



Regional Disparities in Employment of High-Skilled Foreigners in Germany

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Introduction

- Canada – Immigration Model for Germany?
- Maybe....YES
- Provincial Nominee Program/Canada – enables the provinces to select applicants whose skills and abilities fit the province's needs best, to consider applications that may not qualify under federal immigration criteria and to reduce the application process time

Introduction

- Objective:
 - to investigate in the regional distribution of high-skilled workers in Germany
 - information on location choice
 - evidence on the determinants at the regional level
 - role of migration policy especially on a regional level
- Starting point:
 - increasing global competition for talent (Florida 2005)
 - national versus regional level
 - national migration policy as general framework
 - Competition among regions (Singapore-Frankfurt, Frankfurt-Munich)
- Identification of determinants of residential decision at regional level
– information of regional labour-migration policy

Determinants of regional disparities of high-skilled Employment of Foreigners

- Economic factors (GDP per capita, GDP growth, regional climate for innovation...)
- Labour-market conditions (wage level, unemployment)
- Housing market conditions (House prices, ...)
- Environmental factors (leisure facilities, education, crime, tolerance..)
- Policy (direct: migration; indirect: taxation, provision of public goods)
- Ethnic networks, distance (geographic, cultural linguistic)

Migration Policy – National versus Regional Level

- Ban on recruiting foreign labour
- Differentiated situation: EU15, EU10, third-country nationals
- New immigration act 2005...improved conditions for high-skilled
- Relevance of regional level:
 - local aliens authority – residence permit
 - local employment agencies – work permit
 - framework by national legislation; use leeway?

Data and Method

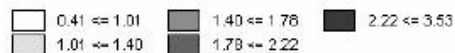
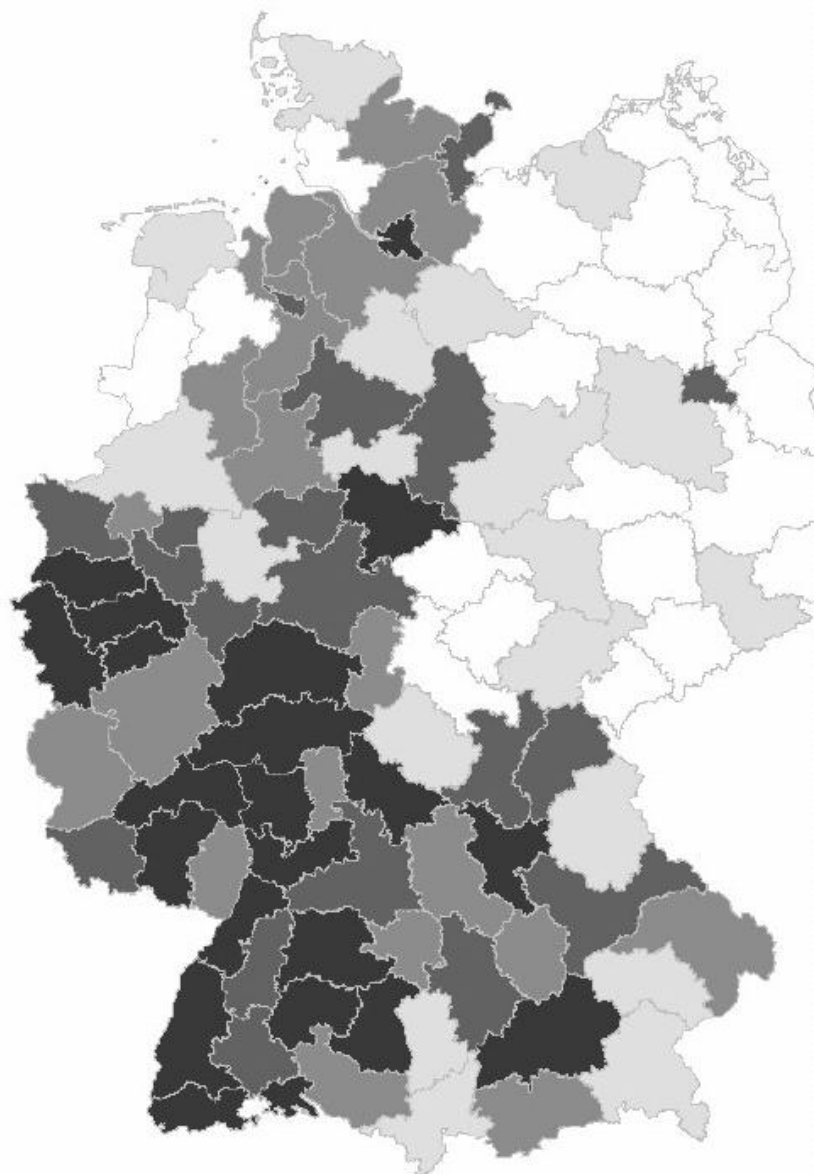
- Employment by nationality, qualification level and occupation 1993-2005
- Employment in sectors
- High-skilled: university degree; low-skilled: no formal vocational qualification
- Determinants
- Cross sections: 97 German planning regions
- Region types (agglomerations, urbanised and rural regions)
- Regressions for different types of foreigners

Regional Disparities: Employment Share of Foreigners (2005, in %)

Region	Total	No vocational education	Highly qualified			
			Total	EU15 ^{b)}	EU 10 ^{c)}	Third Country Nationals
Agglomerated regions	8.4	18.2	5.1	2.4	0.4	2.3
Urbanized regions	4.9	11.7	3.5	1.4	0.3	1.7
Rural regions	3.2	6.7	2.8	1.3	0.4	1.1
Eastern Germany	2.0	3.6	2.2	0.7	0.4	1.2
Western Germany	7.8	16.2	5.1	2.4	0.4	2.3
Germany	6.7	14.7	4.5	2.0	0.4	2.1

Source: German Employment statistic, own calculations.

- Notes:
- a) Employment without workers in agriculture, hunting and forestry.
 - b) Without Germans.
 - c) New member states: Hungary, Poland, Latvia, Lithuania, Estonia, the Czech Republic, Slovenia, Slovakia, Cyprus and Malta.



Share of Foreigners in High-skilled Employment in Germany, (2005, in %)

Empirical Analysis - Determinants



Empirical Analysis - Determinants

<i>Exogenous Variables</i>	<i>EU15</i>	<i>Third Country Nationals</i>
<i>Labour Market</i>		
Compensation per employee in Euro, 2002	+***	+***
Unemployment Rate, 2003		-*
Foreign employees per 1,000 foreigners, 2002	+***	
<i>Economic</i>		
Share of employees in service occupations, 2003		+***
Average GDP growth 1999-2004	+**	
<i>Education</i>		
Students at universities per 1,000 inhabitants, 2002	+***	+***
Share of foreigners among students, in %, 2002		+***
Share of foreign grammar-school pupils relative to the overall share of foreign pupils, 2002		-*
<i>Amenities and Local Public Goods</i>		
Number of criminal offences per inhabitant, 2005		-**
<i>Spatial Dimension</i>		
Dummy for eastern Germany	-**	
Average time to nearest city centre in minutes, 2002	+*	
R ²	0.88	0.83

*** Significant at the 1%-level; ** significant at the 5%-level;

* significant at the 10%-level

Conclusions

- Pronounced regional disparities in Germany
- Some indication that labour market conditions and provisions of local public goods are important
- Migration policy- basic conditions for all regions, use of leeway (e.g. Green-Card)
- Points of departure for regional policy: public goods, active recruitment, support services (Welcome Center), education
 - e.g. Provincial Nominee Program/Canada

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