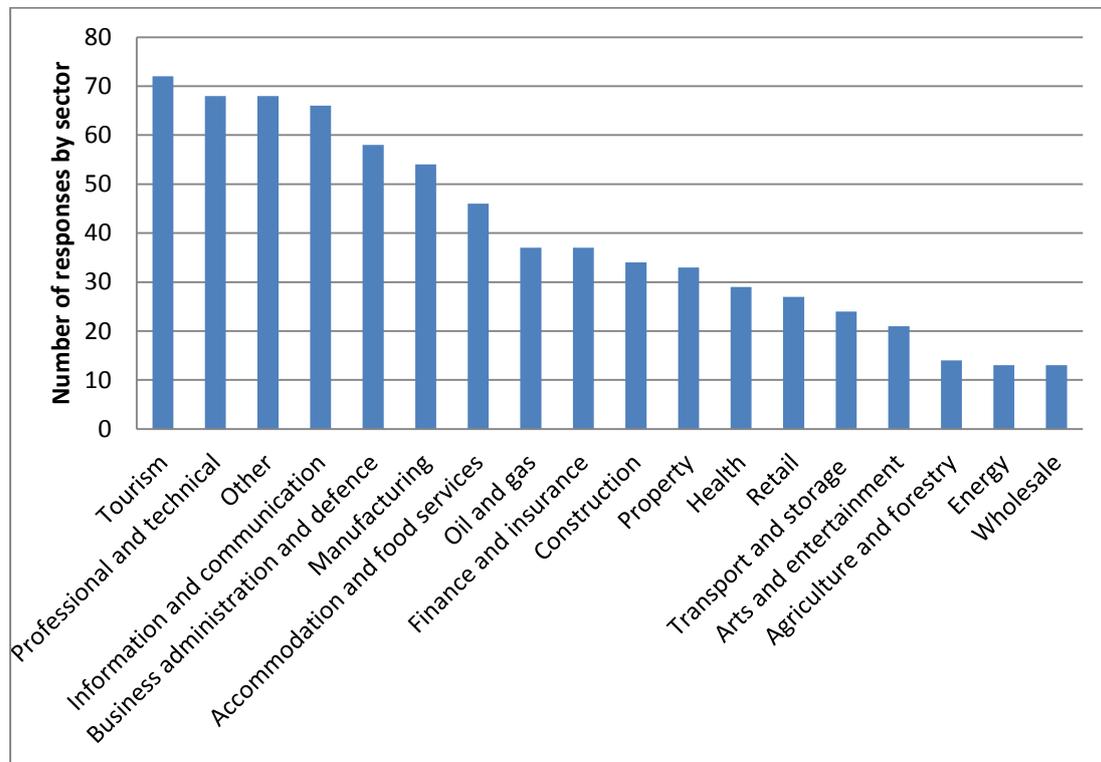
Figure 1: Number of survey responses by sector
Notes: Authors' own analysis, n=714

The survey results were analysed with a particular focus on immigration and labour issues. The analysis focused on employers' responses to two questions. First was the importance that they placed on visa and immigration law, and second was on EU status. The analysis examined responses across economic sectors, size and location of the company. The results of the survey guided the targeting of specific sectors for in-depth interviews.

The researchers decided to use responses to the question 'how important are visa and immigration issues to your business?' as the rationale for targeting specific sectors for interview. The results of this question are broken down by sector and shown in figure 2.
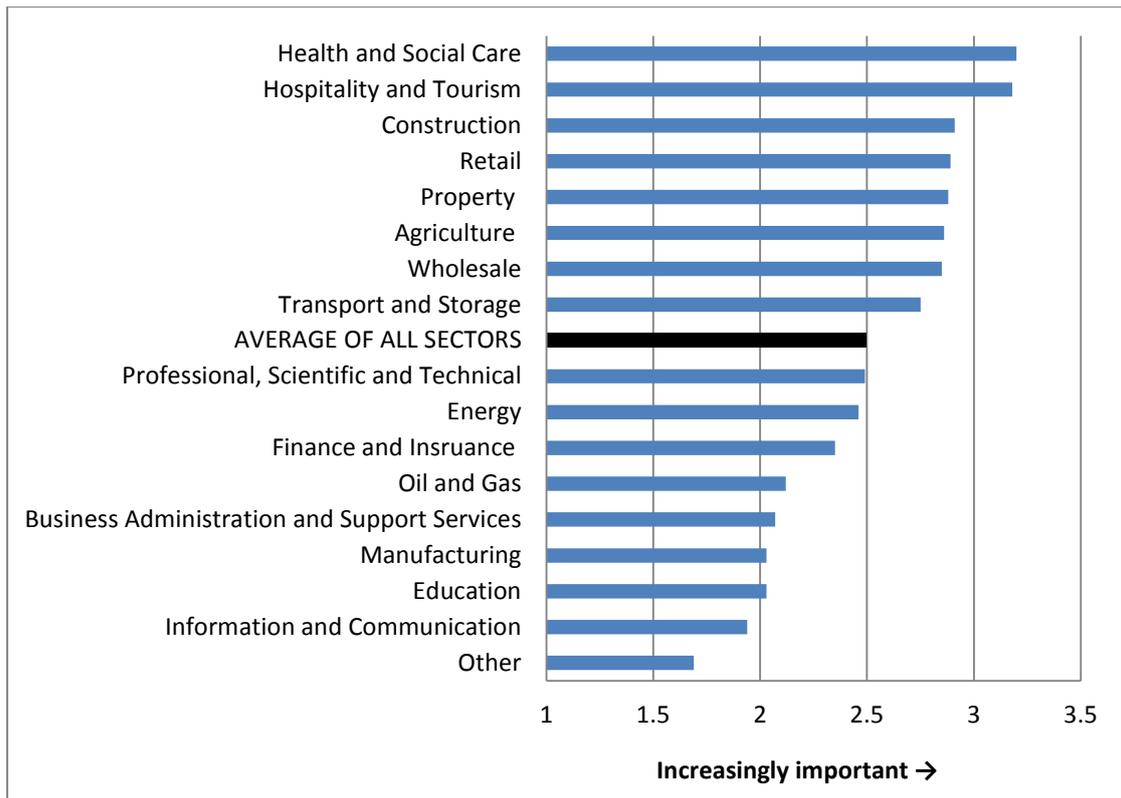
Figure 2: Average response[13], by sector[14], to the question: how important are visas and immigration law to your business?
Notes: Authors' own analysis.

The graph shows eight sectors which score above the average in terms of their response to the question: 'how important are visas and immigration law to your business? These were: Health and social care, hospitality and tourism, construction, retail, property, agriculture, wholesale, and transport and storage. These were the sectors that became the focus of targeting for interviewing. The researchers also wished to obtain the perspectives of high-value sectors of the Scottish economy, and so finance and insurance, oil and gas, and higher education were also selected for inclusion in the interview sample.

In the case of small or medium-sized companies, the interviewees were usually the company directors. For larger organisations, the interviewees were most often directors of human resources or directors of operations. Other stakeholders included directors or representatives of inter-business organisations or representatives of specific industrial sectors. Many of the stakeholders interviewed also held positions in specific companies as well as working as industry representatives. These

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[13] Scale runs between -5 (unimportant) to +5 (very important); 0 represents the response 'neither important nor unimportant.
[14] Sectors with less than 10 responses were removed from the analysis.

stakeholders generally had an excellent overview of the sector as a whole, identifying challenges and opportunities that exist in the respective sectors which they represent and not just for specific companies.

4   FINDINGS

4.1   FINDINGS IN THE CONTEXT OF THE CONSTITUTIONAL CHANGE DEBATE, HOW DO SCOTTISH EMPLOYERS VIEW IMMIGRATION POLICIES?

We first address this question using the results from the online survey before adding explanation and meaning to the survey results using the qualitative data obtained through interviews.

The online survey highlighted current issues that employers in Scotland felt were important to their businesses. Employers were asked to select specific issues that they would like to see receive more attention in the current constitutional change debate if it seemed likely that Scotland would become independent. The results are presented in figure 3.
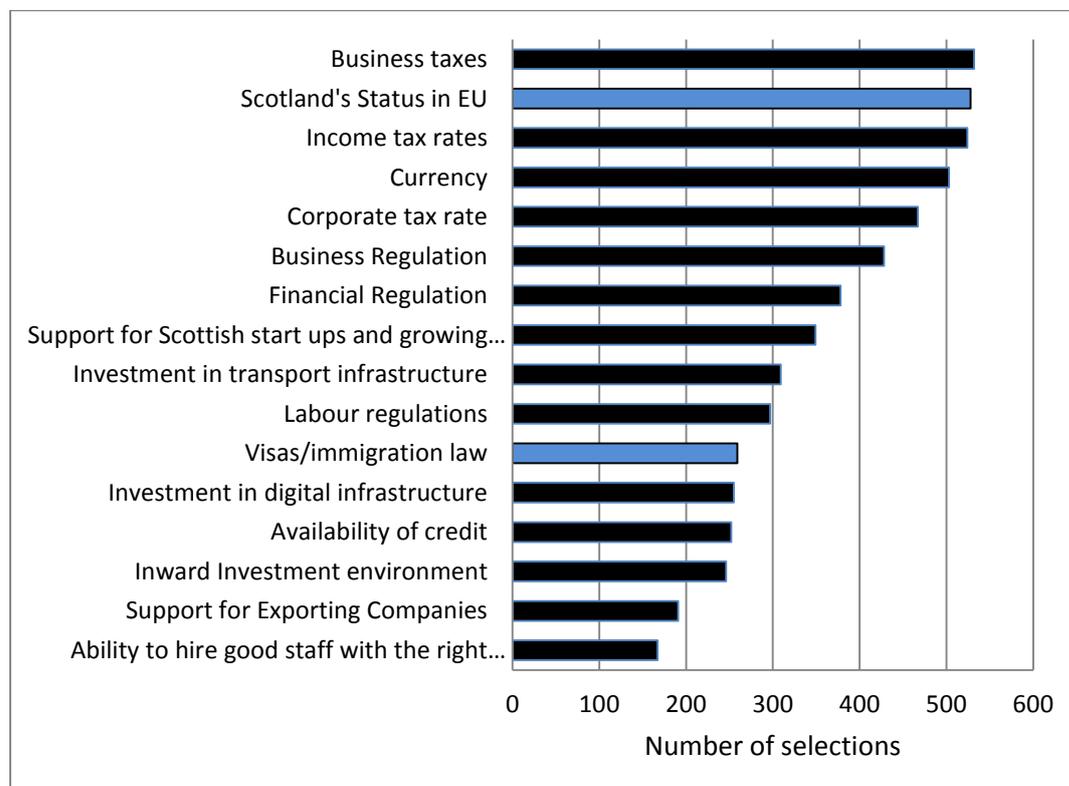
Figure 3: issues that employers would like to see have more importance in the constitutional change debate.
Source: Authors' analysis of online survey data, 2013

Figure 3 shows that issues around taxation, currency, and business financial regulation issues appear to be employers' primary concerns in relation to the constitutional change debate. However, employers also identified immigration issues as being important in the debate. Two-thirds (65%) of respondents said that EU status was important, while visa and immigration issues were selected as being important by one third of the employers surveyed (36%). When asked to independently rank each of these two migration-related issues, it is clear that employers do feel that immigration is a topic of concern for them and they would like to see it addressed in the ongoing debate. The results of this are shown in figure 4.
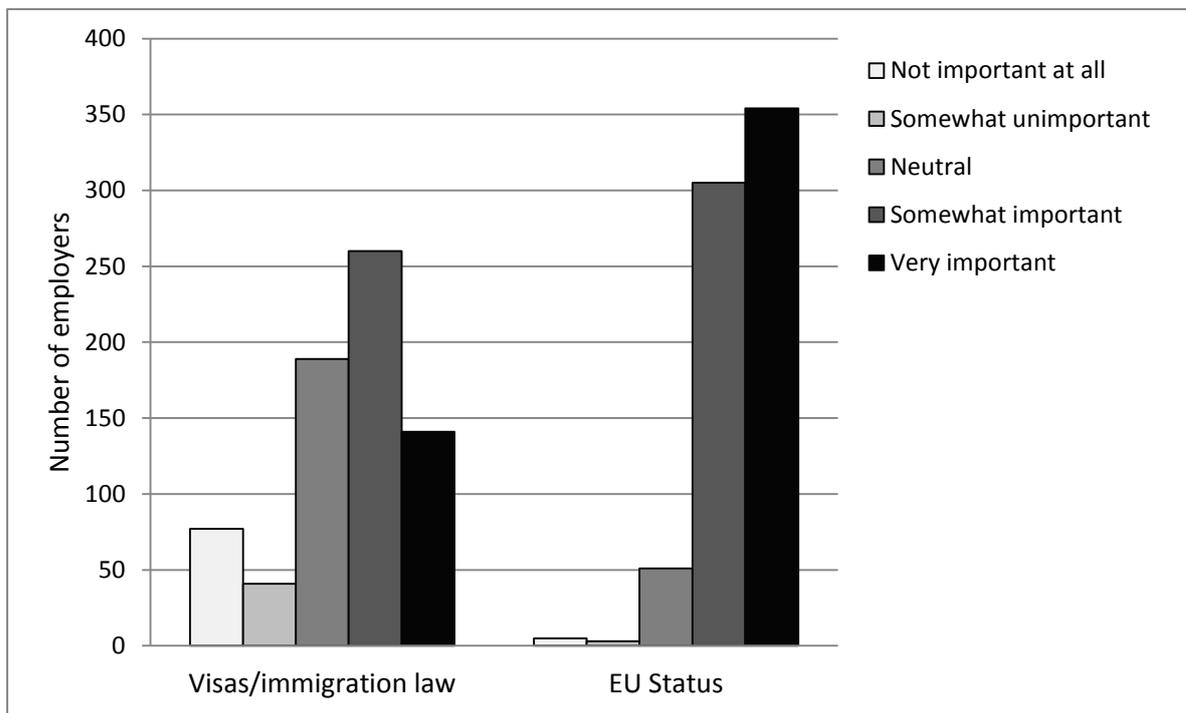
Figure 4: Importance employers attach to migration-related issues.
Source: Authors' analysis of online survey data, 2013

Figure 4 shows that in terms of visa and immigration law, 57% of Scottish employers said that this is an issue which is 'somewhat' or 'very' important to them. A more substantial 92% of employers said that EU status is an issue of importance to them. However, these figures hide considerable variation amongst employers from companies operating in different economic sectors. Figure 5 demonstrates this variation by sector; showing the percentage of employers who said that these two issues were at least 'somewhat important' to them.
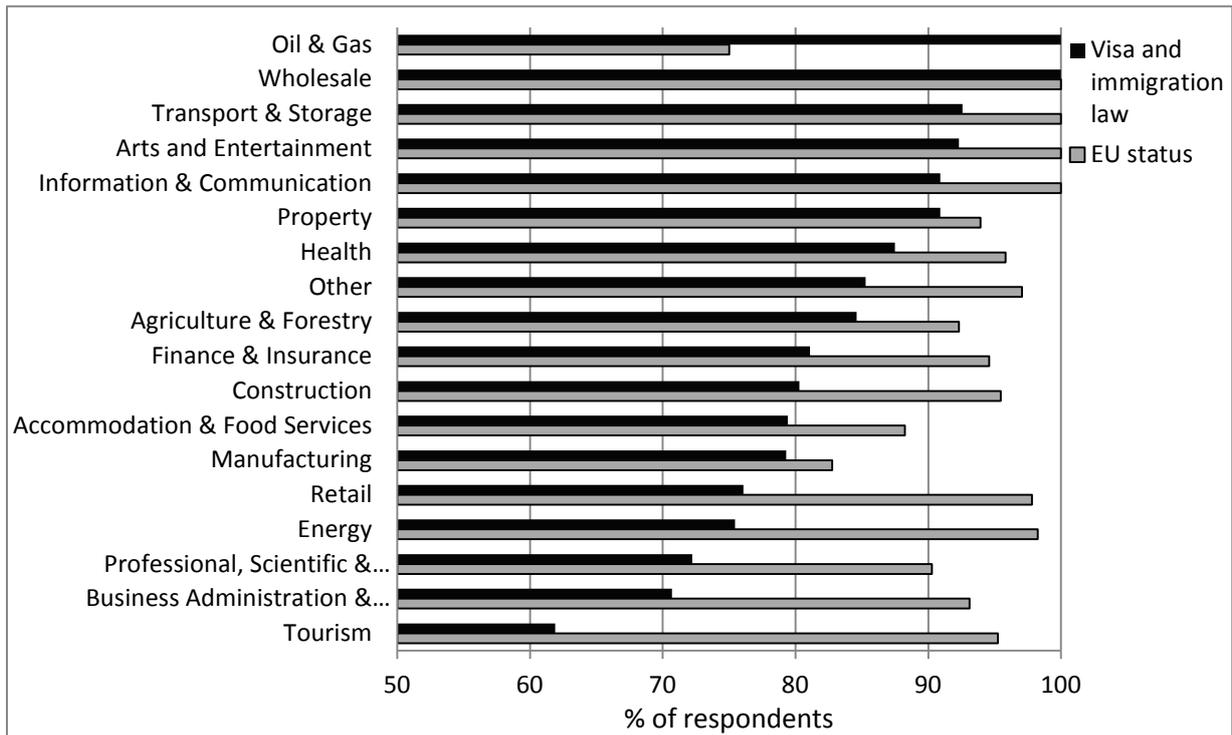
Figure 5: Percentage of employers who said that 'visa and immigration laws' and 'EU status' were issues of at least some importance to them[15].
Source: Authors' analysis of online survey data, 2013

Our survey results clearly suggest that employers think immigration policies are important in the context of the constitutional change debate, a finding that is supported by the qualitative data. The words and phrases used by some employers to describe immigration policy issues were highly ardent. Harriet, an administrator for an agribusiness firm, described immigration as *"hugely important. Actually, it's vital"* to her business. When asked *"how reliant is the industry as a whole?"* her response was *"99 percent reliant"*. Wayne, a director of a large inter-business organisation, listed a wide range of different economic sectors which, in his view, was particularly vulnerable to immigration policy changes:

"I suppose I mentioned those [industries] *because the issue of immigration is particularly important to them. Erm, I think, and immigration is a massively underestimated issue of importance in Scotland. I assume it doesn't get a lot of political credence because it's not really popular to stand up and say: 'we need lots more migrants', but actually Scotland does need lots more immigrants"*

(Wayne, Director, inter-business organisation)

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[15] Sectors with fewer than 10 responses excluded.

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Toby, a representative of higher education in Scotland, described the importance of Scotland having *"sensible"* immigration policies as being *"crucial, absolutely critical"* before going on to claim that *"one of the biggest risks that we face as a sector is current UK immigration policy"*.

All but three of the employers that were interviewed expressed strong feelings towards current immigration policy issues. As described in section 3.2 of this paper, some employers explicitly stated that they participated in this research because they felt it was such an important issue to them. Employers described immigration policy issues as being *'important'* (Harriet and Wayne), *'vital'* (Harriet), and *'critical'* (Toby). Many employers perceived the issue to be *'massively underestimated'* (Wayne), yet also recognised the political sensitivity around publicly discussing it.

When analysing the interview transcripts, it became clear that employers had different views towards the two different policy systems which govern immigration policy in the UK. The UK operates two immigration systems: one for EU citizens and another for non-EU citizens. Scottish employers view EU-migration policies positively and are concerned that any future restriction in the freedom of movement of EU citizens would be harmful to their businesses. Conversely, the system governing non-EU migration is seen by employers as problematic and failing to recognise the complex needs of their businesses. They are concerned that increasingly restrictive policies, and the capping of non-EU migrants, will be increasingly harmful to their companies. This analysis now develops each of these points in turn.

4.1.1 EMPLOYERS' VIEWS OF POLICIES REGULATING EU MIGRATION

Employers viewed the UK's EU status as *'both a blessing and a curse'* (Victor, bus company). Across many economic sectors, employers discussed the range of regulations that have impacted their respective companies – both to their benefit and detriment. However, what is clear is that employers see the free movement of labour as one of the most positive aspects of the 'EU package'.

As an example of this, Victor claimed that EU labour regulation has had the biggest impact on his company. For him, EU regulation has mostly affected *"coach drivers, long-distance drivers, who are restricted by the EU regs, which require additional training to keep the guys up-to-speed with tachograph regulations, and us* [the managers] *to make sure they don't go over their hours"*. However, with increased

regulation (EU harmonisation) also come benefits. Victor later went on to discuss how the company was able to respond to a shortage of drivers in a large Scottish city. Managers from the depot affected and the head office went to Poland specifically to recruit drivers to cover this shortage:

"You were talking about roughly forty or fifty Polish drivers who came in one massive load – just like that. And that is- -now that I think about it, they couldn't speak English, but they just rattled them through as quickly as they could and they got the buses running because there was such a shortage".

(Victor, Fleet Coordinator, bus company)

For Victor's company, recruiting Polish drivers was, in their view, the best solution because these drivers were able to drive UK buses for up to one year with Polish commercial bus licences through EU regulating (harmonising) commercial driving licences. Recruiting already qualified and skilled drivers from Poland had a large cost and time saving to the company during a time of acute labour shortage. Similarly, Daniel, a Director for a recruitment firm, offers another example in which the harmonisation of regulation across EU member states has allowed employers to access skilled labour which is in *'short supply in Scotland'*:

"Now, dentists are in very short supply in Scotland, or in the UK, and we've looked at where are the countries that have a very similar dentistry qualification. As it happens, Romania has got exactly the same [standards for dentistry]. *Now, Romanian universities have taken the London University course and exams and it's totally replicated. It's a five year course and every person speaks English for that five years. So when they come out, academically they are absolutely 100 percent fit for the role".*

(Daniel, Director, labour recruitment firm)

These two quotations illustrate how different companies recruiting in very different sectors in Scotland view the UK's EU status as beneficial to their companies. The aspect of EU regulation which permits the free movement of European citizens across the EU was described by all but two interviewees in highly positive terms. Their primary concern is with this policy potentially changing in the future. Thomas,

a Director of a hospitality recruitment firm, describes his worry if the relationship between Scotland and the EU changed in the future:

"If my staff weren't allowed to come and work in Scotland through EU regulations, that would be a big no-no".

<div align="right">(Thomas, Director, hospitality recruitment firm)</div>

This sentiment was shared by many other employers who expressed positive attitudes towards European migration and viewed any future interruption or restriction as problematic for their businesses. Employers perceived two possible scenarios which could interrupt this freedom of movement in the future, and both would result from a constitutional change with the EU. If the electorate returns a 'No' vote in the 2014 Scottish independence referendum, Scottish employers are concerned that the UK's status in the EU will change as a result of the current UK government's desire to distance the UK from Europe. In the event of a 'Yes' vote, employers are concerned that Scottish independence might lead to a change in Scotland's relationship with the EU from the status quo, which employers view as working well for them. This narrative contrasts significantly with employers' views on policies that govern non-EU migration to the UK.

4.1.2 EMPLOYERS' VIEWS OF POLICIES REGULATING NON-EU MIGRATION

With regard to the Points-Based System (PBS) regulating non-EU migration, employers are highly critical of the system. For those affected, the concern is that the system is becoming more restrictive and is no longer meeting the needs of their businesses. Although the PBS affected a smaller number of employers interviewed (around half), for those for whom it did, the impact was described as significant. The interview respondents affected fall into two categories; those who work for companies that are no longer able to recruit non-EU migrants, and those who work for companies that operate globally or are competing for skills at the international level, and

therefore can apply to be a recognised employer by the UKBA to be allowed to recruit from outside of the EU[16].

When examining the views of Scottish employers, it is clear that the introduction of the PBS in 2006 has caused them frustration. Thomas offers one example of how the more restrictive policies towards non-EU migration have affected his business. He is no longer able to recruit from outside of the EU which meant:

"that my sources of Indian chefs dropped, and they were knocked on the head. [a large hotel chain] *used to make a trip to India every year to recruit chefs. So, you know, that door was even closed […]. It's mainly been immigration policies that have impacted on us".*

(Thomas, Director, hospitality recruitment firm)

This frustration was also felt by others in similar positions. In this example, Rory, the Chairman of a large medical provider in Scotland, describes how the current medical training system is designed in such a way as to create shortages in the supply of medical practitioners which has traditionally been dealt with by recruiting from Commonwealth countries. The changes in the immigration system in 2006 have caused Rory problems in recruiting to fill these 'gaps', particularly in specific medical specialisms:

"So there is always more demand than there is supply for doctors. That's a particular problem for us […] *and we've filled those gaps by using Commonwealth* [practitioners]*, and particularly... predominantly Asians from India, Pakistan, we've recruited doctors there. The changes in the immigration policies that* [were] *brought in a few years ago shut that door on us. And even if it was reopened, I don't think they will come back because they are so bitterly betrayed, or feel so bitterly betrayed because of that. A lot of good doctors had to leave the country because of that. So even if it we reopened the door, I don't think they will come back. And they are now all going to Australia, to China, New Zealand, rather than coming here. So that change has meant that it is very difficult for us to fill that gap".*

(Rory, Chairman, medical provider)

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[16] Employers are only able to sponsor non-EU migrants if the company has met certain criteria, including being able to prove that they have been unable to source the required skills within the EU.

While both of these employers appreciate their free access to EU migrants, they view the current restrictions on non-EU migrants as failing to recognise other needs of the sector that cannot easily be met with the current immigration policies, particularly those with specific specialist skills. Both employers were specific in the countries that they would like to recruit from and expressed frustration that their source of preferred labour was *'knocked on the head'*; saying that these measures have adversely *'impacted'* them, and that the current immigration system has created a skills and labour gap which *'has meant that it is very difficult for us to fill'*.

Of the employers who were recognised by the UKBA, and therefore able to recruit non-EU migrants, two themes emerged from the data. First, they viewed the system as one which creates uncertainty; that it is so restrictive that it creates unnecessary competition. Second, employers working for multinational companies viewed national immigration policies as often failing to recognise the mobility of employees working in the global business environment.

In illustrating this first point, the views expressed by Toby (higher education sector) were shared by many other UKBA-recognised employers.

"There's still an underlying risk that there aren't enough sponsored licences in the system and that just makes it unnecessarily risky as to whether you can attract and retain top international staff if you don't know if you've got the certainty to be able to sponsor them"

(Toby, Director, representative of Scottish higher education)

The PBS is described by Toby as an *'underlying risk'* to the sector; that the shortage of licences makes the entire system *'unnecessarily risky'* which in turn jeopardises the sector's ability to recruit *'top international staff'*. With regard to the second point, Henry and Olivia, both Directors of Human Resources for oil and gas companies, offer examples to illustrate how visa restrictions and limitations on recruitment and transfers do not recognise the globally mobile nature of their businesses:

"We are a global industry, people in our industry expect opportunity to move internationally, and our competitors will give it to them if we don't […]. *We are already at the limit of the* [number of sponsorships we can issue] *now in the UK* […].

We are now going into the process of having to fight for visas on an annual basis, and we won't be unique in that"

(Henry, Director of Human Resources, oil and gas company)

"These [our contractors and competitors] *are all global companies, we're a global company, they,* [contractors and competitors]*, and we, don't think about it from a national immigration perspective".*

(Olivia, Director of Human Resources, oil and gas company)

These quotations illustrate examples of employers working for multinational companies who viewed national immigration policies (in the UK and elsewhere) as often failing to recognise the mobility of employees working in this type of global business environment. Both Henry and Olivia describe their companies as *'global'*, with Olivia saying that they do not think about mobility *'from a national immigration perspective'*. They state that their companies (Olivia) and employees (Henry) *'expect'* to move people around; and if they are unable to do so their *'competitors will'*. Henry, like Toby, also describes the system as creating unnecessary competition, with employers *'having to fight for visas'*.

4.2 TO WHAT EXTENT DO UK IMMIGRATION POLICIES MEET THE NEEDS OF SCOTTISH EMPLOYERS?

The Scottish government has consistently claimed that current UK immigration policies do not serve Scotland's interests (2013b: 16); arguing that Scotland has particular immigration needs that differ from other parts of the UK (*ibid*: 267). In this section we explore this question from the perspective of Scottish employers.

The argument is developed that policies regulating migration have a mixed impact on employers' ability to grow their businesses. Many employers view the UK government's rhetoric and policy restrictions on migration as worrisome, and perceive that the impact of this policy direction will be greater on Scotland than in other parts of the UK, specifically London and the South East of England. When reflecting on the question: 'are Scotland's needs different to those of the rest of the UK?' employers unanimously said that they were not. Overall, current immigration policies do not work in the interests of Scotland, but they also do not work in the interests of many

other parts of the UK outside of London and South-East England. In their view, Scotland's needs are not different to the rest of the UK, but rather the rest of the UK is different to London and the South-East of England.

4.2.1 UK IMMIGRATION POLICIES WHICH HAVE BENEFITED SCOTTISH EMPLOYERS

For some Scottish employers, aspects of the UK's immigration policies which permit the freedom of EU citizens to live and work in the UK without restriction have been highly beneficial. This is particularly true for employers working in the agricultural, hospitality, logistics and transport, and retail sectors. The analysis of the qualitative data revealed three overlapping ways in which current UK immigration policies have benefited Scottish employers. First, immigration policies have allowed employers to recruit in great enough numbers, without restriction, from the EU, which has helped them to expand their businesses. Second, migrant labour is mobile and can be utilised to meet the short term labour demands of the company such as seasonal peaks, for example: harvest season (agriculture), summer and winter tourist seasons (hospitality), or the Christmas period (retail). Third, employers are legally able to recruit directly from the EU and move labour where it is needed.

Taking the example of Harriet, it is possible to see how all three of these aspects of the UK immigration policy (governing EU migration) have helped her company expand:

"Well, obviously because we were able to, like, access a lot of accession state workers, we were able to expand the soft fruit business. Because it is basically, it is seasonal- -the seasonal workers only work in soft fruit. So because of that, we were able to expand the business in soft fruit […]. They are either given three or six month contracts with us, depending on what I need them for. The other seasonal workers that come are told at the start that they are only needed for a certain amount of time, so they know exactly what they are coming to".

(Harriet, administrator, agribusiness)

Because Harriet was able to access *'a lot'* of labour from the EU, this, for her, was the single biggest catalyst for being able to expand the company. The company was able to recruit a mobile and flexible workforce, and in suitable numbers and in

the geographic locations that it required to meet seasonal demand in the labour-intensive soft fruit market.

Another example came from Thomas, the director of a hospitality labour recruitment firm. He cited examples in which his company was able to supply EU migrants to an area of acute labour shortage in the Western Isles, which allowed the catering firm to expand operations in that area:

"Some areas up in Lewis and Harris, you know […]*, the catering contractors just cannot find any, any local staff. So we brought across, over a period, maybe forty or fifty Hungarians, you know, who are actually working in the catering* [company]*".*

(Thomas, Director, hospitality recruitment firm)

Thomas described how particular geographic areas that were traditionally difficult to recruit in had become easier with the ability to directly recruit from the EU into areas where labour was needed. Other employers discussed how immigration policies towards EU citizens had helped them in trading across the EU. James, a representative of the haulage and logistics industry, described the benefit of the EU customs union, and the British logistics industry being able to freely move goods and people around the EU as a contributing factor in helping the sector survive the financial crisis. Many larger logistics companies trade across the UK and Europe and James said that for these companies there were advantages in hiring EU migrants as long-distance drivers, which are highlighted in the quote below:

"If you're an international transport company, there is an added advantage of taking somebody from Poland or the Czech Republic, or Slovakia, because they know the rest of Europe [and] *they tend to speak more than one language anyways. So they integrate quite nicely and they are quite a good asset from that point of view.* […] *And of course, with the rules being harmonised across the whole of the EU, if they learnt the rules in Poland, Germany, Holland, the same rules applied here. There are very, very few differences and so it is a transferable skill.* […] *If the UK ceased to become* [sic] *a member of the EU, that would have a major effect on us because these individuals under the current UK policies would cease to become eligible to work in the UK. Therefore, we would struggle."*

(James, representative of the haulage and logistics sector)

EU migration policies have allowed employers to access a mobile and flexible labour force which can be deployed in geographic areas where it is needed, and in enough numbers, which have helped them expand in their respective industries. These are cases in which current UK immigration policies have helped Scottish employers.

4.2.2   UK POLICIES WHICH HAVE RESTRICTED SCOTTISH EMPLOYERS
While some employers felt that current UK immigration policies have allowed them to expand their businesses, the majority of employers did not. The three examples below have been selected to illustrate how employers working in very different economic sectors feel that the immigration system has restricted their ability to grow their respective businesses. The two themes being explored in these examples were those highlighted previously: uncertainty and restriction. The first example is that of Harriet. Although her views were presented above, it is important to return to her views as they demonstrate a counter-narrative which illustrates that immigration policies have helped her company grow in the past, but also have created uncertainty for the future as the UK government seeks greater restriction on specific recruitment practices.

Harriet: *"I'm a bit concerned because we are opening our borders to Bulgaria and Romania on the first of January* [2014] *because now they can just come through the SAWS* [Seasonal Agricultural Workers Scheme] *which gives us a guaranteed labour force. Come the first of January, we will have to rely on people wanting to come and work in agriculture. So we don't know how next year, and then going forward, is going to pan out. It's given us a few concerns just now".*
Interviewer: *"What about opportunities for the future"?*
Harriet: *"To be honest, we've had to put a lot of plans for expanding again on hold because we don't know what's going to happen with the labour force".*

A change in policy which permits the agribusiness sector to recruit directly from the EU has, for Harriet, caused uncertainty and concern. She says that greater restriction means that she will have to *'rely'* on migrants *'wanting to come'* to the UK, work in the sector, and in her particular business. The uncertainty, for her, is around whether or not the company will be able to recruit the same numbers of migrants in the future as it has in the past. This has prevented them from expanding further.

The next two examples come from employers who are recognised employers by the UKBA, and therefore able to recruit non-EU migrants. Employers in this category perceived two key challenges with the current PBS. The first was qualifying for enough visas to be able to meet their company's needs for highly specialised skills. The second was being able to operate internal company transfers under the PBS. Both issues link to the global mobility of their businesses, and the problems of the immigration system in recognising this mobility.

Olivia, the Director of human resources for a large oil and gas company, described many problems she encountered in her professional role with, in her view, a restrictive UK immigration policy. One of the most significant of these, in terms of its financial implications and the longevity of the issue, was the example she recounted concerning an engineering position which she called *'a very unique job'* which was *'very specialist'*:

"We have a very unique job, a drilling engineer job, which is very specialist. It's a PhD in a type of drilling engineering and we need one. And we found one who was a Chinese national and we couldn't get him into the UK because we had reached our quota. And it has taken us twelve months to find him. And we can't move our guys from elsewhere because they are all non-European nationals. So it becomes very restricted. It's [the immigration system that is] *not thinking about the mobility of our business"*.

<div align="right">(Olivia, Director of Human Resources, oil and gas company)</div>

In Olivia's view, the immigration system failed to recognise both the specialist nature of the position she was trying to recruit for, and the mobility that exists in her business. She describes the situation as becoming *'very restricted'*, with her department unable to move others around the company because *'they are all non-European nationals'*. This opinion was shared across all of the employers who were working in large multinational companies.

Recruitment is one issue that employers claim is causing problems under the current PBS, but this is also linked to the second issue of intercompany transfers. As already suggested in Olivia's quotation, other employers also argued that the system fails to recognise the highly mobile nature of their companies. Paula, the Global Head

of Human Resources for a large finance company, makes this point more clearly and directly:

"But my bigger problem with immigration, to be honest, is not usually around recruitment, it's around internal transfers. [It's] *absolutely essential for me that graduate trainees who are recruited in Singapore can spend, easily spend, six months in the UK making sure that they understand, by working with the teams, the process of investing in UK equities, in UK companies, and then go to the US and do that same there. It's - -and obviously UK* [staff] *go overseas as well. It's absolutely fundamental to how we build new business. And then at the more senior level, we need to bring people around, you know? For example, at the moment I have a pressing need to take an Australian from a particular area of our business there and have him lead and manage a team over here. Now, those are the things that really frustrate me".*

<div align="right">(Paula, Global Head of Human Resources, finance company)</div>

It is being able to move people within the company that is the *'bigger problem with immigration'*. For Paula, the UK is just part of a global network of finance in which she wants employees at several levels of the company to be able to move around. Paula claims that this movement helps graduates *'understand'* the company in each of the hubs that it operates in. She calls this mobility *'essential'* and *'fundamental'* to the business, and the immigration restrictions as something *'that really frustrates'* her.

These quotations were chosen to demonstrate that in different economic sectors, immigration policies have restricted companies in either growing their business, or their daily operations. Employers feel that the current immigration system is restrictive and causes uncertainty. Employers describe the restriction as affecting their ability to recruit employees (Harriet and Olivia) and move them around (Olivia and Paula).

4.2.3   ARE SCOTLAND'S MIGRATION POLICY NEEDS 'DIFFERENT' TO OTHER PARTS OF THE UK?

The argument developed so far has been that although some elements of the UK's current immigration policies have helped Scottish employers grow their companies, while other elements have not. However, the final question that needs to be addressed

in this section is simply 'are Scotland's immigration policy needs 'different' to other parts of the UK?'

During the design stage of this research, it was expected that Scottish employers would describe Scotland as being different to other parts of the UK, and that it should be treated as a 'special case'. This is not what emerged from the data. There was unanimous agreement from employers that Scotland's immigration needs are not different from the rest of the UK, rather the rest of the UK was 'different' to London and South-East England. Some employers stated that they felt that their own experiences and views were probably similar to many other employers' experiences and views operating in other parts of the UK outside of London and the South-East. While all employers expressed these views, one participant was particularly eloquent in making this point. Wayne, the director of a large inter-company organisation which represents the views of more than 1,500 companies in Scotland, was clear that his statement, reproduced below, reflected the views of many of his organisation's members; something that is supported by the data gathered in this study.

> "I think there are some challenges to the current UK set up about immigration as well, in the sense that we are developing an immigration policy in the UK which is focusing on the South-East of England, which is overheating and has some real problems with immigration, with numbers, with houses, et cetera, et cetera, with transport links. But Scotland's problems in that area are not the same at all, and we shouldn't allow UK immigration policy to be dictated by London, I'm afraid.
>
> A lot of people leave Scotland because there are more opportunities in bigger places like London, New York or wherever in the world it may be. So there is that challenge for Scotland, to create opportunities [...]
>
> But I think that in the longer term [a Scotland-centred immigration policy] would be a massive opportunity because of the points that we've already made. At the moment, we are severely restricted by the UK immigration policy that is just not fit for purpose as far as Scotland is concerned. I do think that this whole migration issue is massive for Scotland, and it's not politically talked about for fairly obvious reasons, but it is absolutely massive, because we will just not [manage without more migrants coming into Scotland]. In a few years' time, I'm about to collect my pension and I want somebody, and people your age, to be earning that money that allows me to take a pension out. The way that we [Scotland] are going, the numbers just do no stack up in the longer term [we are getting older].
>
> (Wayne, Director, inter-business organisation).

Table 1: Statement illustrating Scotland's migration needs compared to other parts of the UK.

This quotation was selected because it articulately encapsulated the views of many other employers. Employers argued that Scotland is not different to the rest of the UK, but that the rest of the UK is different to London and the South-East of England. Some employers expressed sympathy that current immigration levels to London and the South-East of England have caused problems in those areas: *'where the government is looking at tighter restrictions to immigration, I think it's the right thing at the right time'* (Daniel, Director, labour recruitment firm). Housing shortages, demand on public services, and social tensions were all mentioned by interviewees as

issues that London and the South-East face which the government is attempting to address through immigration policy changes. Employers also discussed what makes Scotland's needs different to London and the South-East. Emigration, shortages in specialist skills (or having to compete with London to attract skills to Scotland), rural labour shortages, and an ageing population were all cited as different challenges facing Scotland (and other parts of the UK) which, in the view of many employers, can also be dealt with (in part) through immigration policy changes. However, unlike other parts of the UK, Scotland has an opportunity to highlight Scotland's need for a different approach to immigration policy; one that is more attuned to the needs of the Scottish economy. It is this final point that the next section of this analysis examines in more detail.

4.3   DO EMPLOYERS SEE THE CONSTITUTIONAL CHANGE DEBATE AS AN OPPORTUNITY TO RAISE IMMIGRATION POLICY AS AN ISSUE FOR ECONOMIC GROWTH IN SCOTLAND?

Some Scottish employers are using the ongoing debate around constitutional change as an opportunity to highlight their desire to raise immigration issues as being important to them and to seek changes which, in their view, better meet the needs of their businesses.

The next section argues that some employers are actively seeking to influence the Scottish and UK governments to implement immigration policy changes. However, many employers felt that their views were being ignored. If immigration policy is devolved whereby a company is able to bring labour into Scotland, those employees should also be able to travel to and work in London. Many of the employers who operated across the UK (or globally) were extremely concerned that immigration policy should not distance Scotland from the rest of the UK, and in particular, from London. A separate immigration policy for Scotland should not create an even more complex system for employers who operate on both sides of the border.

4.3.1   EMPLOYERS' INVOLVEMENT IN THE CONSTITUTIONAL CHANGE DEBATE

Employers are not passive actors in the ongoing constitutional change debate. Many of the respondents were actively lobbying the Scottish or UK governments on immigration policy issues. Employers were particularly keen to see changes in the

PBS, and a more proactive strategy in attracting and retaining talent from the EU and elsewhere, particularly international students, to Scotland. The two quotations illustrate the broader theme that employers are using the constitutional change debate to highlight immigration issues as being ones which are important to them.

"Oh yes, we've certainly been speaking to the [Scottish] *government about it behind closed doors to try and encourage them to be brave and advocate it, and suggest to them that we would be very supportive if they were positive about immigration, and the economic impacts of migrants"*

<div align="right">(Wayne, Director, inter-business organisation)</div>

"[we have been lobbying] *yeah, but you're being as well as* [sic] *speaking to a brick wall. I mean, I've been putting in reports. I'd like to have Alex Salmond here to ask him. There have been rural MSPs who have put their reports in,* [our supplier] *has as well; it just doesn't matter"*

<div align="right">(Harriet, administrator, agribusiness)</div>

Often employers stated during the interviews that they recognised that immigration issues are politically sensitive; Wayne described his organisation's participation as being *'behind closed doors'* but that they wanted to see the Scottish government be *'brave'* in supporting a more open immigration policy. If the Scottish government were more vocal on the issue, Wayne said his organisation would be *'very supportive'*. These quotations also illustrate the theme that employers are not passive actors. Harriet's company, and others, have been lobbying to have certain aspects of new policies restricting EU workers in the agribusiness sector removed. This quotation also illustrates the second theme that emerged from the data; that some employers felt that their views were not being acknowledged or appreciated. Harriet described their petitions as if they were *'speaking to a brick wall'*. By way of another example to illustrate this point, Olivia (oil and gas) describes her frustration at the 'Yes' campaign[17] making a *'big deal out of the oil industry'* but that the politicians involved do not seek the views of the operators or stakeholders who are involved in the oil and gas sector. She concludes that there needs to be more dialogue between both sides of the referendum campaign and the oil and gas industry.

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[17] This is a colloquial term used to describe supporters of Scottish independence.

"So given that we are part of the SNP's campaign who [which] *makes a big deal out of the oil industry, they really need to talk to the oil industry and not just the trade bodies, almost, who sort of have a view, but they have a vested interest in working with the government because they are funded in a* [particular] *way. So they need to be out saying to my CEO: 'actually, we need to speak'"*.

(Olivia, Director of Human Resources, oil and gas)

Many employers are using the ongoing constitutional change debate to highlight immigration issues, and specifically less restrictive ones which would work better in the interests of Scottish employers. However, while some employers are using the current debate to highlight immigration issues that they feel are important, some viewed the regionalisation of immigration policy, with Scotland either in or out of the UK, as potentially problematic. Therefore, employers would like to see the immigration system changed, but not in a regionalised way that would distance Scotland from the rest of the UK.

4.3.2   THE CONUNDRUM OF SUB-NATIONAL IMMIGRATION POLICY

While all employers interviewed said Scotland has 'different needs' for migrants compared to London and South-East England, many were hesitant to suggest a regionalisation of immigration policy. From the perspective of the employers who operated across the UK, the British labour market is so interconnected that they viewed separate immigration policies operating at the sub-national level as potentially disruptive. Such employers were concerned that such a system may prevent their non-EU employees from accessing other regions of the UK, and specifically London. In other words, if a company is able to obtain a 'Scotland visa' for a non-EU employee, would the conditions attached to that visa then restrict the ability of that employee to travel and work in other parts of the UK? So while sub-national policies may meet the needs of some companies, it might not be the panacea for this perceived problem, particularly for those operating from, or headquartered in, London. The following three quotations present evidence to illustrate this point more clearly. First, Paula described some of the issues she perceived if Scotland became independent, or if certain aspects immigration policy were devolved to Scotland:

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"The interesting parts for us are around the fact that so many of us move around the UK all the time. I mean, I spend two to three days a week in London […], *as do many of my colleagues. And then there are practical issues around* [having two separate systems]. *I mean, as I say, I need to move people around all around the world, and I would always need to still be bringing people to London, so that would probably still be my biggest headache"*.

(Paula, Global Head of Human Resources, finance company)

The second example cited here came from Toby (Higher education). In this quotation, he discussed the interconnectedness between Scotland and the rest of the UK that would be difficult to separate because of the nature of academic research which is becoming increasingly collaborative across multiple institutions.

"And I think that there is a policy priority there [which] *is maintaining what you might refer to as a 'research UK ecosystem', with collaborators across Scottish universities linked to universities across the border* [to England] *and internationally* […]. *I mean, we're on- -on this one, we're very closely engaged with the Scottish and UK government, really to stress the value of maintaining the UK research ecosystem and designing policy outcomes whatever the outcome of the referendum"*.

(Toby, Director, representative of Scottish higher education)

A third and final example came from Graeme, a policy implementation specialist for the logistics sector. He felt that any constitutional change within the UK should not disrupt this free movement of goods and people. While constitutional change would not alter this infrastructure in itself, Graeme was concerned that any relationship change with Scotland or the UK with Europe would cause his sector great difficulty. He stated in the interview that it was very important that, regardless of the outcome of the referendum, each part of the UK would remain within the EU to permit the free movement of goods and people.

"The free movement of both goods and people is very important to us. It is a concern that if we cannot move our goods in and out of Scotland freely, then we will have a problem: without a doubt. And you have to bear in mind that the UK infrastructure has been designed, for the last 50 years, to move as much as possible as easily as

possible. [Any changes would] *be a major problem.* [Regardless of the referendum] *it's more important that we* [all countries of the UK] *are a member of the European Union more than anything else.*

(Graeme, Policy Implementation Specialist, haulage and logistics sector)

These three examples illustrate the interconnectedness of the labour markets between Scotland and England; with employers saying that many of their staff *'move around the UK all the time'* (Paula) and work in *'collaboration'* (Toby) with colleagues on both sides of the border. Any separation of immigration policy either through devolution of the PBS or a separation of components of the UK from the EU would *'be a major problem'* (Graeme). All of the quotations illustrate that in either referendum outcome, companies would still need freedom of movement within the (former) UK. Paula stated that even if Scotland developed its own immigration policy which was more open, she would still need to move people in and out of London, in which case immigration policy would remain her *'biggest headache'*. Toby, described the interconnectedness of Scotland's and England's higher education sector as an *'ecosystem'* which, in his view, needs to be acknowledged by the Scottish and UK governments, whatever the referendum outcome.

5   DISCUSSION

5.1   CAN SCOTLAND, A SMALL DOMINATED LABOUR MARKET, USE POLICY LEVERS EFFECTIVELY TO MEET ITS MIGRATION NEEDS, REGARDLESS OF THE OUTCOME OF THE REFERENDUM?

The Scottish Government seeks to attract migrants to Scotland from the EU and the rest of the world in order to fulfil population and economic objectives (Scottish Government, 2011 and 2013b). While EU and EEA migrants are permitted to live and work in Scotland without restriction, the Scottish Government perceives UK immigration law as restrictive and failing to recognise the complex needs of the economy (Scottish Government, 2013b: 74); that 'Scotland has a different need for immigration than other parts of the UK' (2013b: 267) and that 'the current UK immigration system has not supported Scotland's migration priorities' (*ibid*: 268). Our findings illustrate that immigration issues are indeed important to Scottish employers, and that they have different views and concerns with regard to the two

different UK immigration policy systems which govern EU and non-EU migration. More open policies towards EU migration were seen as beneficial to the Scottish economy and Scotland more broadly. Employers expressed concern that any interruption to this, through Scottish independence or any changes in the UK's policies on EU migration would be highly disruptive to their businesses. Conversely, rules governing non-EU migration under the Points-Based System (PBS) are seen as not working in the interests of Scottish businesses and employers' were concerned that this system will not change or will become further restricted in the future.

From the perspective of the Scottish Government, immigration policy, being a 'reserved matter' to Westminster, is not working in its interests and needs to be changed. The 2013 white paper 'Scotland's future' argued that if the Scottish electorate returned a 'Yes' vote, an independent Scottish Government would adopt a points-based system that was, in its view, more suited to meet these needs.

The view of many governments is that countries, regions and cities are competing for global talent (Beaverstock and Hall, 2012). Large Scottish employers that were interviewed in this research claimed that Scotland is struggling to compete in this global competition because of the current UK immigration system. The analysis presented evidence from Scottish employers finding that those we spoke to feel that the current restrictions on non-EU migration to the UK had adversely affected their businesses, and they see the ongoing constitutional change debate as an opportunity to highlight immigration as an issue of concern for them. Many employers interviewed were actively lobbying both the Scottish or UK governments to discuss the issue more publicly. Given the views of the Scottish Government, as presented in the introduction, along with the views of employers, as presented in the findings, this discussion attempts to address the question: can Scotland, a small labour market dominated by England, use policy levers to meet its population and economic priorities, regardless of the outcome of the referendum?

A key element of this question is the opportunities and challenges for Scotland in being able to implement changes in immigration policy in either constitutional outcome.

5.1.1 SCOTLAND OUTSIDE OF THE UK: THE POSSIBILITIES

The current Scottish Government's preferred constitutional outcome is for Scotland to leave the UK, creating a separate EU member state. As discussed above, the Scottish Government believes that Scotland's migration needs are different to other parts of the UK, and that those needs are not being met under the current immigration system in the current constitutional settlement. It believes that independence would permit Scotland to enact policies that would better meet its demographic and economic objectives. Indeed, such a constitutional resettlement would enable Scotland, as a sovereign state, to enact immigration policies that it viewed as working in its national interests. The Scottish government stated that it would seek to avoid the mistakes of the UK government by removing arbitrary caps on non-EU migration, and seek to promote a positive case for a carefully managed immigration system; this is a case that, as this analysis revealed, Scottish employers support. However, as discussed in the literature review, all countries find themselves constrained by the international context in which they find themselves, and particularly smaller states which are dominated by larger neighbouring states.

5.1.2 SCOTLAND OUTSIDE OF THE UK: THE CHALLENGES

Ireland offers an interesting comparator for an independent Scotland and its example demonstrates how immigration policies of smaller states can be constrained by their proximity to a larger more dominant state. This is particularly true where the smaller state wishes to maintain cultural, social and economic connections with its larger neighbour. Despite being an independent state, the Republic of Ireland has an immigration policy that is closely aligned to the UK's, with Ireland being the junior partner in the relationship (Ryan, 2001). Change in the UK's immigration policy influences Ireland's, rather than vice versa, and this has impacted on Ireland's ability to implement policies that are radically different from the UK's. Ireland does this in order to maintain the Common Travel Area (CTA) of which both the UK and Ireland are a part. The Scottish Government has explicitly stated that it wishes to become a third member of the CTA after achieving independence (Scottish Government, 2013b). Being a member of such an agreement permits close economic and labour market ties between the member states; specifically, it permits the free movement of people. Thus, an independent Scotland, like Ireland, may find that this agreement

could shape its international migration policy towards non-EU migrants to a greater extent than is currently openly acknowledged by the Scottish Government.

A further issue to consider is the relationship of an independent Scotland to the EU. The Scottish Government has also stated that it fully intends for an independent Scotland to remain a member of the EU (2013b). This situates Scotland in an international context in which EU migration is governed by the EU's Lisbon Treaty which permits EU citizens to live and work anywhere within the EU. These principles align with the Scottish Government's goals and, as presented in the findings, are also highly prized by Scottish employers in many economic sectors. However, a problem will arise in an independent Scotland which attempts to be part of the EU as well as the CTA. This dilemma may cause problems in Scotland's potential EU membership status, or with its intention to remain part of the CTA, particularly with regard to the unresolved question of an independent Scotland's possible membership of the Schengen area.

The challenge for an independent Scotland is negotiating immigration policies that fit both the wider EU and the CTA context in which it will be situated. An independent Scotland will not be completely free of constraints in shaping its immigration policies independently of the UK's or EU's policies. In this way, Scotland is arguing it will create a new immigration policy while simultaneously parlaying its future relationship with the CTA and EU.

5.1.3   SCOTLAND IN THE UK: THE OPPORTUNITIES

Scotland does not need to leave the UK in order to have a different immigration policy. Scottish employers interviewed in this research claimed that they were lobbying the Scottish and UK governments to have Scotland's immigration needs recognised within the existing immigration system. Scottish employers argued that Scotland's economic (and demographic) need for migrants was not different to the rest of the UK, but rather the rest of the UK is different to London and South East England. Furthermore, employers are using the ongoing constitutional change debate to try and have immigration policy recognised as not working in the interests of Scotland (or more broadly, everywhere in the UK outside of London and the South East).

Therefore, there are opportunities for Scotland to meet its immigration policy objectives while remaining part of the UK. As discussed in the literature review, Canada and Australia offer examples of how immigration policy can be shared between provincial and national governments (Rose and Desmaris, 2007; Collins, 2007). The argument for the devolution of immigration policy is also proposed by Wright and Mosca (2009). The evidence from the interviews would suggest that such a route would be favourable with many Scottish employers. Yet while employers claimed the desirable policy outcomes for Scotland are similar to those of many other parts of the UK outside of London. Scotland is not different from other parts of the UK in terms of its need for migrants, but rather, it was London and the South-East that were exceptional; a view that is supported by Packwood and Findlay (2014). With this finding, it is possible to suggest an alternative arrangement, where London and the South East of England have a different immigration policy to the rest of the UK.

This second possibility is less specific to Scotland, but may gain greater political support across the UK generally. Since London and the South East are exceptional in terms of their experience of immigration, UK immigration policy could include separate systems, one for London and the South East of England and another for the rest of the UK. However, the opportunity for devolution in UK immigration policy is stronger in Scotland compared with other areas of the UK because of the ongoing constitutional change debate and less hostile public attitudes towards immigration in Scotland compared with other areas of the UK (outside of London and the South East) (McCollum *et al*, 2014). The suggestion of a London-specific immigration policy has been made previously. In 2013, Boris Johnson, Mayor of London, submitted proposals to the Home Office arguing that London should have its own visa system. He, and many others, recognise that London is a global city which attracts people from all over the world and that the majority of migrants entering the UK are attracted to London and the South East.

In either case, it is possible for Scotland to remain in the UK and implement immigration policies that are better suited to meeting its needs. The first suggestion, with Scotland implementing a separate immigration policy to the rest of the UK, would be easier as the political structure already exists in which to implement changes if the UK government agreed to devolve immigration policy to regional levels.

5.1.4 SCOTLAND IN THE UK: THE CHALLENGES.

While some have argued that the UK would benefit from implementing sub-national immigration policies, this would not come without challenges. Wright highlights that such a system may 'create a "back door" way of immigrating to England' (2013: 5). A single state which operates devolved immigration policies with different requirements for entry in different regions may create a system in which potential migrants would apply to one area with a less restrictive policy and then leave shortly after. This means migrants might apply for a visa for Scotland and shortly after arrival leave for another part of the UK. This picture would be further complicated in the event that the UK changed its relationship with the EU in the future.

While point is valid, of greater concern to the employers who participated in our study is being able to move non-EU employees around within their companies, which are often located across the UK. London is a unique place in the UK. In its 2013 publication on London's 'battle for talent', Deloitte claims that one third of 'Fortune 500' companies in the EU are headquartered in London, and that the city is the base of 25% of the UK's 1,000 fastest growing[18] companies. The fact that many business operations in the UK are focused in one city has implications for the whole of Britain. More than half of the employers interviewed in this research have operations in London and other parts of the UK. Employers view the UK labour market as being highly interconnected and feel that a regionalisation of immigration may be disruptive to that. If Scotland is able to issue its own visas to non-EU employees and the conditions on that visa were such that the employee was able to work only in Scotland, then employers viewed this as problematic. The interconnectedness of the UK labour markets means that non-EU employees from larger companies, particularly non-EU migrants who are concentrated in the upper end of labour markets, are often required to move between Scotland and other parts of the UK (often London); and this mobility between Scotland and the rest of the UK is seen as critical by employers in such positions.

Therefore a challenge facing the regionalisation of immigration policy, from the perspective of employers, is that it should not separate non-EU employees in Scotland from the rest of the UK. Employers view the UK labour markets as an *"ecosystem"* (Toby, Higher Education) and in the event that there is a regionalisation

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[18] In terms of revenue and employment.

of the immigration system, employers in larger companies said that they *"would always need to still be bringing people to London, so that would probably still be my biggest headache"* (Paula, Finance)

6   CONCLUSION

This research represents one of the few attempts to explore the views of Scottish employers and industry representatives regarding immigration policy in the context of possible constitutional change. A case was made that immigration is an important issue for employers; that, overall, the UK immigration policy does not currently meet the needs of their businesses or the wider economic sectors which they represent. Furthermore, employers are concerned about the current direction of UK immigration policy, but also about the possibility of Scottish independence and how this might also disrupt their access to labour. They are specifically concerned with the uncertainty about Scotland's status and relationship with the UK and EU after the referendum. Many of the employers interviewed claimed that they were actively lobbying both the Scottish and UK governments to have immigration policies raised more publicly, and would like to see a more positive case for greater immigration to Scotland.

There have been three main contributions highlighted by this research. First – employers do not view current immigration policies as either 'good' or 'bad'. It is important to recognise that employers in different economic sectors view perceive different benefits and challenges within the current system. However, more unanimous was employers' concern of the direction of policies and rhetoric towards immigration at the UK level.

Second – the discourse around Scotland as being 'different' in terms of its immigration needs is not something that employers agreed with. For them, Scotland is similar to many other parts of the UK in terms of its experience and needs for migration, but different to London and the South East of England. However, unlike other parts of the UK, Scotland has the opportunity to control its own immigration policy. The Scottish government has argued that only independence would permit Scotland to have full control over its immigration policies; yet employers argued that for Scotland to function economically there would need to be a continued free movement of people, capital and goods across the UK and EU. Therefore, the

implication would be that employers support the Scottish Government's desire to remain part of the EU and the Common Travel Area (CTA). Yet, as the example from Ireland demonstrates, an independent Scotland would be constrained by its international context and the domination of the much larger market of England. Scotland would not be able to implement immigration policies that were radically different to England if it wanted to remain part of the CTA – which employers argued was vital for Scotland's success as an independent country.

Wright (2013) has argued that Scotland does not need to become independent in order to control its immigration policies through the devolution of decision making to the sub-national level. However, Scottish employers interviewed in this research viewed the UK labour market as highly interconnected, and this is primarily because of the global status of London and economic concentration in the South East. For them, either independence or the devolution of immigration policy might interrupt what is perceived to be a labour market *"ecosystem"*; an issue that has received little attention in the current debate around Scottish independence and the future of immigration policy in the UK.

Third – many employers viewed migrants resident in Scotland as being mobile and transient. At the top end of the labour market, employees' skills were used by their employers across the UK and the world as part of a global economic system in which Scotland is a part. Towards the bottom end, migrants are used to fill seasonal or temporary shortages within businesses before moving on either to other employers in Scotland, the UK or returning back to their country of origin. This view held by Scottish employers of some migrants being mobile runs somewhat contrary to the argument of the Scottish Government which states that net in-migration forms a part of the strategy to grow Scotland's population; encouraging migrants to settle and become 'new Scots' (Scottish Executive, 2004). Therefore, across the labour market, companies often do not view immigration as a single event, but as a dynamic process with migrant employees moving across national and international borders to where their skills or labour are in demand (Khoo *et al*, 2007; Iredale, 2001).

Regardless of the 2014 Scottish independence referendum, there are a range of immigration policy options available to Scotland. The constitutional change debate highlights an opportunity to discuss these options whatever the outcome of the referendum; yet both outcomes come with opportunities and challenges. However, as the debate continues, it is important that policymakers and the wider public

acknowledge the views of employers in the shaping of immigration policy. The interviewees in this research often expressed frustration that their views are frequently ignored in favour of increasingly hostile public attitudes (Scott, 2013) which has made it increasingly difficult for politicians to promote an economic case for easing restrictions on migration to Scotland in the future; something that this research has attempted to address. Having said this, it is important that the views of employers and industry representatives are not treated uncritically and it is acknowledged that their views are often driven by their business interests. However this is not to say that their views should be discredited or dismissed as they represent a section of society that has a significant contribution to make to Scotland in the future: either in or out of the UK.

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APPENDIX

APPENDIX I: RESEARCH SCHEDULE

1. CONTEXT OF THE BUSINESS/ORGANISATION

Can you tell me a bit about the company/organisation: when it started, and what it does?
What is the organisational structure of the company/organisation?
Can you tell me about how the company has developed over time?
Is there anything about the business that gives it a competitive advantage?
Which geographic areas do you employ/supply labour to?
(Locally or a wider area? Multiple sights of operation?)
What are the main challenges and opportunities you are currently facing, and foresee in the future?

2. WORKFORCE PROFILE

What is the composition of the company/sector's workforce?	How many employees do you employ? How has it changed over time, and why has it changed? Where do your employees come from? (local, rUK, EU, worldwide) What proportion comes from the local area, Scotland, rUK, EU, worldwide? What jobs do employees from different areas / countries do? (hierarchy)
Does the company/sector have access to suitable labour?	Does the company/sector have access to a suitable number of employees? Does the company/sector have access to suitably skilled employees? (If not, what strategies does the company/sector use to cope with a shortage in the number/skill of employees?)
What qualities do you/the employers look for in staff?	Importance of qualifications, language, work-ethic, flexibility, wage demands, motivations. Are there differences between the origin of employees to fulfil these attributes/qualities (i.e. local, Scotland, rUK, A8/EU, world).
Are any of your operations particularly specialised?	What areas are these? Does the company have access to a suitable number of employees with these skills? Does the industry as a whole have access to a suitable number of employees with these skills? (If not, what strategies does the company use to mitigate such a lack of employees with these specialities in the geographic region that the company is based?)
We are interested in the recruitment process in the company. How does the process of recruiting and handling labour normally operate?	What strategies do you use to recruit workers? (e.g. word of mouth, advertising [where], agencies?) How have those practices changed over time? Why? Where do you recruit workers from? What are the easiest aspects of recruitment workers? What are the most difficult?

3. POLICIES AND OTHER FACTORS THAT IMPACT ON RECRUITMENT

What government policies shape your business and operations?	(e.g. NMW, health and safety legislation, tax regime, British and EU migration policies, LG policies, SG policies, UK policies, etc). What impact have these policies had on the business, and the sector as a whole? Are you aware of any particular Scottish Government policies that have had any impact on your business?
What policies and other factors currently impact on recruitment specifically?	Have you heard of the Scottish Government's Relocation Advisory Service? Do you have any contact with migrant support groups or trade unions? What would you like to see the local, Scottish, British, EU and foreign governments do to make the company, and the sector as a whole, run more smoothly? How does government policy impact your company's ability to recruit?
How does current UK immigration policy affect the company/sector?	Opinions on the status quo. What recommendations would you suggest to improve immigration policy that would benefit your company/the sector?

4. INTERNATIONAL LABOUR

We are particularly interested in your employees from outside of Scotland. Do you recruit/handle employees from outside Scotland?	What proportion of your workers are from: Scotland, rUK, A8, rEU, world? Which countries do specific areas of your company do employees come from? (hierarchy) What qualities do migrants from different origin countries have? In what ways are your migrant employees different or similar to the local labour pool? How important is migrants to your overall business operations?
How reliant is the company, and the industry as a whole, on migrant labour?	Why is this the case? What countries do you source labour from? Why? For employees who are not born in Scotland, do you recruit them from outside Scotland, or are they living here already?
What is the company's experience of recruiting and handling migrants?	What are the benefits of sourcing labour from these countries? How do you connect with employees from overseas? How important are informal linkages?
What motivated the company to start employing migrants, and from where?	
Is Scotland a good place for immigrants?	

5. CONSTITUTIONAL CHANGE IN THE UK AND THE IMPACT ON THE COMPANY/SECTOR

What is the most likely scenario for Scotland's constitutional future?	
How concerned is your company about the future?	If concerned: What specific concerns does your company have? What about the sector/industry as a whole?

	(Possible factors: constitutional change; policy environment (Scottish/UK/EU governments), economic conditions (Scotland/UK/UK/worldwide).
	If not: What makes you so optimistic for the future?
In what ways do you think constitutional change in the UK would affect your company? **AND** **In what ways do you think constitutional change in the UK would affect the sector/industry as a whole?**	What would be the best case-scenario for your company and the wider sector/industry if there was a constitution change in the UK resulting in Scotland becoming an independent state? What would be the worst-case scenario? What do you think will happen to your company's ability to access suitably-skilled labour if Scotland formed a separate state? What would be the ideal scenario with regard to labour if Scotland formed an independent state?
Would constitutional change in the UK affect your company's ability to recruit?	Why? How concerned/optimistic is the company about this?
Ideally, what policies would you like to see implemented that would make it easier to recruit?	The Local Governments? The Scottish Government? The British Government? The EU? Ideal immigration policies that you'd like to see in different scenarios? Most likely immigration policies that will come in the future in different scenarios?
How is the company, and the sector as a whole, preparing for the possibility of constitutional change in the UK? **AND** **Given recent debates about the UK's involvement in the EU, how is the company, and the sector as a whole, preparing for the possibility of any change in the relationship between the UK and the EU?**	

6. *THE FUTURE*

In your opinion, what is the likelihood that Scotland will form an independent state?	
What would an independent Scotland 'be like' in terms of economic growth, fiscal regime (tax and raising capital/credit), immigration policy, etc?	
How would different possible constitutional scenarios affect your company/the sector?	Devo max; devo more; other possibilities and combinations of devolved and reserved powers?
Do recent debates about the UK's relationship with the EU concern your company?	What is the ideal relationship with the EU from the perspective of your company? What would the ideal relationship between the UK and the EU be like, from the perspective of your company? What would the ideal relationship between an independent Scotland and the EU be like, from the perspective of your company?

APPENDIX II: NVIVO CODING FRAMEWORK

1   Views on UK immigration policy

    1.1 EU status

        1.1.1   EU status and immigration

    1.2 Points-Based System

2   UK immigration and Scotland's needs

    2.1 Immigration policy and growth

        2.1.1   Stimulated growth

        2.1.2   Restricted growth

    2.2 UK immigration policy meeting Scotland's needs

    2.3 Scotland's need for less restrictive immigration policies

    2.4 Scotland's needs to be connected to the UK (and London)

3   Constitutional change debate and immigration policy

    3.1 Employers' contribution to the debate

    3.2 Scottish independence and immigration policies

        3.2.1   Scotland being able to implement 'new' policies

        3.2.2   Scotland being restricted by the UK policies

    3.3 Constitutional change and EU status

        3.3.1   Positive aspects of EU status

        3.3.2   Negative aspects of EU status

ESRC Centre for Population Change
Building 58, Room 2001
Faculty of Social and Human Sciences
University of Southampton
SO17 1BJ

T: +44 (0)2380 592579
E: cpc@soton.ac.uk
www.cpc.ac.uk

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