

Facilitating labour migration from Latvia: strategies of various categories of intermediaries

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Within the broad category of migration industries, we focus on intermediaries between employers in Norway requiring migrant labour, and suppliers of Latvian workers willing to migrate. Mediation of labour power is a regulated domain in both countries, but regulations may change: regulations in Latvia have become more lenient, whereas in Norway, they have become stricter in response to increased migration. Intermediaries must be responsive to fluctuations in labour supply and demand, as well as to changing regulations. Today, destination countries are experiencing an overabundance of available migrant labour. This buyer's labour market represents a challenge for intermediaries, spurring adjustments and side-stepping of regulations. Formal temp agencies are supplemented by informal ones, challenging the conceptualization of intermediaries. Also work migrants may become agents, shaping new forms of intermediation and expanding the concept of 'migration industry' to encompass facilitation of labour migration through social networks. In this article, we construct typologies inductively, establishing categories meaningful in the complex context of labour migration from Latvia to Norway. We distinguish between mediation through formal versus informal agencies; establish characteristics of agencies versus individual social network based mediation; and discuss mediation through the posting of workers by companies.

Keywords: migration industry, intermediaries, temporary work agencies, circular migration, posted workers

Introduction: overview of migration industry in Norway and Latvia

In the last two decades, Norway has experienced a significant increase in the share of the workforce with immigrant backgrounds, especially following the 2004 European Union (EU) expansion which extended the free movement of workers to the citizens of the new member states. While not an EU member, Norway is part of the European Economic Area (EEA) and the European Free Trade Association (EFTA). Through EEA Norway has adopted a vast number of EU rules, and is part of the internal market based on the free movement of labour, services, goods and capital. In recent years,

Norway has been second only to Switzerland in work-migrant inflows as a share of the population (OECD 2014). Workers from the Central and East European EU member states, especially from Poland and the Baltic countries, comprise nearly one quarter of migrants in Norway, and their share has increased rapidly over the past decade (SSB 2016a). Excluding circular and non-registered migrants, there are now close to 11,000 Latvian immigrants, including their children born in Norway (SSB 2016b). Norway has become the sixth most common destination country for Latvian migrants, and the top one among the Nordic countries.

Recent studies have seen employment and recruitment agencies as powerful agents facilitating labour migration (McDowell, Batnitzky, and Dyer 2008; McCollum et al. 2013; Fiałkowska and Napierała 2013). Their competitive strategies (Forde and MacKenzie 2010; Jones 2014) now encompass linking potential labour markets to recruitment agencies in sending as well as receiving countries. However, perspectives of the sending country are underrepresented in these studies.

Since joining the EU in 2004, Latvia as a sending country of work migrants has experienced two major periods of labour emigration: immediately after joining, and later due to the 2009/2010 recession. Latvian scholars have focused on general patterns of migration (Hazans 2011; Apsīte-Beriņa 2013; Lulle 2014); the loss of human capital and the socio-demographic profiles of migrants (Hazans 2011; Hazans 2015). Several studies (Hazans 2011; Apsīte-Beriņa 2013; Lulle 2014) argue that, for Latvians, probably the most important labour migration channel is migrant social networks (family, friends, even strangers via the social media, sharing information and advice about job opportunities abroad). However, drawing on a self-recruited internet survey of Latvian work migrants, Tabuns (2015) argues that the role of employment agencies in

finding a first job abroad differs among countries of destination. For example, Latvian work migrants in the UK have relied heavily on such agencies, whereas few Latvians in Norway found their first job through an employment agency (Tabuns 2015).

Researchers need to be more sensitive to the varied approaches used by labour migrants in finding work abroad, and to the functions of agencies as they evolve over time and space (McCollum et al. 2013; Žabko 2015).

Therefore, perspectives of sending countries in the debate on the migration industry should be strengthened for two reasons. First, types of actors involved in channelling migrant workers and their common or distinguishable strategies should be studied.

McDowell, Batnitzky and Dyer (2008) find that, unlike post-colonial migrants in the UK, East European work migrants have had no intentions of staying long in low-paid jobs: they plan to move into better-paying work as soon as possible. Awareness of these intentions may influence the strategies of employment agencies, perhaps making them different from other migration channels linking EU employers and work migrants from non-EU countries. Thus, the migration industry may treat migrant labour from various sending countries differently.

Second, experiences of the migrants themselves may shed light on the performance of intermediaries. Empirical data collected in Latvia as country sending migrant labour to Norway definitely add complexity to the debate on the migration industry. Here we aim to ‘map’ different types of intermediaries that facilitate labour migration from Latvia to Norway, and demonstrate how their strategies as migration industries are responses to changes in the regulatory environments in both countries as well as to fluctuations in demand in Norway.

We begin by examining typologies of intermediaries presented in earlier studies; then

discuss the regulatory environments of Latvia and Norway; and conclude by presenting the results of our empirical investigation of the types of intermediaries and their strategies.

Reference points for typologies of intermediaries and their strategies

Nyberg Sorensen and Gammeltoft-Hansen (2013) divide all actors in the migration industry into five overlapping sets according to their degree of organization and formalization. Two sets of actors refer to different kinds of intermediaries that facilitate labour migration. The first are various agencies and companies that facilitate access to legal migration, often offering a package deal (job contacts, housing, legal paperwork and transportation). The second are individuals or smaller enterprises, typically set up by migrants themselves, who apply their transnational knowledge and networks to providing commercial services to prospective migrants. These actors may offer the same services as the first type, but also more specific services like advice on how to ‘navigate’ pre- and post-migration: meeting formal requirements, finding work, settling down. The term ‘labour migration intermediaries’ covers these actors.

When adding more to the rich literature review presented by Cranston, Schapendonk and Spaan (the introduction of this issue), it should be noticed that scholars have studied the rise and operation (and sometimes decline) of agencies’ industry around the world; however, they have generally focused on the strategies of legally operating companies that facilitate labour migration, such as employment and temporary employment agencies (Peck, Theodore, and Ward 2005; McDowell, Batnitzky, and Dyer 2008; Fiałkowska and Napierała 2013; Jones 2014). After the deregulation of labour markets, temporary agencies have received particular attention. Peck, Theodore, and Ward (2005) have developed a macro-level typology by distinguishing between emerging and

mature markets in the temporary jobs sector. Emerging markets are characterized by minimal resistance to agencies when they enter newly liberalized segments of labour markets: the focus is on low-skilled, low-wage, readily substitutable labour. By contrast, mature markets build on a platform of high-volume business, constructing value-adding strategies designed to penetrate higher and less price-sensitive segments of the labour market.

At the meso-level, a typology developed by Forde and MacKenzie (2009) offers insights into ‘new’ kinds of agents that have become important in mediating relations between migrants and employers as result of dissatisfaction with traditional agents. They indicate three new types – gangmasters, ‘firms-as-intermediates’, and social enterprise employment agencies. The first are labour suppliers in sectors regulated by the Gangmasters’ Licensing Authority (GLA) in the UK. The specific feature of this group is the acknowledged need to develop ‘infrastructure’ to secure compliance with GLA regulations and to facilitate the use of temporary migrant labour. In the second group are entrepreneurs that provide outsourced workers for the assembly lines of other companies. Enterprises in the third group focus on job placement activities that can move migrants into higher-skilled jobs. Digging more deeply, McCollum and Findlay (2012) base their micro-level typology of recruitment agencies on the degree of engagement of the *employer* in recruitment and management of migrant work, identifying five types of employment/management regimes in Britain’s agribusiness sector.

The above approaches illustrate the range of typologies of labour-migrant intermediaries, all developed from the perspective of the individual receiving country. Although these approaches contribute valuable insights on the intermediary market, the

enormous variety indicates an unexplored space in the migration industry that calls for discussion of demarcation indicators. There is a need to go beyond previously constructed typologies. In this study of intermediaries, we maintain a sending-country perspective, but go beyond the perception of intermediaries as single-country phenomena, thereby underlining the international nature of the migration industry. Further, we engage with internal processes of intermediaries in interaction with regulations, labour demand and migrants.

Research design

This article builds on data collected within the project ‘The impact of temporary work agencies on the politics of work’, funded by the Research Council of Norway, project no. 227021. One objective of this research was to describe how Latvian labour migrants get to Norway, and investigate the working conditions of Latvian labour migrants compared to Norwegians. Our investigation encompasses recent policy changes and the ‘mapping’ of intermediaries. The term ‘intermediaries’ is broadly defined to include all agents that link the foreign (Norwegian) employer and migrant (Latvian) workers, regardless of how the link is established (written or verbal agreement, legal entity or individual). Specific types of intermediaries found are described and termed accordingly. The study is qualitative, based on eleven in-depth interviews with Latvian intermediaries with real (or attempted) cooperation experience with Norway, and ten expert interviews with policymakers and social partners like ministries and their agency representatives, trade unions and industry representatives. In addition, we employ cursory data from ten in-depth interviews conducted with Latvian labour migrants with experience from working in Norway. The latter information allows cross-verification of types of intermediaries identified in the study, as well as analysis of workers’ responses

to the adaptation strategies of intermediaries. Interviews were conducted between October 2014 and June 2015.

Informants were recruited by (i) consulting the registers of companies with operating licences issued by the Latvian State Employment Agency (the supervisory body, SEA); (ii) reviewing discussions in social media on job-seeking in Norway; (iii) using information provided by social partners; and (iv) using data on companies with business relations with Norway.

The first source was used as the official and most visible information channel. Latvian regulations require licences for firms offering job-placement services; SEA issues licences, supervises the industry and maintains a register of licenced companies. All employment agencies selected for our interviews were licensed for cooperation with Norwegian enterprises. The register listed 103 licensed job-placement service providers as of 20 November 2014 (SEA 2014), of which 55 companies had received licenses for job placement abroad. With ten licences, Norway is the third most frequently served country by Latvian agencies. Seven of our eleven interviews with Latvian intermediaries were conducted with representatives of these companies.

The second source, social media, was used for identifying other kinds of intermediaries (informal, circumventing registration and licensing). The Latvian social media channel *draugiem.lv* has a discussion page for those seeking work in Norway. Here information on vacancies, companies or individuals providing intermediary services is shared. We reviewed discussions posted between 2009 and 2014. Our third source, social partners, provided additional information on informal intermediaries; the fourth source was companies that regularly sent employees to work in Norway as ‘posted workers’. Four interviews were conducted with other kinds of Latvian intermediaries.

The employment agency environment in Latvia

Joining the EU in 2004 opened the labour markets of the UK, Ireland and Sweden to Latvian citizens. One year later, the Latvian government introduced the first regulations on private job placement, as a reaction to cases of fraud in migration intermediary services. Several amendments followed, responding to changes like the opening of the labour markets in other EU and EEA countries in 2006 and 2007. Regulations from 2007 apply to enterprises that provide any intermediary services between employer (local or foreign) and Latvian job-seekers. The regulations concern licencing, determining relationships between agency and clients, and monitor the performance of agencies. Irregularities may result in cancellation of a licence (Cabinet of Ministers 2007). Acquiring licence for operating in a country does not mean that actual cooperating will be established. We found that employment agencies acquire licenses for job placement in some countries (like Norway) only because of high demand from job-seekers, without offering any jobs.

SEA wants to reduce the number of what are considered misleading licenses by introducing more inspections and cancelling licences for ‘non-served’ countries. However, employment agency representatives argue that their strategy aims at flexibility, readiness in case of demand from new countries. The procedure for obtaining licences for each country is time-consuming. One agency representative explained that they had to compete with other new EU member-states for a supply of cheaper labour migrants in the shortest period of time under the high demand of work abroad. The representative added that the migrants’ nationality (whether Latvian, Lithuanian or Polish) is not considered important by the receiving country. What matters most is how quickly the required workforce can be supplied.

Regulations require the agencies to provide SEA with all information on foreign partners (including copies of contracts) and any amendments. That serves as an incentive for Latvian employment agencies to establish long-term cooperation with partners in receiving countries, and also spurs cooperation with other sending countries where intermediary services may be less regulated (e.g., Lithuania). This way, the time- and effort-intensive reporting to SEA can be minimized.

Some principles can be sacrificed on the altar of international competitiveness. Representatives of Latvian policymakers and social partners emphasize that it is allowed to charge job-seekers for ‘arrangement of documents’ – which is not allowed in other Baltic states. Policymakers say that such charges should be normally collected from the employer, as the more stable and powerful player. This ‘compromise’ follows from policymakers’ acceptance of the Latvian agencies’ need to be more attractive to receiving countries. The tension between international practice to charge employer and local practice was evident in our discussions with representatives of employment agencies. They admitted that the practice of charging the employee is common – adding, however, that no double-charging takes place.

The employment agency environment in Norway

The large supply of available labour from countries with lower wages, combined with willingness to work under harsher conditions than Norwegian workers normally do, has had major impacts on Norway’s labour regulations and labour market, tilting power towards the employer side of labour relations. Employers have the choice of hiring workers from abroad through ordinary recruitment, or using employment services from agencies offering posted workers. In Norway, the latter practice has increased substantially in sectors requiring low qualifications, limited training requirements and

low trade union membership – like construction, industry and the hospitality industry (Friberg 2016), and where knowing the language is often less important.

Wages of manual workers have decreased in relative terms compared to other types of work in Norway. In fact, foreign workers often have qualifications and education far higher than they make use of in their jobs abroad. Moreover, studies have described how the staffing industry deliberately recruits foreign workers and facilitates their use as a flexible work force, even when the employers' needs are permanent (Friberg 2016). In construction and the fishing industry, for instance, agencies typically offer 'zero-hour' contracts, whereby no wages are paid between work assignments. This means inferior working conditions as compared to permanent full-time employees.

The Norwegian labour market has been well regulated, with social partnership and compromise as the preferred model of industrial relations. In recent years, however, the country has experienced a selected and contested process of deregulation (Jordhus Lier, Coe, and Bråten 2015). While hiring out of labour with certain exemptions was prohibited from 1971 to 2000, significant steps have been taken towards liberalization since then, culminating with the incorporation of EU Directive 2008/104/EC on Temporary Agency Work into Norwegian law on 1 January 2013.

This Directive caused intense debate, with resistance from, *inter alia*, large segments of the trade union movement (Bergene and Ewing 2015). In Latvia, interviews with policymakers showed that the signing of the Directive was widely considered as a positive development for worker protection, supported also by the trade unions. By contrast, in Norway there were widespread fears, voiced by the Confederation of Trade Unions (LO), that it would spur the use of temporary workers, in turn reducing the scope for employee influence on wages and working conditions and complicating

Norway's well-established triangular work relations.

There can be little doubt that the increased inflow of foreign workers and deregulation of the labour market have contributed to expand the scope for speculative behaviour among employers. Evidence of social dumping, with dismal pay and working conditions, abounds in the Norwegian labour market. In addition to unregistered workers, who are probably the most vulnerable to exploitation, also posted workers are at risk. The regulations concerning posted workers apply when a Norwegian company enters into agreement with a foreign company (e.g. subcontracting) and staff from the foreign company are posted to fulfil the agreement; when the Norwegian company hires in temporary staff from a foreign recruitment agency; when an employee of a foreign company is posted to a Norwegian company that is part of the same enterprise; and when a Norwegian private citizen buys services from a foreign company. Studies of labour migrants show that posted workers receive the lowest pay, while those hired through 'temping' agencies report the poorest working conditions among workers in Norway (Friberg 2016: 23).

Although minimum rates have been introduced in certain sectors, there is no universal minimum wage in Norway. Unless they are covered by a general wage agreement, posted workers may be put to work at the wage level that is common in their home country, in this case Latvia. However, several measures have been taken in order to reduce the scope of exploitation of migrant workers. One such measure is the general application of collective agreements: agreements on wages and working conditions that apply to *all* working in that sector, regardless of whether they are party to the agreement. This has led to major controversies, with the trade unions usually in favour and the employers' organizations opposed. However, company managers in the sectors

subject to these general agreements are generally positive (Lindahl 2011). To date, eight sectors, including construction, agriculture, cleaning and fish processing, are included in such agreements. The role of the Norwegian Labour Inspection Authority in checking on the wages and working conditions of foreign workers has also been strengthened.

Types of intermediaries

Our research on Latvian intermediaries supplying the Norwegian labour market resulted in the typologies presented in Figure 1. We categorize according to type of intermediary in Latvia; the country where activities take place (Latvia, Norway or both); and type of partner in Norway. Our results may apply more widely: according to our interviews with intermediaries, policymakers and social partners, the patterns observed may be valid for labour export to EU countries as well.

Three broad categories of intermediaries can be distinguished in Latvia (see Fig. 1): (i) formal agencies (employment agencies that work according the regulations for intermediaries; they are licenced and registered and have service contracts with the job-seeker); (ii) informal intermediaries (including legal entities and individuals that provide the same services as formal agencies, but avoid SEA registration and supervision; and (iii) posting enterprises (companies located in Latvia that post workers abroad, with employment agreements with these workers; they are not licenced or supervised by SEA).

[insert Figure 1 here]

As will be shown, formal agencies and informal intermediaries are quite similar, in terms of how they operate and in the effects of their operations. Posting enterprises are different. Expanding their business abroad, they produce a flow of posted workers.

Operation of intermediaries is also linked to location. Formal agencies located in Latvia operate as classical service providers: they have foreign partners and they source labour only within the territory of Latvia. Informal intermediaries might work at both ends – in the sending as well as the receiving country. Enterprises that send posted workers to Norway may be registered and owned in Latvia or in Norway (or elsewhere) and thus operate in many locations.

The regulations on formal agencies require agencies to state what kind of service they provide, within the following categories: (i) work offers in international au pair programmes, educational and employment programmes, (ii) job-search assistance (service for job-seekers), (iii) services for employers regarding recruitment of potential employees and (iv) temporary work services (Cabinet of Ministers 2007). However, in interviews, agency representatives explained that they try to find workers who fit the needs of their clients (employers or foreign agencies) regardless of the above licence formalities. Their services are oriented towards employers, not towards job-seekers. Therefore, a distinction should be made between activities based on service agreements (i, ii and iii), and work contracts (iv). In contrast to other countries, Latvia's Labour Law requires temporary work agencies registered in Latvia to sign work contracts, making agency workers 'employees' with formal employment rights.

As Ruhs and Anderson (2010) have pointed out, control over the period of employment is an important factor which facilitates the usage of agency workers, at least in the UK. Our interview data show that, due to this 'unfavourable' regulation in Latvia, there are tensions between policymakers and the temporary agency industry. This regulation may be one reason why the temporary agency business is weak in the Latvian internal market, but has had some success in providing labour for foreign employers. However,

the recent adoption of the EU Directive on Temporary Agency Work has negatively influenced the temping agency market in Latvia.

Opening labour markets in Western EU countries was the first facilitating factor for the emergence of various types of intermediaries in addition to the traditional employment agencies (see Lulle 2014). In some countries, including Norway, coherent local migrant communities have developed, establishing networks that facilitate the formation of informal intermediaries. These might later on develop into formal agencies, if some basic conditions are favourable. Our interviews with stakeholders indicate three main factors which facilitate the growth of the market for labour migration intermediaries (i) increased demand of labour migrants in receiving countries, (ii) rising unemployment in sending countries and the wish for better pay; (iii) changes in regulations in receiving and sending countries.

Having emerged, these types of intermediaries continue to exist in the market.

Interviews with stakeholders show that SEA does not have resources to control the spread of informal players. Interviews with representatives of employment agencies show that, despite the formation of coherent migrant communities abroad, there is still a place for formal agencies as conditions in receiving countries change. One formal agent elaborated on 'rotation', the inconsistency which may describe migrants' relations with intermediaries:

Most of those who come here are from recommendations – friend to friend, acquaintance to acquaintance, relative to relative. Some have gone six, seven years ago, picked strawberries somewhere, and after that got a need again.

Sometimes our clients come for the second or third time. One time he was in Greece, then in England, after that in Holland and after that somewhere else. Our experience shows that they come, they get a job with our help and not help from someone else. [..]

They go for [work abroad] half a year, then return back here, to Latvia. Three months pass, they look for something here, maybe cannot find anything or do not like the wages, so they come to us again, and go back abroad.

Distinguishing features of intermediaries

The 'formal vs the informal' dimension

When we examine the three groups of intermediaries, the first important distinguishing feature is SEA registration and application of the regulations as to agency performance. This is a reason for distinguishing between formal and informal types of intermediaries. Regulations refer only to formal employment agencies. Informal intermediaries emerge in various ways. For instance, if an employment agency fails in its operations, it might decide to turn to the 'grey' sector. Also, informal intermediation might be provided by the legal entity providing linked services (like language training). Speaking Norwegian is a powerful resource which boosts a job-seeker's chances. Language trainers may charge a fee for information, based on verbal agreement. Furthermore, informal intermediaries may form if an individual has the will and knowledge to work as intermediaries. These may be individuals providing only intermediary services and charging for them, or people who periodically go for work abroad and bring others with them, making teams, recruiting a certain number of workers for their employer. They may or may not charge for this service. If they do not charge, there are other benefits, like ensuring that they will have a good team that can be relied upon. This form of intermediation is widespread in construction and seasonal work in agriculture and hospitality.

When analysing labour migration from Latvia, researchers tend to see all individuals working as informal intermediaries as 'social networks'. However, our data show that

the definition should be narrowed to apply only to individuals who are not engaged in employment relations with the same employer and do not get any benefit for their services. If they work regularly and benefit from their activities, they act as informal agencies. Thus, answering the question raised by Cranston, Schapendonk and Spaan (the introduction of this issue), we claim that they are part of the migration industry.

There has been a decrease in demand for the services of Latvian formal agencies in recent years. This is allegedly due to improvements in Norwegian labour regulations, such as equal wages for foreign and native workers. Our interview data show that temporary agencies that are branches of Norwegian agencies may find themselves in a more stable situation. However, the range of their activities may be reduced. With the stricter regulations in Norway, it is no longer necessary to sign contracts in Latvia that allow paying less; contracting is gradually transferred to Norway and duties of local branches are reduced to the recruitment and preparation of migrant workers.

The 'posted workers' dimension

The practices of formal agencies and posting companies are similar. Our interviews with agency representatives show that, before Norway adopted the EU Directive on Temporary Agency Work, the common practice of Latvian temporary agencies was to have contracts signed in Latvia, thus applying local labour legislation, and then posting agency workers to Norway. With the adoption of the EU Directive, the demand for agency workers from Latvia has fallen, and some agencies have closed.

Workers posted in Norway thus deserve attention. A posted Latvian worker is sent to Norway to perform specific duties within given time-periods; there is a work contract, permanent or temporary, signed by the worker and a Latvian company or temporary work agency, or a parent company/ agency in Norway. Our interviews show that

workers are posted by two kinds of intermediaries: one is registered at SEA, but the other does not follow regulations and does not register as an employment agency. When posting companies are registered as formal agencies, they are subject to SEA supervision – one reason why they are reluctant to register. The business sector to which a company belongs is important in this respect. IT, construction and logistics companies do not consider themselves as temporary work agencies even though contracts between company and employee may be the same as those that formal agencies have with their workers. There are, according to our interviews with social partners and SEA, pressures on them to register as temporary work agency. Companies that post workers surface if there is a disagreement between a posted worker and the employer, and the employee contacts a trade union or SEA. As trade union membership in Latvia is comparatively low and member rates vary among sectors, there are many business sectors where disputes remain unresolved. The company sending posted workers sees registration as the last option for dealing with the problem. Registration may be chosen if the company has long-term goals in Latvia or operates in transparent sectors (e.g. health personnel recruitment). In other cases, the company may apply avoidance strategies, like clearing accounts and establishing another legal entity.

Although demand for the services of Latvian temporary agencies has declined, posting of workers has increased recently. Our interviews with various kinds of intermediaries show that flows of posted workers increase due to the activities of companies that export their business activities to Norway and also because Latvian migrants in Norway develop their business and recruit in Latvia. These companies try to avoid the status of intermediary: they have permanent contracts with their workers. The operations of these companies are closely linked to the next topic – the circularity dimension.

The 'circularity' dimension

Circular migration is a feature that characterizes some Latvian temporary work agencies as well as posting companies. Migrants maintain a home in Latvia and work in Norway for several weeks or months. Periods of work and rest are usually set by the contracting authority – the employer of the posted worker or an agency. The length of such periods depends on the *type of industry* to which a company belongs. According to our interviews, the most typical form of employment is two to four weeks' intensive work in Norway and a similar period of rest in Latvia. More regular employment with shorter periods of work and rest are found in healthcare and social services and logistics. Irregular employment with longer periods of work in Norway is typical of the construction industry.

Working conditions vary according to industry, but also within industries, as work regimes may differ among companies. Some companies require migrant workers to take a rest; no side jobs are permitted. Other companies allow side jobs during the stay in Latvia, in which case the worker gets no rest after an intensive work period. Circular migration organized in this way allows *work intensification* as compared to a normal labour regime. Having extensive work hours abroad in combination with *formally* no working hours at home corresponds to 'normal' full-time work, and *in practice* means applying normal work regulations to more intensive work

According to our informants, circularity ensures flexibility during economic fluctuations. Rapid adjustments can be made when there are changes in labour demand in sending or receiving countries. Our findings also indicate that circularity as a competitive strategy develops when regulation becomes stricter. As wage dumping has been inherent to migrant labour, Norwegian authorities and social partners have worked

to achieve the application of Norwegian wage standards to posted workers. This is seen as decreasing the competitiveness of Latvian labour migrants in Norway; therefore, a balancing of wages through the use of work and rest regimes is achieved. The 'equal pay' requirement is seen as diminishing competitiveness in Latvia as well, as Norwegian wages are considered unrealistically high. Thus, the balancing strategy entails paying wages according to Norwegian requirements and balancing this with no-wage or low-wage periods of 'rest' in Latvia.

According to stakeholder interviews, reduction of expenditures is the main reason for circular migration on the part of the company. However, other economic and political effects are found by Latvian companies, Norwegian temping agencies and client companies. Circular migrants do not formally live in Norway: thus, the flow of permanent labour migrants decreases while the flow of non-permanent migrants increases. Having experience with circular migration in one company, labour migrants might transfer this practice to other enterprises in Norway. One labour migrant said that agreement with the employer had been reached: by working more intensively and thereby squeezing the number of working days in Norway, migrants can be with their families the remaining days. As such arrangements are initiated by the labour migrants themselves, the length of work and rest regimes depends on their own abilities to do their jobs faster, saving working days. Circular migration may also be an option for migrants who remain poorly integrated into Norwegian society, despite lengthy stays. Distribution and wider acceptance of circularity by companies allows them to change the status from permanent migrant in Norway to circular migrant and re-consider re-migration options, like resettlement in Latvia while keeping the job in Norway.

Latvian labour intermediaries: strategies for establishing partnerships

In the above, we have shed some light on how and why intermediaries operate. This theme Cranston, Schapendonk and Spaan (at the introduction of this issue) consider an under-researched area. When continuing our examination we turn to the question of which resources intermediaries draw upon and which are crucial to their performance. Firstly, we address to opportunities of Latvian formal and informal agencies to find foreign partners.

Explaining why they started the business, representatives of employment agencies acknowledge that it was in response to the demand from labour migrants facilitated by foreign employers or employment agencies:

I left [Latvia] [...] to earn money for an apartment and went to Great Britain. There I got opportunity to earn enough in eight months for an apartment in Riga. When I was leaving [back to Latvia], the employer asked me to help him find more Latvians. I thought – relatives, friends, no problem. But when my phone bill reached 100 lats a month, I understood that I cannot help like this, it will have to be a business.

It all began when one of our partners, he's in the fish trade, [...] offered to begin such a business here, because he was working with that kind of companies and knew that they needed workers. [...] Companies that take our employees are [his trade] partners.

Companies may start posting when they expand their business abroad, an option many Latvian companies explored after the 2009 decline. This caused increased flows of posted workers and circular migration, as one interviewee explained:

In 2009, [the company] has searched partners in Scandinavia and has found them, the cooperation has gradually formed both in Sweden and in Norway. The principle is that we work with big [...] companies, who know [us], good reputation goes ahead of us. The other form is that we participate in public tenders in Norway. If we get them, we sign contracts directly with municipalities or some state institutions.

In recruiting informants, we found that only about half of the ten employment agencies that have been granted licenses for job placement services with Norway have actually engaged in cooperation with Norwegian partners. Our interviews indicate that some agencies rely on previously established contacts, and others try to expand them. The opportunities for attracting partners depend on the size of the company and the business contact networks of the company owners. All formal employment agencies and their informal counterparts are micro-size companies, but the size of posting companies varies from small to large ones.

Latvian agencies report that finding new foreign cooperation partners is costly, requiring significant investments in time and human resources on both sides, as reported by one interviewee:

There are some where it takes half a year of negotiations to start work. They fly to us, we fly to them. They observe, observe our history, observe what has been in media.

Latvian formal agencies claim that they can distinguish ‘disadvantageous’ foreign job offers, where the actual work to be done may not correspond with the offer. They seek to avoid the risk of negative references in the media and the SEA, which may be followed by sanctions, even license cancellation. Latvian employment agencies say they may refuse job offers where they consider the work to be very intensive, where high rotation of employees is observed, and where local (i.e. non-Latvian) staff in management positions discriminate against foreigners. Job offers in Great Britain require careful examination; Norway is seen as safer and more attractive.

Some agency representatives claim that the abundance of migrant labour in Norway makes it difficult to establish contacts. Lately, Latvians have begun travelling to Norway to look for work through Norwegian agencies or by visiting companies on their

own, in which case Latvian intermediaries are not needed.

Formal agencies have the broadest range of partnerships. Our research showed three types (i) similar foreign agencies which ensure intermediary services, (ii) the parent company of a temporary work agency to which the employees are posted, and (iii) foreign employers who provide workforce recruitment according to certain criteria. The first two options are used by Latvian formal employment agencies more frequently than the third one. These findings describe cooperation patterns not only in Norway, but also in EU countries. As regards cooperation, we have limited information on the partners of informal agencies. However, they certainly work directly with foreign employers and, in some cases, have cooperation with some foreign employment agencies.

We find that Latvian agencies tend to cooperate more with foreign agencies than directly with foreign employers, for several reasons. First, foreign employment agencies hold pools of foreign employers, whereas smaller employers may have few vacancies; and that makes them short-term and less advantageous partners. Agency representatives acknowledge that they have found themselves in this situation:

Those employers also have their limits. [...] The cleaning business was one for which we provided services. But there is nothing to do there anymore, because those ladies that we placed in work, they clean offices in Oslo at night, private houses during the day, also other objects. They do not change [i.e. look for other work].

Second, cooperating with an agency on a longer-term basis is easier, due to the Latvian regulations that require a SEA permit to establish cooperation with a new partner. Also, representatives of Latvian agencies find that cooperation with foreign employment agencies may give access to several employers, saving resources. In addition, Latvian employment agencies have encountered difficulties when establishing direct contacts with foreign employers. Other studies show that foreign employers opt to cooperate

with their country's local employment agencies because it seems less risky (McCollum et al. 2013). As a result, Latvian labour migrants may go through 'double intermediaries' on their way to getting a job abroad – a Latvian and also a foreign agency. Our findings on the cooperation strategies used by Latvian employment agencies are similar to result from Poland: Fiałkowska and Napierała (2013) found that most employment agencies are involved only in job brokerage and collaborate with sister agencies from abroad, for whom they recruit workers, who will then probably be hired as temp workers.

Demand and supply: adaptation strategies

Our interviews with intermediaries show that they adapt to changes in demand and supply of labour migrants. Latvian agencies are dependent on the demand from foreign partners. In response, formal agencies and posting companies show their willingness to be attractive cooperation partners in the destination countries of their workers.

Representatives of Latvian agencies say there are no important differences between demand for Latvian workers and migrants from other East European countries. They also consider the industries that require workers to be similar. In Norway, these are (i) sectors that offer low-qualified, low-paid jobs (construction, fishery, farming, hospitality and catering, provision of postal services etc., including lower-qualification work for nurses in social care), (ii) some high-qualification professions found around the world (IT, engineering, healthcare, maritime) and (iii) workforce for specific Norwegian regions (usually peripheral regions in the North). In fact, many migrants consider the work environment in Northern Norway to be better than in the Oslo region, where high competition may lead to social dumping and short-term contracts.

Most agencies interviewed provide workers for companies in sectors (i) and (iii) above.

Recognizing the Norwegian labour market as highly competitive, Latvian agency representatives explain that they sometimes set criteria additional to those established by the potential employer, to ensure the best possible candidates among job-seekers.

Our interview data show that few jobs demand skills acquired through formal education or training, although these are required for 'classified' types of jobs within healthcare, maritime and a few other sectors. However, all intermediaries emphasize the high demand for 'soft skills' like certain physical and psychological capacities (including appearance, general health condition, adaptation skills, no addiction problems), family status and lifestyle preferences. This demonstrates that what Ruhs and Anderson (2010) call 'the fuzziness of "skill"'. The most important 'soft skill' is productivity. It is deemed crucial especially by Latvian posting companies when selecting staff for work abroad. Informants also explain that some foreign partners try to protect themselves against 'undesirable' personality traits that Latvians may not consider inherent in local work ethics:

[The consultant] was telling us all the time about [...] how to evaluate 'work non-attendance', whether a person has missed work and I could not understand why she kept talking about that all the time. Something which for us is not urgent at all is a huge problem for them. When Norwegians ask for references [...] they all have the same questions: how much did she miss work, how much sick leave has she taken. That is a main problem for them, but is not something caused by our nurses.

In most cases, it is expected that Latvians looking for work abroad will know some English, at least at the level of everyday speaking. Knowledge of the Norwegian language increases the opportunities of finding a job in Norway. In some professions where Latvian workers are demanded (for example, nurses), workers are required to have Norwegian language skills before they take up their jobs. In these cases, the agency or its foreign partner provides the necessary language training. However, they

will need to protect this investment, since other companies try to capture well-trained personnel. Norwegian employers have also come to Latvia to participate in agency interviews with job-seekers and assist in selection.

Underpinning the strategies described above, agencies argue that, in today's highly competitive market, they need to have good references from clients which enhances the opportunity to maintain good cooperation. Thus, they demonstrate features which Peck, Theodore, and Ward (2005) have described as an emerging market of temporary work business, a point also explored by McCollum and Findlay (this issue).

What strategies do intermediaries use for adapting to changes in the supply of labour migrants? According to agency representatives we interviewed, the need to adapt has arisen in two situations. First, between 2009 and 2010 Latvian unemployment levels were high, and there was a very high demand for finding jobs abroad. This facilitated the growth of formal agencies and informal intermediaries. Second, when they experienced a shortage of workers willing to go abroad, agencies needed to develop survival strategies. One such strategy has been to expand abroad and seek market potentials also in other East European countries:

We have an office in Tartu [Estonia] and in Bucharest, Romania. Now there is a lack of unskilled workers in Latvia, there is a great seasonal need for them. We can get workers from Bucharest, we go there, present ourselves in various places. [...] Now it's become hard for us to get someone to leave Latvia, but Romanians go, they do not reject [offers] – especially if they live near the border to Moldova, where minimum wage is €107 a month, they will go there and do any kind of work. At some point we Latvians also would go like that, but not anymore.

In a Norwegian fish-industry town this practice was confirmed by an informant who explained that the local industry had previously recruited workers from Poland, but

moved on to workers from the three Baltic States, who accepted lower pay. After Romania joined the EU, the local labour market during the peak winter season has become dominated by Romanian circular migrants who are said to be willing to work under poorer conditions than the Baltic workers.

Concluding remarks

The sending country perspective applied in this research has disclosed a range of forms of mediation between buyers and suppliers of labour power involving cross-border migration. Latvian intermediaries supplying labour to Norway show features similar to those of other emerging markets described by Peck, Theodore, and Ward (2005). The Latvian market is small, and intermediaries work in a highly competitive East European market. To survive, they have introduced some additional strategies. Closely resembling the ‘new’ kinds of intermediaries described by Forde and MacKenzie (2009), important players in the Latvian intermediary market are ‘firms-as-intermediates’: posting companies that introduce specific work-and-rest regimes, thereby facilitating circular migration. In contrast to Forde and MacKenzie (2009), a stimulus for the emergence of these new forms has come from restrictions imposed by regulations and limitations of the market that facilitate long-term relationships with the same labour migrants, thereby ensuring the survival of the intermediary. These adaptations reflect labour migration intermediaries that seek a future in a highly changing and competitive environment where flexibility is a constant requirement.

Like Harvey, Groutsis and van den Broek (this issue), we hold that typologies of intermediaries need to encompass them as migration industries. Our study of the performance of intermediaries shows that the quality of services received by labour migrants depends on a set of characteristics: level of formalization, range of services

provided, acceptance or avoidance of regulations in sending and receiving country. Possible discrepancies between formal and actual performance need to be examined, underlining the need for further empirical research. A pertinent angle for future research could be the number of intermediaries between worker and job, indicating the power of the migration industry in specific cases. With Latvian work migrants to Norway, this varies from *no* intermediaries (Norwegian companies establish contact with workers directly) to *two* intermediaries. Spatial location of intermediaries determines which regulation must be navigated. Labour migration intermediaries develop a whole range of structures and international industrial networks for maintaining their position, reflecting the changing political and social environments in sending and receiving countries.

A major finding, and one which underlines the need for further research, concerns the concept of *social network*. Scholars have tended to see successful informal mediation between labour buyer and seller as ‘the power of social networks’. However, we hold that many of these intermediaries share the characteristics of formal actors and should therefore be studied as part of the migration industry. The concept of ‘social network’ needs to be refined to cover relations that entail labour market agency.

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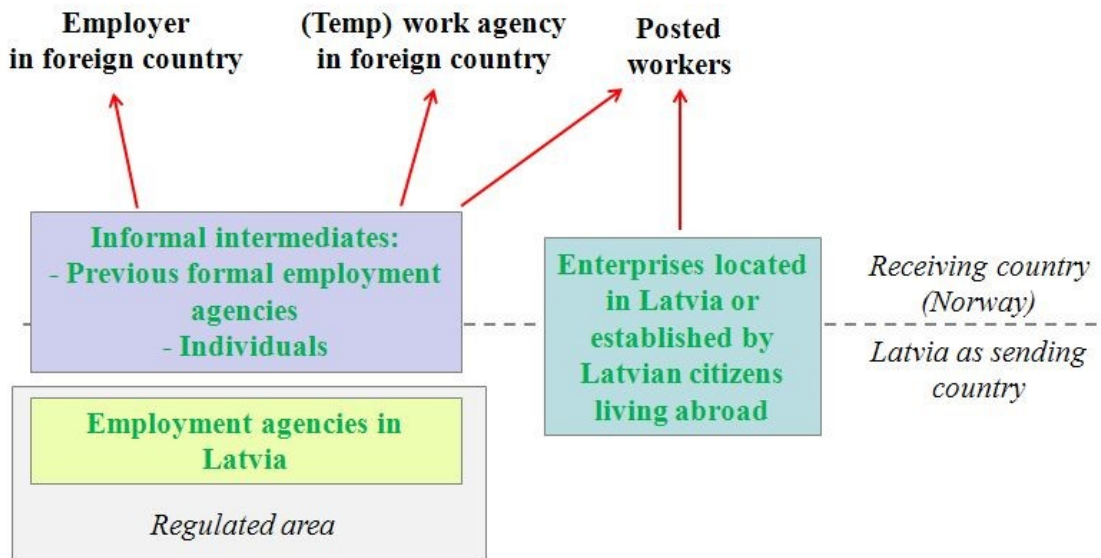


Figure 1. Types of intermediaries and flow of labour migrants from Latvia to Norway