

Are businesses fit to compete in the global competition for skills?

Strengthening public-private dialogue to rethink labour migration policies
and international skills mobility in the framework of the GFMD

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1 Labour migration: the current state of play

It is well-established that migration — whether permanent, temporary, or circular — benefits not only migrants and their families, but also both their origin and destination countries. Research has consistently shown that migrants typically make net positive (albeit small) contributions to the economies in which they work, especially in those with low population growth. In the few countries where migration has a negative impact on GDP, this rarely exceeds 0.5%, and correlates with immigrants' relatively low wages in those countries, rather than a greater dependence on benefits. In contrast, in Switzerland and Luxembourg, the positive contribution of migrants amounts to 2% of GDP.[10] There is also evidence that migrants' remittances — which, in some countries, account for almost 50% of GDP — are associated with poverty reduction, economic growth, and greater human development outcomes in countries of origin.[11] More generally, the birthplace diversity of a country's workforce is positively related to its economic prosperity.[1]

At the same time, business leaders in the OECD countries have long warned that there are increasing insufficiencies in the labour market, primarily due to ageing domestic populations and skill gaps at all levels.[7] Given these facts, we expect that policies, laws, and initiatives that encourage migrant mobility, employment, and skills-matching will directly benefit businesses and the wider economy and societies in origin and destination countries.

In spite of this, migrants and refugees, even those who are highly-skilled, are more likely to be underemployed or unemployed than their native peers. In 2013, 26% of migrants were underemployed, and 13% unemployed, compared with 18% and 8%, respectively, of the native-born.[8] Unskilled migrant labour is sometimes viewed as an ultra-flexible workforce that can be hired and fired according to business cycles, and abuses resulting, in part, from unethical recruitment practices, including human trafficking, have highlighted the inadequacy of current enforcement regimes.[12]

There is significant political resistance to the liberalization of labour migration policies. However, properly-managed and consistently-governed labour migration can help fill both high- and low-skill labour shortages, while at the same time rejuvenating the labour force, improving labour market efficiency, and promoting entrepreneurship, growth, and prosperity in both origin and destination countries. International and domestic migration law therefore needs to be simplified, and applied and enforced in a consistent, transparent, and accountable manner.

Public-private partnerships (PPPs) have the potential to drive much of the necessary change, since they have the triple advantages of reducing public expenditure for business support and integration programmes, while involving all the relevant stakeholders and acting as a link between governments and the different sectors of civil society.

2 The potential of PPPs for prosperity and competitiveness through labour mobility

2.1 Public perceptions

The benefits of migration are misunderstood or simply not known by the public. There is an erroneous, but nevertheless widespread, public perception that foreign workers undercut wages for domestic workers, take jobs that would otherwise go to those workers, and are a drain on the public purse through the benefits system, which raises domestic taxes. These perceptions, which are usually reinforced by certain sectors of the press, have turned migration into a toxic political issue, and this has led to the rise of single-issue, xenophobic, political parties. As a result, it has become increasingly difficult for any political parties to present the case for it, despite overwhelming evidence in its favour. This noxious political climate has also meant that businesses, who might benefit from more rational labour migration policies, have been reticent to enter the debate, and have held back from hiring available migrant labour. Instead, there has been a turn towards protectionist policies, which make it more difficult, cumbersome, and unpredictable for employers to gain access to migrant workers, even those who are highly-skilled.

This is a serious, fundamental challenge that could severely hinder progress on all other aspects of labour migration, so it should be urgently addressed. Co-operation between sectors could begin to do so in the following ways:

- One voice: the public and private sectors should, as much as possible, speak with one voice on the benefits of migration. However, given that governments typically suffer from crises of credibility, it would make more sense for business leaders and other credible partners in the private sector to take the lead, with government support;
- Branding: labour migration needs to be re-branded, so that the fear of the ‘other’ which dictates popular reactions to it is replaced with a more positive, realistic, and rational outlook. The private sector is more finely attuned to the importance of branding than the public sector, and certainly more skilled in its practice, since political parties are conditioned to re-brand according to election cycles in rushed, clumsy, and often implausible ways. The private sector is perfectly placed to lead the way, and various incentives from governments should be considered for this purpose;
- Integration: a common public fear is that migrants wish to impose their own cultures, languages, and values on destination countries. Although this fear is unfounded, integration of migrants is nevertheless a worthy and necessary goal. An example of a successful PPP in this regard is the Vodafone Chances programme, which awards university scholarships to students with an immigration background.

2.2 Recruitment of migrant labour

Fair recruitment is not just a moral issue, since its practice entails a range of benefits and added value for businesses. Firstly, it allows the identification and recruitment of workers best-suited for roles, thus improving skills-matching. Secondly, it enhances the transparency and mutual accountability of the recruitment process. Thirdly, it means that legal protections are afforded to all stakeholders. Finally, there is an important, positive, reputational dividend that comes with consistent, properly-enforced and well-publicised fair recruitment. In fact, since the social return-on-investment (SROI) of fair recruitment is evident, its potential for monetisation, as Fairtrade and other ‘ethical’ brands have demonstrated, should also be clear.

Increasing barriers to normalisation have meant that irregular migrants are more easily exploit-able, so there are certain sectors of the economy with a vested interest in the status quo. The kinds of abuses that have been uncovered include, for example: a) migrants being charged recruitment fees by agents; b) migrants' passports being retained by employers; c) migrants' contracts being substituted with inferior terms, with no right of redress; d) lack of freedom of movement. All of these practices, and worse, are prevalent in human trafficking, which is estimated to generate global profits of US \$31.6 billion. Aside from the moral arguments against such practices, the abusive treatment of workers jeopardises the integrity of the value chain, which makes employers vulnerable to reputational damage. Initiatives to address this include:

- The International Organization for Migration (IOM) is collaborating with major strategic private sector stakeholders and public sector agencies and regulatory bodies, through its International Recruitment Integrity System (IRIS), a voluntary fair recruitment framework in which stakeholders engaged in recruitment agree to abide by a common code of ethical conduct and best practices. By presenting migrant workers with viable alternatives to unethical recruitment through a publicly-available roster, they will be able to make informed choices regarding their overseas employment.
- The International Labour Organization's Fair Recruitment Initiative (ILO-FAIR), which aims to help prevent human trafficking, protect the rights of workers, including migrant workers, from abusive and fraudulent practices during the recruitment and placement process, and reduce the cost of labour migration and enhance development gains. This is being implemented in close collaboration with governments, employers' and workers' organizations, the private sector, and other key partners.
- The Public Private Alliance for Fair and Ethical Recruitment was launched in 2013, as a plat-form for employers, recruitment intermediaries, governments, civil society organizations and other organizations to promote fair recruitment internationally.
- Verité's Fair Hiring Toolkit, which offers tools, guidance, and approaches to support the responsible recruitment and hiring of migrant workers in global supply chains.
- The Dhaka Principles for Migration, developed by the Institute for Human Rights and Business, set out principles and guidelines to enhance respect for the rights of migrant workers.

Although the number and diversity of these programmes is encouraging, a natural question to consider is whether multiple frameworks (even within a single economic area) inevitably makes the adoption of, and compliance with, best practices more difficult than it might be in a more unified system.

Governments and businesses could enhance the effectiveness of these kinds of voluntary programmes in the following ways:

- Joint development of national and international legislative ethical recruitment mechanisms;
- PPPs to focus on the consolidation and centralisation of recruitment frameworks.

3 Labour-mobility in three sectors

3.1 Food and drink manufacturing and processing (FDMP)

FDMP represents the largest component of the EU manufacturing industry in terms of turnover, value added and employment. However, in recent years, the sector has seen a drop of between 30–40% of young employees (under the age of 24), coupled with increasing retirements due to an ageing workforce, which means the loss of experienced workers.

It is recognised within the FDMP sector that this is partly due to its poor image, particularly among young people, but also because of the comparatively low rates of pay within the sector.[9] This has led to a shortage of highly-skilled workers, such as food scientists and technologists, nutritionists and new product designers.

Sixty percent of FDMP employees work for small and medium-sized enterprises (SMEs). A large proportion of roles are low-skilled, and the FDMP workforce is generally less well-qualified than the general working population. In the EU, migrants make an essential contribution to the FDMP sector, with as many as 400,000 migrant workers (10% of the total), of which half are EU nationals.[9] Some sub-sectors, such as farming in the USA and butchery in the EU, are almost entirely reliant on migrant labour. Migrant workers are seen as harder-working than the native workforce, and willing to work longer hours.[6] However, the US federal government estimates that 60% of the country's farm workers are undocumented.[2] A pathway to normalisation, let alone citizenship, is impossible given current legislation and the political climate. This makes these workers particularly vulnerable to abuse, which is exacerbated by the seasonality of farm work.

Finally, although training of migrant workers in the FDMP sector is relatively high by global standards, it is viewed by its SMEs as a means of demonstrating compliance with legislative and regulatory requirements, rather than as an investment in the development of the business.[9] To begin to address these issues, governments and businesses could work together to promote the following kinds of initiatives:

- Apprenticeship programmes, harmonized internationally, would harness an important recruitment route into the sector.
- Regional training co-operatives would enable the collaboration of SMEs in running training courses for employees, whilst still permitting companies to meet their production demands.
- A case study (e.g., matched plant study), demonstrating the financial and business benefits of training and workforce development, would encourage businesses to use training to drive growth and promote innovation.
- Investment in and regulation of fair and ethical recruitment standards. This is especially important for the FDMP brand, and we would expect steps in this direction to yield a significant return-on-investment, both social and monetary.

3.2 Tourism

The tourism sector has a similar profile to FDMP, with respect to skills requirements and short-ages. However, the seasonality of this sector makes migrant labour particularly attractive for many employers. Moreover, there is a consensus within the sector, that migrant workers are vital to its operational viability, as it benefits from the culturally-diverse skills which they bring to their employment.[3]

Government initiatives are required, both to facilitate cyclical labour mobility to meet demand, and to help migrants integrate into the host community and improve their skills. These will include:

- A Temporary Foreign Worker Programme (TFWP), like that which has been offered by Canada for around 40 years, which would assist businesses in employing temporary foreign workers when labour shortages are identified.
- Language training, which is emphasised by the industry’s advocacy groups, and is especially crucial given the sector’s customer-facing profile. Not only would language proficiency training enhance TFWPs for the benefit of businesses and migrants, but they would also help allay some common public concerns over such programmes and their impact on native language and culture.
- Common entry and residence conditions for third-country seasonal workers, on the model of Schengen.

3.3 Information and Communications Technology (ICT)

The ICT sector is facing a severe shortage of highly-skilled personnel, due to an ageing population and constantly-changing technologies, which require lifelong learning.

A growing number of OECD countries have adopted quantitatively-restrictive but qualitatively-selective immigration policies (e.g., points-based immigration, the H1-B visa in the US, the European “Blue Card” project), in an attempt to raise the quality and education level of migrants. However, the effectiveness of these kinds of policies in achieving their intended outcomes, and in reducing the skills gap, has been questioned, so further research is needed, along with new ideas and initiatives to address this problem.[4]

Models of innovative ICT-related initiatives include:

- German and US governments’ decisions to issue temporary permits to highly-skilled migrant ICT workers, while also providing ICT training and “reskilling” to domestic workers;
- Transparent and fast-track entry procedure for intra-corporate transfers;
- Single application procedure for a residence and work permit and a common set of rights for non-domestic workers (EU legislation, adopted 02/08).[5]

4 Harnessing the potential of labour mobility

All sectors of the private economy are faced with increasing skills gaps and ageing populations, but the potential solutions to these problems are blocked by existing barriers to labour mobility. These include:

- Increasingly stringent immigration policies, bolstered by an anti-immigration political climate;
- Complexity, opacity, and diversity of immigration policies and laws, including, in particular, ever-increasing red tape;
- Residency requirements for access to healthcare and other social programmes;
- Inconsistent and opaque recruitment processes and practices relating to occupational licensing, certification/accreditation, and registration;
- Differences in occupational standards.

Innovative policies, legislation, and models are therefore essential to prevent the ongoing squandering of the vast potential of labour mobility. Such initiatives should consider the potential of the following:

- Liberalisation of immigration policies, including universal work permits which afford migrants the same protections and rights under the law as native workers;
- Streamlining and harmonisation of immigration/visa procedures (cf. recent initiatives in Canada and New Zealand);
- High-quality sector-based labour market information (LMI) that is internationally accessible;
- Investment in fair and ethical recruitment initiatives, of the kind outlined above;
- Standardisation of the criteria and procedures for the recognition of qualifications, accreditations, and credentials. Tentative but somewhat fragmented steps towards this include the following:
 - the National Qualifications Framework (NQF);
 - the EU Certification Framework;
 - the European Qualification and Skills Passport;
- Regional training co-operatives;
- Sharing of best practices.

Furthermore, lessons learnt from successful programmes and PPPs (for example, the award-winning efforts of Barcelona Activa) can be adapted and applied to other challenges in labour migration policy.

5 Conclusion

There is no doubt that migrant labour has the potential to help address current and future insufficiencies in the labour market, promote competitive and efficient labour markets, enhance the competitiveness of businesses, and promote general prosperity. This means that employers, governments, and migrants stand to benefit from engaging with each other in devising and promoting policies that facilitate labour mobility. With the above discussion in mind, participants are asked to consider the following broad questions before the meeting:

- 1) What kinds of policies and regulations facilitate efficient skills/labour matching?
- 2) How can the public and private sectors work together to address the public relations crisis with regard to labour migration? In particular:
 - a) What can be done to call attention to the economic and social benefits of labour migration?
 - b) What can be done to allay the public's unfounded fears about labour migration?
- 3) How can the regulatory burden on business be minimised, while maintaining best practices in fair and ethical recruitment? Can competition and monetisation of SROI play a role?

- 4) How effective are existing programmes relating to fair recruitment, and what can be done to enhance their effectiveness?
- 5) How can governments work with and assist businesses in the training and integration of migrant workers? What can be done to build on the success of existing PPPs in the area of education and integration of migrants?
- 6) Are universal work permits effective? What lessons can be learned from existing programmes?
- 7) How can the public and private sectors co-operate to ensure that labour migration policies are informed and guided by the best available evidence?
- 8) What concrete decisions can be taken to ensure a continuous and productive public-private interaction process? Could regular business meetings at GFMD play a role in helping addressing the question of competitiveness in the global search for skills?
- 9) Is there sufficient reliable information regarding the cost-benefit ratio for the private sector to engage with policy makers? How can the potential for return-on-investment in such engagement be improved?

Despite attempts to address the challenges outlined above, the skills gap is increasing, and conditions and opportunities for migrant workers are not improving. More radical ideas and solutions are called for, and it is hoped that those will come from this public-private dialogue.

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