

A Global Workforce: The Phenomenon of Labour Mobility in the EU with Special Reference to Cyprus

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RÉSUMÉ

La présente étude fournit un aperçu global et une évaluation critique du phénomène de la mobilité de la main d'œuvre au sein de l'Union Européenne en se référant particulièrement au micro-État de Chypre. En même temps l'étude fournit un ensemble de recommandations politiques visant à restreindre les problèmes entravant l'optimization des niveaux de la mobilité vers Chypre en particulier et l'Union Européenne en général.

ABSTRACT

The present study provides a critical overview and assessment of the phenomenon of labour mobility in the EU with special reference to the microstate of Cyprus. At the same time the study provides a set of policy recommendations for curbing the problems hindering the optimization of mobility levels towards Cyprus in particular and EU in general.

Introduction

As the European Union has celebrated its 50th anniversary in March 2007, the free movement of labour, one of the fundamental rights guaranteed by Community law, remains at the forefront of the European Commission's agenda; an essential part of the struggle to achieve their long-term dream of a common internal market. In the face of globalization, rapidly advancing technologies and an ageing European population, it is vital to acknowledge that the way people live and work is changing on a daily

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basis. New jobs are being created and existing ones are being modified or replaced. The European Commission believes that Europe's future success depends heavily on the ability of its workforce to respond and adapt effectively to these changes.

One of the crucial goals set by the European Union during the Lisbon Summit in 2000, involved building Europe into a "knowledge-based economy". European policy makers viewed Europe's skilled labour force as a competitive advantage in a "free market" economy, which needed to be simultaneously nurtured and protected against the hundreds of millions of unskilled workers making up the global economy. Currently, Europe faces a shortage of skilled labour in certain regions and sectors and a lack of job opportunities in others. One of the more vibrant solutions to combat this situation is to procure the mobility of European workers. Occupational (or job) mobility involves changing jobs or employer, while geographical mobility involves moving to another region within a country or moving to another country altogether. Workers can be channelled or attracted into regions with specific needs, thereby reducing both the number of excess skilled workers in other regions and the high levels of unemployment in a given economic sector. Ultimately, workers' mobility can serve to establish a genuine European labour market.

By exercising one of their basic freedoms – that of free movement –, European workers are encouraged to take different jobs, in different countries, within the EU. In this way, workers can acquire new skills, adapt to an increasingly fluctuating labour market and attain better living and working conditions.

This paper begins by examining the current state of workers' mobility within the EU. Next, European policies towards workers' mobility are discussed, with particular emphasis being given to the first and second phases of the transitional arrangements. Various existing obstacles, which may prevent, or hinder, workers from moving from one European country to another, are outlined. These are followed by some of the numerous events and initiatives taking place in order to overcome these barriers to workers' mobility. Finally, the case of workers' mobility in Cyprus is presented.

The State of Workers' Mobility in Europe

Although there are currently few reliable statistics on mobility flows in the EU and on the motives underlying them, it appears that mobility rates, both

geographical and occupational, remain extremely low. The European Commission's recent Eurobarometer survey of 24,000 EU citizens, in September of 2005, identified that less than 2% of Europeans who are of working age live in a European country other than their country of origin (*Europeans & Mobility: First Results*, 2006). This percentage has remained stable over the last 30 years, despite the fact that EU nationals have the right to move to another EU Member State to take up employment and to establish themselves fully in the host State with their family members. This low mobility figure is somewhat surprising given that, when asked by the Commission what Europe represents to them, 53% of citizens cited the 'freedom to travel and work in the EU'. This was then followed by 'the Euro' (44%) and 'Peace' (36%).

Geographical and Occupational Mobility

The mobility of workers in the EU is often compared with that of workers in the United States. In terms of geographical mobility, a 2002 study shows that, annually, American citizens (16.2%) change their place of residence approximately twice as often as European citizens (7.2%). However, the reasons for doing so are partly similar, as 15.2% of people in Europe and 17% of people in America move for occupational reasons (*Labour Markets in the 21st Century*, 2002).

Vandamme (2000) notes that throughout Europe, people regularly travel long distances between their home and work. Indeed, it appears that cross-border commuting between Member States, but with no residence change, has increased steadily if slowly over the past few years. This is reinforced by 66% of Europeans, who expressed they would consider leaving their region in search of work. Nonetheless, cross-border commuting remains woefully low as, on average, only 0.2% of the working population of old Member States actually commute between Member States (*Mobility and Migration Update*, 2002).

Occupational mobility varies across the European Union. Europeans, on average, have had up to four jobs to date. This number is higher in countries such as Denmark and the UK and lower in Austria, Slovakia, Malta, Slovenia, Portugal and Italy (*Europeans & Mobility: First Results*, 2006). According to a 2004 Labour Force Survey, 8.2% of Europe's total employed labour force changed jobs after one year. Year-to-year occupational mobility in Denmark and the UK is around 13%, while in Sweden and

Greece it is approximately 5%. Regarding job tenure, around 38% of the European working population has been with the same employer for over 10 years (*Eurostat EU Labour Force Survey*, 2004). Comparing the European situation to that in the United States once again, workers in the EU stay in the same job for an average of 10.6 years, while workers in the US remain in the same job for an average of 6.7 years (*A New European Agenda for Labour Mobility*, 2004).

Workers' Attitudes towards Mobility

Although 70% of Europeans indicated that they had no intention of moving in the near future, the number of people who were willing to move to another EU country for work varied between 25% (in Austria, Hungary and Ireland) to 50% (in Luxembourg and Poland). Moreover, despite the low level of actual workers' mobility, the Eurobarometer survey identified that 46% of Europeans view mobility positively, while only 11% view it negatively. Coincidentally, Denmark and Sweden – the two countries with the highest mobility rates – strongly believe that people benefit from occupational mobility (72% and 79% respectively), while less than 33% of respondents from Germany, Estonia, Belgium and Greece recognised the benefits associated with occupational mobility (*Europeans & Mobility: First Results*, 2006).

In general, respondents of the Eurobarometer study believed that mobility could indeed enhance job prospects. Results from the Eurostat study lend support to this assertion, as 59% of people searching for work outside their home region found work within a year, while only 35% of people searching for work within their region found work within the same time-frame (*Eurostat EU Labour Force Survey*, 2004). Moreover, 25% of mobile workers who changed jobs acquired additional skills during their new job. This compares favourably to the lesser 15% of workers who learned new skills within their present job. In addition to new and varied job skills, 37% of mobile workers experienced improvements in housing and 22% of mobile workers benefited financially (*Europeans & Mobility: First Results*, 2006).

The Eurobarometer study also offered insight into the reasons holding Europeans back from moving to another Member State for work. Falling out of touch with family and friends and losing valuable social support (such as child care and care for the elderly) were cited as the main reasons for not moving abroad. Many respondents expressed that they were already

happy where they were. Interestingly, some of the other reasons holding people back from moving, such as language and culture, were the exact reasons other people cited for wanting to move (*Europeans & Mobility: First Results*, 2006).

European Policies on Workers' Mobility

Despite the fundamental right of free movement, in the run up to the May 1st 2004 enlargement of the EU, several of the existing Member States enforced transitional agreements, enabling them to deny new European citizens the right to live and work anywhere in the EU. These transitional agreements were put into place as certain Western Europeans feared a mass inflow of cheaper Eastern European workers who, it was believed, would come in search of better work opportunities. Such fears were not new to the European Union. Straubhaar (2001) explains that during the southward expansion of the European Community in the 1980's, Northern Europeans similarly worried about the potential South to North migration rates; particularly, when Greece, Portugal and Spain entered the Community.

Their fears proved to be unfounded since an exceedingly limited number of Greeks, Portuguese and Spaniards moved north; most opted to remain in their home country.

In fact, Straubhaar stresses that the southward enlargement of the EU should serve as a valuable lesson with regards to migration flows, stating that "rapid economic integration into a single market area was, and is, [...] a most efficient anti-immigration strategy" (2001, p. 1). Thus, as working and living conditions of Eastern Europeans improve in their own countries, as a direct result of EU accession, more and more citizens will choose to remain where they are. According to Straubhaar (2001, p. 2), staying put is "rational individual behaviour" in that, combined with the hope of further improvement, people prefer to live and work where they have established roots. People need to have a very good reason – such as a work contract – to leave behind the familiar for the unfamiliar.

While policy makers may advocate the free flow of capital, goods and services, when it comes to people, it seems restrictions are still seen as necessary by some governments. As aforementioned, various transitional agreements were imposed by different Member States. The first phase of these transitional arrangements lasted for the first two years after the accession of 8 new European countries (the EU8), as well as Cyprus and Malta (together

making up the EU10), expanding the 15 original Member States (the EU15) to 25 (collectively, the EU25). From 1st May 2004 – 30th April 2006, the access of European citizens into other European countries depended on the national law and policy of each individual Member State. According to these agreements, workers from one of the new Member States often needed a work permit to be employed. However, workers from the Member States that joined the EU on 1st May 2004 were given priority over workers from non-EU countries. Once an EU worker obtained access to the labour market in this way, then he, or she, benefited from equal treatment.

During the first phase of the transitional arrangements, three EU15 Member States (Ireland, Sweden and the United Kingdom) liberalized access to their labour markets under national law. The United Kingdom, however, adopted a mandatory Worker's Registration Scheme. Under this scheme, workers from the EU8 Member States had to register with the UK Home Office within 30 days of starting their employment in the UK. The remaining EU15 Member States maintained their work permit systems, albeit with some modifications, sometimes combined with a quota system.

Denmark, for instance, issued work permits to EU8 workers on the condition that their work was full-time and was either governed by a collective labour agreement or complied with normal standards for the sector or profession. Work permits were issued without a prior examination of the labour market situation, but the applicants needed to be in possession of a residence permit before commencing their employment. The Netherlands adopted a two-fold procedure. A traditional full work permit system, including a labour market test, applied for most sectors (though a number of sectors and occupations were temporarily exempted from this labour market test). When the exemption applied, a work permit could be granted within two weeks, importantly, without the need for a labour market test. The list of exemptions was reviewed by the government on a tri-monthly basis.

France decided to maintain a traditional work permit system with some exceptions, for example, for work in the research sector. Belgium, Finland, Greece, Luxembourg and Spain also maintained a work permit requirement. A work permit system with several modifications applied in Germany and Austria as well. These two countries also applied restrictions on the posting of workers in certain sensitive sectors. Italy combined a work permit system with a special entry quota for workers from the EU8 Member States. Legislation in Portugal also provided for a quota system.

Three EU8 Member States (Poland, Slovenia and Hungary) applied the principle of reciprocity to EU15 Member States, applying restrictions, while none of the EU8 Member States applied for permission to restrict access to workers from other EU8 Member States. Finally, the Treaty of Accession of Cyprus contained no restrictions on the free movement of workers, while Malta made use of the provisions in the Accession Act, allowing the issuing of work permits automatically for monitoring purposes.

In the months following the 2004 enlargement of the EU into 25 Member States, the flow of workers between the EU10 and the EU15 proved to be very limited and was not substantial enough to affect the European Union labour market in general. Though few studies have been carried out regarding actual immigration flows since the enlargement of the EU, the European Commission published the results of a comprehensive study on the eve of the second phase of the transitional arrangements. Presented on February 8th 2006, the report identified that, with the exception of the UK, Ireland and Austria, the percentage of EU10 nationals in the resident population of each EU15 Member State remained stable; before and after enlargement (*Report on the Functioning of the Transitional Arrangements set out in the 2003 Accession Treaty*, 2006).

The report went on to highlight the advantages of free movement. Workers' mobility from the EU Member States in Central and Eastern Europe to the EU15 resulted in mostly positive effects. Workers from the EU10 helped to relieve labour market shortages by taking on jobs which locals had previously shunned, thereby contributing to enhanced economic performance within those host countries. Moreover, despite the original fears of EU15 nationals, workers from the EU10 member States did not crowd out local workers. Country nationals proved to be more concentrated in the service sector, particularly in public administration, education and health. EU10 nationals typically took on a wide variety of jobs in catering, leisure, construction and agriculture.

In regards to the transitional arrangements, the report identified that the countries which had not applied restrictions in May 2004 (namely, the UK, Ireland and Sweden), were generally positive about the effects of this decision; their labour markets had experienced elevated economic growth and reduced levels of unemployment. Ironically, flows into Member States without restrictions were comparable, if not lower, to those of Member States which had enforced restrictions. In fact, the European Commission acknowledged that the restrictions sought to be enforced may have

encouraged EU8 nationals to explore other ways in which to perform economic activity in the EU15 Member States; such as where workers claim to be self-employed. Given these findings, the report concluded that there was no evidence to show a direct link between the magnitude of mobility flows from EU10 Member States and the transitional arrangements in place.

The European Commission report stressed that immigration flows from non-EU countries was a much more widespread phenomenon than intra-EU mobility, given that the percentage of non-EU workers in the 25 Member States was, at 4.3%, double that of European workers in the EU (2%). Furthermore, the European Commission expressed that the restrictions placed on workers were not merely unfair but, moreover, simply did not work. Consequently, EU15 Member States were called upon to reconsider the restrictions imposed on May 1st 2004. Furthermore, by this time, the EU8 Member States had already made their position clear. The 8 countries stressed their citizens' fundamental right to freedom of movement as workers in the 25 Member States and called for the lifting of all restrictions.

Following the publication of the above report, the EU15 Member States had until April 30th 2006 to notify the Commission of their intentions for the second phase of the transitional agreements (which began on May 1st 2006 and will end on April 30th 2009). These notifications were decidedly promising. During the second phase, an additional four EU15 Member States – Spain, Finland, Greece and Portugal – opened their labour markets completely, bringing the total to seven (in addition to the UK, Ireland and Sweden). Even though the UK continues its mandatory registration scheme and Finland is, at the moment, working on a registration/monitoring scheme, Italy decided to lift all restrictions in July 2006. This was a development Vladimir Spidla, European Commissioner for Employment, Social Affairs and Equal Opportunities, said would “bring benefits to Italy's economy and the country as a whole”. Italy's recent decision means that eight of the EU15 and, therefore, the majority of European Member States, have lifted restrictions. As a result, workers can now move freely between 18 of the EU's 25 Member States.

Furthermore, several EU15 Member States announced simplifications of their existing national access restrictions to varying degrees. Belgium, France, Luxembourg and the Netherlands were among them. Denmark notified the Commission that it would maintain restrictions while simplifying its procedures at the same time. In the case of the Netherlands, for the period of May 1st 2006 to December 31st 2007, the access to certain

sectors and professions will be facilitated on a permanent basis. Moreover, the Dutch Parliament is in the process of reviewing their transitional arrangements.

Germany and Austria notified the Commission that they would maintain national measures for the second phase. Finally, Hungary and Poland indicated that they will apply reciprocal measures, while Slovenia, on the other hand, decided to no longer apply the principle of reciprocity. None of the EU8 Member States have resorted to the safeguard procedure, which means that the European Commission law on the free movement of workers continues to apply among the EU8 Member States.

Once the second phase of transitional arrangements ends on April 30, 2009, EU15 Member States will be authorized and able to continue applying national measures for an additional two years. However, the transitional arrangements cannot extend beyond an absolute maximum of seven years. They will, therefore, irrevocably end in April 2011. The outcome of the second phase of transitional arrangements is considered an important step forward in the context of the 2006 European Year of Workers' Mobility.

The syndrome of the global “free market”: Obstacles to European Workers' Mobility

The latest developments, regarding the Member States' transitional arrangements, served to propel the European Union closer to achieving their goal of a “knowledge-based economy”. Although the majority of Member States have done away with the restrictions which previously hindered the mobility of European workers, numerous barriers still exist. Europeans willing to migrate to other European countries for work purposes face significant obstacles that may inhibit mobility. The list of obstacles is long, ranging from cultural barriers to problems in recognizing individuals' qualifications. Moreover, the following obstacles apply not only to potential employees but to their partners and families as well.

Lack of Information

Perhaps one of the most frustrating obstacles to mobility faced by European workers is the lack of clear and up-to-date information regarding the rights and opportunities available to them in other Member States.

Nationals of one Member State, contemplating moving to another Member State for work, need to have access to a wide range of essential information. This information may relate to areas such as pension and social security entitlements, income and career opportunities, residence and work permits, housing and schooling, to name a few.

Recognition of Qualifications

One of the common problems often encountered by workers moving to another EU country is that of having to explain their qualifications in terms of the other country's standard equivalency. In this instance, their qualifications are often called into question and deemed inadequate, used as possible grounds of discrimination against them.

Foreign Language Barrier

Language is one of the major barriers to geographical mobility. According to a 2005 Eurobarometer survey, undertaken across the EU, every second person speaks at least one other language other than their mother tongue. However, significant differences exist between Member States. To illustrate, approximately 70% of UK citizens speak only one language, while in Denmark, Sweden, the Netherlands, the Baltic States, Malta and Luxembourg, more than 87% of the populations speak at least one other language. The most widely spoken foreign language by far is English, as it is spoken by 34% of Europeans (*Europeans and Languages*, 2005).

Socio-Cultural Barrier – Attitudes & Perceptions of Local Natives

An additional obstacle faced by people who move to another country, especially when they are executives in a new country, is the attitude of the local or host population. Whereas, previously, expatriates were most frequently greeted with enthusiasm by overseas subsidiaries, they are increasingly viewed with resentment and seen as appropriating valuable jobs and resources commonly available to the locals. There are cases where the national culture, prevalent in one country, does not coincide with the norms and repertoires of another country. Indeed, elements of a national culture may even differ greatly. This makes it very difficult to accept a total foreigner as part of a team and understand their different way of thinking and acting.

Natives of host countries often worry about the problems which may

result from allowing too many foreigners into the country for work. For example, natives may be concerned with the consequences of ethnic dilution, the adverse influence of foreigners on their culture and traditions, as well as the alteration of the overall social, economic and religious complexion of the country.

Companies' Attitudes towards Mobility

Despite the various benefits attributed to labour mobility, workers seeking job opportunities abroad can and do face difficulties related to discrimination. Certain companies, for instance, may give priority to their own nationals when hiring new employees. A study by the Austrian Public Employment Service surveyed 510 Human Resource managers and discovered that 69% of companies had not recruited any individuals from the European Economic Area (EEA) for a period of 24 months. Although some managers explained that there had been no need to hire any additional staff during that period, other reasons for this finding included negative experience with foreign workers in the past and, moreover, the deliberate favouring of Austrian employees over foreigners (*Recruitment of Staff by Austrian Enterprises*).

It would appear that companies are wary of recruiting staff from other EU Member States. The same study identified that 71% of enterprises suspected obstacles when recruiting highly qualified staff from other EEA countries. Nevertheless, 32% of the companies surveyed had already had experience with staff from other EEA countries.

Job Opportunities for Employees' Partners

One of the important obstacles, often overlooked by both employees and employers, pertains to the job opportunities available to partners of employees sent abroad for work. According to Van der Boon (2006), 85% of women living abroad are there on account of accompanying their partners on overseas assignments. Unfortunately, a vast majority of these women are not able to find work during their time abroad. Significantly, only 12% of women living in another country are expatriate executives. Companies are generally unaware of the difficulties their employees' partners face in regards to finding paid employment abroad. This obstacle, however, should not be ignored, as an estimated 50% of all foreign assignments are refused due to the importance placed on the dual-career factor.

Recently, companies and other bodies have been focusing on this issue. According to a survey of 120 *Fortune* Journal 500 companies, conducted by the Foreign Trade Council, 88% of respondents indicated that dual-career issues would become more acute in the near future. Price Waterhouse Coopers conducted additional research into this, surveying 270 international organizations employing 65,000 expatriates. Eighty percent of the companies reported experiencing major difficulties in recruiting executives to go abroad. According to PWC International, “Getting people to accept international assignments remains a challenge”. Various family issues and the lack of available support to manage dual-careers were given as among the most pressing reasons for refusing posts abroad (Van der Boon, 2006).

Findings by the GMAC/Windham International Global Relocation Trends 2000 Survey highlighted that partner satisfaction and family concerns were the top two factors which resulted in assignment failure. In spite of this knowledge, few companies provide assistance in finding employment for accompanying partners (Van der Boon, 2006). In order to promote increased mobility within the European Union, employers need to devote more attention and resources to issues relating to partners’ adaptability and dual-career management. Responsive corporate policies on spousal and family issues are essential. Ignoring these issues may result in poor job performance and the failure of foreign work tenures. It will also, no doubt, have serious financial consequences.

On a more positive note, the European Commission recently decided to integrate dual-career issues into its action plan; something which is expected to facilitate increased and smoother mobility within the European Union.

Overcoming the Obstacles to Workers’ Mobility

At first glance, it appears that EU initiatives have not succeeded in instilling a genuine “mobility culture” in European workers, nor an actual policy of mobility at the European Labour Market level. As previously outlined, many obstacles of a legal or administrative nature, as well as linguistic and socio-cultural ones, continue to hamper workers’ freedom of movement; subsequently, discouraging interested workers from taking advantage of the opportunities for mobility that may arise. Their apprehension is often linked to a lack of essential information about existing opportunities, as well as, to a related absence of support mechanisms available to them through the EU.

People who have undertaken a move to another European country in order to work often share their knowledge and experience with other people who are thinking of doing the same. These people often advise others to prepare appropriately for the move; stressing that, otherwise, one may be taken aback by the language, culture or job search difficulties that they may encounter in the new country. It is highly recommended that individuals attend language courses and take full advantage of whatever services and facilities are available, either through business corporations or other existing support services.

The Case of Cyprus

Pashiardes et al (2001) were concerned with describing and commenting upon the internal labour market in Cyprus. Writing in 2001, they also made reference to the then imminent accession of Cyprus to the European Union and the continuing harmonization efforts this entails. A fundamental part of this process is the lifting of all restrictions on the movement of labour between Cyprus and the other EU Member States, as well as those countries which will comprise the expanded EU. The ultimate goal is a single and robust European Labour Market with full and free worker mobility for EU nationals.

The above commentators predicted, however, that this potential for free movement, even if secured in theory, would remain unutilized on the ground. They reasoned that experience shows us workers' relocation from one country to another does not take place, particularly when language and cultural characteristics hugely differ. They base this on the similar standard of living the EU Member States (and, at the time, soon-to-be Member States) exhibit, emphasizing that worker migration would only ensue if this standard were significantly different. Regarding Cyprus, Pashiardes et al (2001) described the standard of living as similar to the other countries which are, or soon will be, members of the EU and, therefore, mass worker migration between them was considered unlikely.

Nevertheless, as we pass through 2006, designated as European Workers' Mobility Year, the above general prediction seems to not have panned out in the case of Cyprus. Before examining the European dimension, it is both significant and relevant to provide a brief note on the labour market and immigration in Cyprus in general. Firstly, it should be noted that Cyprus was traditionally a country of emigration, exporting labour to other more affluent countries.

Whilst the end of colonization and the creation of an independent Republic of Cyprus in 1960 did not automatically end this situation, it did produce slightly more favourable conditions for immigration into Cyprus (though the general pattern did not change dramatically until the relaxation in the immigration policy in 1990). Nevertheless, one may speak of waves of immigration coming into the island since independence. The first such sustained wave was the result of the continued conflicts in the Middle East, forcing thousands of workers (Lebanese, Palestinians etcetera) to relocate in the late 1970s and early 1980s. A related but less significant inflow into Cyprus followed at the time of the Gulf War, though many returned to their countries.

The events of 1974 (Turkish invasion) devastated the island, leading to the permanent occupation of 38% of its territory and stunting economic growth (GNP fell by 18%). It also caused a dramatic, albeit temporary, 30% rise in unemployment (*The Cyprus Question*, 2003). The subsequent rapid 'economic miracle' of the 1980s and 1990s created major labour shortages, primarily in the vital tourism industry, which had been vastly responsible for this economic revitalization. This led to a move away from the restrictive immigration policy pursued up to that time in the republic. The relaxation in the immigration policy in the 1990s, coupled with international developments, such as the collapse of the Soviet Union, translated into a large influx of immigrants from the former Soviet bloc, as well as Pontians from the Caucasus region. By far the largest groups that have answered the call for work over the years, however, are workers from several Asian countries – especially the Philippines and Sri Lanka (Trimikliniotis and Demetriou 2005).

Workers are the various low-level tourism-based services (in hotels, restaurants etcetera) and in wholesale and/or retail commerce. Michael et al (2005) similarly point to a huge and continued influx of foreign workers to Cyprus, resulting in major increases in the total employment figure and in the Net National Product. Specifically, foreign workers are viewed as responsible for an annual growth rate of 3.4%. Otherwise, all things being equal, the rate would have been 1.6%. This rate has been sustained therefore, argue Michael et al (2005), by foreigners as opposed to locals. Such an analysis is consistent with the findings of Borjas (1995), as well as the more recent findings of Coppel, Jean and Ignazio (2001). These commentators highlight the benefits of immigration, describing a total net advantage to the economy of the host country given the synergies produced by the combination of foreign labour and domestic production catalysts.

The influx itself is partly the result of the local population's desire to pursue further studies, resulting in a shortage of unskilled labour in the predominant tourism industry. In parallel, recent years have witnessed an increased demand for domestic help; similarly, partly due to the higher proportion of local women pursuing tertiary education. This demand has been met almost wholly by a foreign labour force, culminating in a 100% employment rate in domestic help positions by foreigners in the year 2000, as opposed to approximately 60% in 1991. The annual percentage of foreign workers in Cyprus since 1991 reflects a growth tendency in most sectors of the Cyprus economy. However, it is non-European foreign workers that are commonly employed in most unskilled or semiskilled jobs, such as in private households as domestic help. Moreover, according to official figures of the Ministry of Labour and Social Insurance for 2005, cited in *STOCKwatch* (9 Aug. 2006), one of every three foreign workers is employed as a domestic helper. Other common employment outlets for non-European foreign.

More specifically, the number of total foreign workers in 1995 was 15, 000. This had shot up to 47, 000 by 2004, revealing a 13. 7% average annual growth rate in foreign worker employment within that period. Today, the percentage of foreign workers is estimated to be slightly higher than 20% of the total work force in Cyprus. It is important to note that this percentage also factors in the 20-30, 000 illegal foreign workers (a substantial portion of which are made up of foreign students enrolled in colleges but also working), believed to be employed in the Republic of Cyprus by the Immigration Department (Michael et al, 2005).

In a Country Report prepared for the European research project *POLITIS*, Trimikliniotis and Demetriou (2005) identified certain 'restrictive conditions' within Cyprus, as regards immigrant participation in political life. Although their principal focus was on the impediments to immigrant civic participation within the republic, the underlying message is clearly applicable to, and important for, foreigners residing in Cyprus on a wider scale (those coming from the European Union, European Economic Area and elsewhere). In analyzing the contextual conditions of life and work for immigrants, the Country Report describes an 'unsympathetic immigration regime', which exhibits sizeable racial discrimination. In fact, Trimikliniotis and Demetriou (2005), go so far as to use the term 'hostile environment' to describe their findings of these conditions. Likewise, earlier findings by Trimikliniotis and Pantelides (2003) designate the labour market as one of the 'discriminatory landscapes of Cyprus'.

There are obvious negative implications for EU workers already employed, or wanting to be employed, in Cyprus, who also naturally fall under the wider banner of immigrants. This is supported by the preliminary results of a study conducted by Cyprus College on behalf of the Ministry of Labour and Social Insurance. The main strands of this study, up until this time, have been cited in a recent article in the Greek-Cypriot newspaper *Phileleftheros* (12 Oct. 2006). The crux of the findings points to the widespread exploitation of EU employees by local employers. Testimonials of various EU nationals included in the article paint a bleak picture of working in Cyprus, while the article itself is suggestively entitled “Cyprus Inhospitable for European Workers”. All this is further indicative of a ‘hostile environment’, as identified above by Trimikliniotis and Demetriou (2005), which thus appears to be a general state of affairs holding true for both European and non-European workers.

As non-European immigrants have been in Cyprus longer and comprise by far the larger group of foreign workers in the country, studies have either focused on them or else contained more relevance to them. This is a situation which has been gradually, but steadily, changing since Cyprus acceded to the European Union however. Whilst non-Europeans continue to overshadow European nationals in absolute figures, as regards employment in Cyprus, there has been a recent and considerable increase in the employment percentage of the latter group as against the former. According to a study conducted by the Ministry of Finance, cited in *STOCKwatch* (13 Sept. 2006), the first quarter of 2006 saw an increase from 11, 731 European workers to 16, 157. This represents a 37. 7% rise in that quarter. Conversely, the non-European employment percentage dropped by 3. 5% in that quarter.

The Republic of Cyprus entered the European Union on the 1st of May 2004, conceivably opening up employment opportunities within Cyprus for all other EU Member State nationals. More importantly, it appears that many EU nationals have indeed begun taking advantage of this potential of mobility. According to official figures of the Ministry of Labour and Social Insurance, cited in *STOCKwatch* (16 Aug. 2006), a significant number of Polish, British, Slovak and Hungarian nationals are currently employed in Cyprus; mainly in tourism, construction and commerce. While this represents a promising start to a more vibrant and freer worker mobility culture between Cyprus and other EU Member States, it does warrant some pause that 45% of EU workers flocking to Cyprus originate from Greece.

The above fact reinforces Pashiardes et al's (2001) position, which implies a positive correlation between the degree of similarity in language and cultural characteristics of countries and the level of worker mobility likely to ensue between them. In other words, given the close linguistic and cultural ties between the two countries, it is no surprise that Greeks migrate to Cyprus in such large numbers. As aforesaid, they comprised 5,572 (or 45%) of the 12,395 EU nationals working in Cyprus in 2005 (*STOCKwatch*, 16 Aug. 2006). The challenge, from this point onwards, therefore, is to facilitate an environment in which more EU nationals, in greater numbers and from all Member States, will be able to follow suit.

Conclusions

The outcome of the second phase of the transitional arrangements in April 2006 has gone a long way towards encouraging and enhancing European workers' mobility. Today, Europeans are free to work in 18 of the 25 Member States without facing any serious restrictions. Nonetheless, European nationals who contemplate relocating to another European country for work often come up against various hurdles. These include, but are not limited to: the shortage of clear up-to-date information about available job opportunities, the difficulty of getting academic credentials recognized and the socio-linguistic differences.

According to Vandamme (2000, p. 453), mobility "depends on being properly informed about living and working conditions". By having access to such vital information, individuals will be in a better position to make the necessary decisions required to move forward. In fact, they may be more willing and more eager to move to another country.

Although mobility remains limited – less than 2% of European nationals working in a Member State come from another EU country –, interest in mobility is growing among Europeans. According to EuropeDirect, a telephone service which answers any queries regarding the EU (in all EU languages), approximately 25% of callers' questions are concerned with mobility (*European Year of Workers' Mobility Kicks Off*, 2006). However, in order for European countries to truly achieve a 'mobility culture', a great deal more needs to be done; both in terms of enlightening people by providing them with the necessary and relevant information and in terms of attempting to reduce as many of the obstacles that already exist and which may arise.

In an article in the *Financial Times* (29 Jan. 2001), European Commissioners Frits Bolkestein and Anna Diamantopoulou stressed that governments and economic players at European, national, regional and local levels, need to work towards breaking down the barriers and overcoming the hurdles which stand in the way of European workers' mobility.

General Recommendations

From past and present studies, reports and monographs on mobility of workers, it is evident that there is a need for more surveys to be conducted at a European level on this issue, as shown by recommendations of both individuals and employers. The result that comes out of many surveys on European workers' mobility is that although individuals and employers recognize the benefits of mobility, they are reluctant to engage in such actions in many cases or they are not very optimistic that these advantages will be applied in their own case. Thus, the need to provide more information at an individual, firm and government level on the advantages of mobility is imperative. Particularly, there is a need to better understand the factors that influence the various types of mobility and how each of these types can be promoted further among different target groups. In addition, further research needs to be conducted on the influence of new technologies on the types and level of mobility, as this is an aspect that has been neglected until today.

Moreover, since mobility levels differ among European countries, especially between old and new member states, there is a call from different stakeholders of mobility to tailor solutions and recommendations to match each country's culture, economic and social environment. Since many studies have been conducted so far on the obstacles to mobility, the relevant agencies and policy-making organizations need to acknowledge these barriers, understand the national differences that exist between Europeans and get the necessary training and support from national governments in addressing these issues. At this point, it is also necessary to stress the importance of modifying national policies on workers' mobility, whenever this is deemed necessary by the European Union. Different actions and modifications will be needed for countries that have high levels of workers' mobility compared to other which have lower levels.

An aspect which is evident that requires more information needs to be provided to both individuals and businesses within Europe, is the

implications for reward packages offered in relation to the different tax and legislative systems that currently exist in different countries. People often present this factor as one of the main obstacles to mobility. Moreover, from the worker's point of view, businesses which recognize the advantages of employing workers from different countries and are willing to employ these people, need to offer more family-friendly policies (already applied in many international and local organizations across Europe) in order to support the employee to maintain his/her family and friendly relationships intact. In addition, providing better information to employers through employment agencies and job centers about the rights and obligations of EU nationals can help overcome some of the problems in collaboration often mentioned between foreign workers and local businesses. The increased flexibility of transferring entitlements to foreign pensions is also a very important issue that needs to be addressed within EU legislation. Thus the Commission should be supported by national governments in its efforts to make cross-border pension funds possible. In the meantime, a thought expressed by experts in the mobility field is the setting up of a cross-border group pension fund within a small number of countries, in order to test this in practice before implementing it on a European level. Finally, the government of each European country can offer additional motives and flexible schemes for organizations that are active in recruitment of European workers, in order to induce other firms that are more reluctant to employ these new policies. Furthermore, employers could have a larger pool of candidate employees if they are informed about the unique combination of tax, pension, social security and health care issues that apply in each country, in order to help mobile workers to adjust better to the new situation.

One of the main obstacles to mobility presented in this study and many other studies conducted at a European level was the issue of language. People feel uncertain in moving in another country of which they do not speak the language well. That is why we see that the majority of people in European countries that are mobile choose to move in another country which has the same first language. In order to go beyond this obstacle, countries need to invest in programs which equip local workers with language and other important skills, like cross-cultural management, team working, respecting other people's culture, religion and history.

Overcoming some of the more persistent and serious barriers to mobility will require more than local surveys in each European country and changes in policies on a local level. Greater efforts to explain and promote the

benefits of mobility to the right individuals and addressing their concerns with family-friendly policies may help to diminish some of the major reservations that currently decrease the number of employees who are willing to move from one country to another. In addition, there is a call for emphasizing on greater communication of the obstacles to mobility and how to address them, rather than on trying to change the underlying policies, which are only likely to change slowly over time.

Further research also needs to be conducted on the impact of new technological advancements on the types and levels of mobility. It would be interesting to study over time the extent to which trends towards virtual working, where the employee does not have to leave his or her home country, will affect the level of labour mobility.

A significant aspect to the improvement of mobility levels within EU is the intense and relevant training of public officers that work in relevant offices, by equipping them with the necessary information of legislations and by providing them clear guidelines on how to treat different cases from a variety of European countries. There are often complaints among European workers who visit Cyprus that there is lack of quality service from relevant national agencies because these offices are underemployed. Thus national governments, including Cyprus, need to invest time and money on the mobility aspect.

Finally, an important aspect is the education of young people, as described also in the European Action Plan of 2002 on occupational mobility. The need to educate young people as much as possible, equip them with the necessary skills (like knowledge of at least two European languages besides their mother tongue) and competencies is imperative, since it is evident over time that low-skilled workers have a lower propensity for job mobility compared to educated people. Expanding opportunities for occupational mobility, therefore, requires the greatest efforts to raise education levels and improve skills and competences in all Member States and regions. An important aspect of higher education is the opportunity offered within EU for students to follow part of their studies in another Member State. For example, programs like Erasmus give the chance to students to move for at least three months to another European country and participate in the lectures of a local university. This kind of experience helps young people entering the labour market after they complete their studies to be more open to, and appreciate the advantages offered by, occupational and geographical mobility.

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