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Without employer sponsorship, newcomers face longer job searches, credential recognition issues, and potential underemployment.
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Indeed, the employment rates of economic migrants in the first years after arrival are substantially lower in Australia and Canada compared to Switzerland where most economic migrants enter with a job. Without strong labor market integration support in the first years after arrival, this policy risks wasting skilled talent and limiting the intended economic benefits of PBIS.

Policy Instability and Administrative Challenges Can Undermine PBIS Effectiveness
PBIS are also costly to administer and susceptible to frequent political adjustments, where criteria and point weightings are modified based on shifting government priorities or lobbying from businesses rather than long-term economic needs. This policy instability creates uncertainty for potential immigrants, who may invest years in acquiring qualifications only to find the criteria changed before they can apply. Such unpredictability, coupled with long visa processing times, can deter highly qualified candidates, pushing them toward countries with more stable and immediate immigration pathways.

Further reading

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Monitoring Ethnic
and Immigrant
Discrimination in
Hiring Decisions
in Times of Crisis

Monitoring Ethnic and Immigrant Discrimination in Hiring Decisions in Times of Crisis
Dominik Hangartner and Michael Siegenthaler

A project of the nccr – on the move

The aim of the project is to analyze hiring discrimination faced by ethnic and immigrant minorities in Switzerland before, during, and after the COVID-19 crisis. The project addresses the following questions: How does ethnic discrimination interact with gender or legal status? Did the COVID-19 crisis moderate or amplify disparities in hiring? How do labor market tightness and immigration bans interact with ethnicity- and gender-based discrimination?

in a nutshell #24 is the result of discussions about the advantages and disadvantages of the migration systems in the countries of residence of the two authors, which took place during Santosh Jatrana's research stay as an nccr – on the move Visting Fellow at ETH Zurich.

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The nccr – on the move is the National Center of Competence in Research (NCCR) for migration and mobility studies. It aims to enhance the understanding of contemporary phenomena related to migration and mobility in Switzerland and beyond. Connecting disciplines, the NCCR brings together research from the social sciences, economics, and law. Managed at the University of Neuchâtel, the nccr – on the move is currently in its third phase (2022–2026) for which it receives SNSF funding of 10.8 million Swiss Francs. The network comprises eleven research projects at eight universities in Switzerland: The Universities of Basel, Geneva, Lausanne, Neuchâtel, as well as the ETH Zurich, the Graduate Institute Geneva, the University of Applied Sciences and Arts of Western Switzerland, and the Zurich University of Applied Sciences.

“in a nutshell” provides answers to current questions on migration and mobility – based on research findings, which have been elaborated within the nccr – on the move. The authors assume responsibility for their analyses and arguments.

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**Santosh Jatrana and
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**What Are the Benefits and Drawbacks
of a Points-Based Immigration System?**

in a nutshell #24, May 2025

 **Swiss National
Science Foundation**

The National Centres of Competence in Research (NCCRs)
are a funding scheme of the Swiss National Science Foundation

Messages for
Decision-Makers

Points-based immigration systems (PBIS) select immigrants based on objective criteria such as their education level, minimizing subjective discretion and enhancing fairness.

By selecting individuals whose skills align with labor market demands, these systems increase the likelihood that incoming migrants complement the resident workforce.

PBIS allow immigrants to enter without a job offer, but this often implies that they are initially unemployed.

PBIS prioritize in-demand qualifications but they may not be tailored enough to the complex and evolving needs of businesses.

What is meant by...

- ...labor market integration
Labor market integration is the process by which immigrants secure stable employment and participate in the host country's workforce.
- ...social integration
Social integration refers to immigrants becoming active members of society, building social connections, adapting to cultural norms, and participating in community life.
- ...highly skilled labor
Highly skilled labor involves workers with advanced knowledge or expertise, typically gained through higher education or specialized training.
- ...low-skilled or unskilled labor
Low-skilled or unskilled labor refers to jobs that require comparatively little training or education, often in manual or entry-level roles.

Point-Based Immigration Systems (PBIS) have emerged as a structured and merit-based model for managing skilled migration. While these systems offer advantages, such as transparency and meritocracy, they also pose challenges, particularly their limited responsiveness to immediate labor market demands—especially in sectors reliant on low- or semi-skilled labor. This policy brief explores the benefits and drawbacks of PBIS, amid ongoing policy debates about their potential adoption in Switzerland.

A key goal of immigration policy is to ensure a swift economic integration of immigrants. However, many studies show persistent disadvantages faced by immigrants relative to native workers in the labor market, particularly when their skills do not align with the host country's job market (Cobb-Clark, 2003; Constant & Zimmermann, 2005). Current immigration policy debates in many countries focus on favouring highly skilled immigrants based on the notion that skilled immigrants integrate more easily into the labor market and make stronger economic contributions. In response, several countries have adopted points-based immigration systems aimed at attracting highly skilled immigrants.

Unlike migration pathways for family reunification or international students, point systems are primarily used to attract economic migrants. Countries such as Canada, Australia, New Zealand, and the United Kingdom have implemented variations of this system. Applicants often qualify for a visa without securing a job offer in advance. This is a key difference to employer-led systems such as the free movement policy with EU/EFTA states in Switzerland where most economic migrants enter with a job offer and the selection of immigrants is primarily based on the short-term needs of businesses.

PBIS focus on Merit Rather Than Short-Term Business Needs
Rooted in economic principles, a point-based immigration system serves as an evaluation framework for selecting prospective permanent residents. Its goal is to identify and select immigrants who can strengthen the host country's economy, by boosting growth and productivity and who are less likely to become reliant on public welfare programs (Tani, 2014). In contrast to employer-led migration schemes in which firms play a central

role in the selection of immigrants, the government selects immigrants in a point-based system by defining the relevant criteria and their relative weightings. Points are typically awarded for factors expected to promote successful labor market integration, including applicants' education level, occupation, work experience, and professional qualifications. Proficiency in the host country's language or having a job offer in an in-demand occupation from a local employer further facilitates labor and social integration. A key feature of point systems is that candidates can compensate for lower scores in one area, such as work experience, with higher scores in another, like language proficiency and younger age.

Thus, PBIS select immigrants primarily based on signals of “merit,” typically focusing on those with in-demand skills who are likely to integrate well over the longer term. (Papademetriou and Hooper, 2019)

PBIS enhance Transparency and Fairness in Immigration
Another key advantage of PBIS is its emphasis on transparency and fairness, ensuring that migration decisions are based on objective, measurable criteria rather than the subjective discretion inherent in certain employer-led or discretionary programs. Built around predefined factors such as education and language proficiency, PBIS offers a structured and predictable selection process. Since these criteria are publicly available, applicants can assess their eligibility before applying, reducing uncertainty for immigrants and lowering costs for the host country by filtering out individuals

who are unlikely to be eligible. PBIS also fosters fairness and non-discrimination. While equally skilled individuals may still be admitted differently due to the inherent difficulty of comparing qualifications across different countries of origin, a well-designed PBIS promotes equal opportunity and consistency in immigration decisions by applying the same objective standards to all applicants.

PBIS Can Align Migration with Economic Needs
Initially designed to regulate immigration, the point-based system has evolved into a policy mechanism to attract skilled workers to address skill and labor shortages. It functions as both a migration filter (e.g., by selecting who can immigrate) and a workforce strategy (e.g., aligning immigration with labor market needs). For instance, Australia's General Skilled Migration (GSM) program targets occupations facing shortages, such as healthcare, engineering, and IT, ensuring migrants contribute directly to economic growth and innovation (Commonwealth of Australia, 2023).

An important indication that the selection process is working is that various indicators suggest that immigrants in countries such as Australia, Canada and New Zealand, which have a points-based system, are comparatively well integrated after a few years in the country: immigrants are mostly highly educated, fare well in the labor market, are in good health, and are less likely to be affected by poverty (OECD and European Commission, 2023).

Because immigrants are likely to complement the resident workforce by design, PBIS are less susceptible to downward pressures on wages and employment of native workers than other immigration regimes.

This is particularly true for native low-wage workers, since immigration under PBIS tends to occur into higher-wage segments of the wage distribution. Unlike an open-border policy, in which a sudden, push-driven increase in immigration can

overwhelm the absorption capacity of the labor market, PBIS also ensures that immigration occurs steadily. It thus gives businesses and immigrants the time to find each other.

Challenges in Finetuning PBIS to Countries' Labor Market Needs
Despite efforts to ensure a fair and transparent selection process, PBIS have faced criticism and calls for reform (Commonwealth of Australia, 2024). A major challenge for point-based systems is to align the selection criteria with actual job opportunities in the host country. The labor market is dynamic, and shortages identified today may not exist tomorrow. PBIS relies on current occupation data to determine skill shortages, but predicting future demand is uncertain. As a result, the system reacts slowly to cyclical or disruptive changes in the labor market.

It is also not straightforward to fine-tune admission criteria such that they capture the complexity of the demand for skilled workers in a country. An occupation may face labor shortages because of a lack of workers with a particular combination of skills and abilities, rather than of workers with a particular occupational background (Kaiser, Möhr & Siegenthaler 2023). PBIS also struggle to account for the presence and value of soft skills and on-the-job training (Papademetriou and Hooper, 2019). In addition, PBIS allow admitted migrants to settle where they wish, which may not be the region where the shortages are most acute.

In contrast to a system where immigration is determined by the hiring decisions of firms, PBIS may thus not sufficiently reflect the specificity and regional prevalence of skill shortages in a country.

Even when migrants possess relevant qualifications, recognition issues, licensing barriers and the lack of a social and professional network can prevent them from securing jobs that match their expertise. In reality, many skilled immigrants admitted through a PBIS are thus forced into lower-skilled, lower-wage positions, diminishing

the economic benefits the system aims to provide (Gamble et al., 2023). This mismatch reduces productivity, frustrates skilled workers, and leads to “brain waste,” where talent remains underutilized.

Point Systems Typically Do Not Address Demand for Unskilled Labor
Another inherent weakness of PBIS is their limited capacity to address shortages in low- or unskilled labor – an issue many high-income countries face nowadays, particularly in sectors with seasonal or short-term peaks in demand. In high-income, high-tax, and high-welfare nations, point systems help filter out low-skilled applicants by design. As a result, countries with PBIS rely on alternative migration channels such as dedicated temporary visa and employer-sponsored programs to meet businesses' demand for unskilled workers, including seasonal workers' programs such as in the tourism industry. While these programs help fill essential labor gaps, many also include pathways to permanent residency, which can undermine one of the core goals of PBIS adoption: restricting immigration to highly skilled individuals (Wright and Clibborn, 2017). Further, such programs often impose restrictions on migrant workers' rights, including the ability to change employers. These constraints can have large negative effects on labor market outcomes of both temporary migrants and native workers, by increasing employers market power and suppressing wages (see, e.g., Allan and Townsend, 2024).

The need to supplement PBIS with programs for unskilled workers risks undermining some of the core benefits of the point-based system.

Immigrants in PBIS Often Face Unemployment After Entry
While PBIS allow skilled migrants to enter without a job offer, this flexibility comes with significant drawbacks, too.