

## GFMD PRIVATE SECTOR MEETING:

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

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

Co-hosted by the Turkish GFMD Chairmanship and the Government of Switzerland

15-16 May 2015, Istanbul, Turkey

### FULL REPORT

#### Introduction

The business world plays an essential role in the lives of migrants around the world. Businesses provide job opportunities, financial services and investment solutions that migrants seek for a prosperous life for themselves and their families. Involving businesses in migration governance would help developing innovative policies on mobility and enhancing global competition for skills and skills mobility, which will unfold the development potential of migrants, countries and businesses.

With view to identifying potential avenues for regular public-private sector interaction under the auspices of the GFMD, the Turkish GFMD chair, represented by **Ambassador Mehmet Samsar**, Director General for Consular Affairs, and the Government of Switzerland, GFMD chair in 2011, represented by **Ambassador Eduard Gnesa**, Special Ambassador for International Cooperation in Migration co-hosted a GFMD Business Meeting from 15-16 May 2015 in Istanbul on the subject of the global competition for skills and the international mobility of skills, which brought together decision-makers of global businesses as well as high-level migration policy-makers from various governments.

This meeting served to jointly explore an issue of global relevance at the interface of the economic sphere and migration policy. In light of the rapidly changing population patterns and dynamics worldwide, labor markets are increasingly faced with skills shortages at all levels leading to a growing skills competition on a global scale. The economic impact of the mobility of skills and its implications for migration policies was the focus of the interaction. The meeting provided a platform to discuss the challenges and opportunities of innovative policy-making on skills matching, recruitment mechanisms and labor migration regulations from the perspective of two sectors – information and communication technologies as well as the food, beverage and hospitality industry. The overall goal was to understand the expectations of the private sector vis-a-vis the governments in terms of business-friendly labor migration policy, determine converging and diverging interests and identify areas of (common) action.

The conclusions and recommendations from the GFMD Business Meeting shall form the basis for the establishment of a regular public-private sector interaction mechanism in the framework of the GFMD that ensures continuous dialogue on sound and contemporary migration policy that takes economic interests into account, creates momentum to launch public-private initiatives and develop policy innovations.

The Global Forum on Migration and Development (GFMD) has served as an informal platform for frank and action-oriented debates on migration policy for almost a decade. It has shaped global thinking on the opportunities and challenges of migration, allowed for the sharing and comparing of notes on migration policies and practices, and opened up avenues for cooperation and innovative initiatives. Starting out in 2007 as a dialogue predominantly among governments, the GFMD while maintaining its state-led character has evolved into a multi-stakeholder platform making use of the comparative advantages of the participating actors. While international organizations and civil society have established their respective roles in the Forum as providers of expertise and representing the interests of migrants, the interaction with the private sector has rather been ad hoc. Based on the recommendation of the GFMD assessment from 2011-2012 to establish a regular consultation mechanism with business leaders, the government of Turkey as the current GFMD chair-in-office in cooperation with the government of Switzerland, former chair of the GFMD in 2011, with the support of the GFMD Troika are determined to fill the empty seat at the table.

### **Setting the scene: Why and how the global competition for skills will reshape labor migration in the 21<sup>st</sup> century – Academic and economic evidence**

**Prof. Rainer Münz**, Head Research and Knowledge Center, Erste Group Bank AG, highlighted the changing global demographic trends that will reshape migration policies in the 21<sup>st</sup> century. He used a series of trends (the emerging regions, the unequal population growth distribution, the global ageing, the increasing life expectancy, the lower fertility rate globally and decreasing birth rates) to demonstrate that the growing disparities between population and economic growths in continents and the shrinking labor force in some parts of the world compared to others where labor force is drastically increasing. This situation accentuates the trends that the developed world will compete for workforce, especially for young and skilled migrants. This is posing challenges which could be met by attracting the right talent and skills and having the right policy mix. A case in point being North America which was attracting the relevant talent and skills beneficial to economic growth whilst Europe was closing its doors. It was recommended that public and private partnership be explored to identify joint solutions that are critical to filling these gaps.

**Mr. Ahmet C. Bozer**, Executive Vice President and President of Coca-Cola International, singled out diversity of nationalities as a critical component of the company 2020 vision. From 'one brand one country' approach, Coca-Cola diversified into '500 brands and multi-country' approach. The secret ingredient of their success and growth is based on diversity of peoples combined with formula, brand and a global system. Talent mobility contributes to diversity and diversity delivers results, which, in turn, contributes to global success and outreach. Looking at the macro-forces which will be the catalyst for change in the coming years (ageing population, shift of economic gravity centers and emerging middle class increase worldwide), communication with consumers is key. It is encouraged to increase dialogue for good policy development in due consideration of the population needs. A positive environment for the so called "Millenials" (skilled and entrepreneurial people, who can work in all countries and cultures) will need to be created for the upcoming generations.

In light of the above, the ensuing discussion yielded the following policy recommendations:

- Mobility of people for employment purposes should be a key feature of businesses policy as it contributes to professional growth. It is importance to look at the mobility of people between company HQs and the field offices, as it augments both experience and skills of the labor force;
- Competition for talent is critical for emerging economies;
- Private sector should be encouraged to be strong advocates for identifying labor market needs and to make a strong case in favor of migration and its corresponding policy changes, rather than making separate deals with Governments.

## **Getting down to business: The need for international skills mobility – What companies expect of labor migration policies**

On expectations of businesses from governments, **Mr. Jaap Buis**, Public Affairs Manager, Randstad Holding International, highlighted the importance of engaging governments in labor mobility. Governments need to recognize and understand that the only viable solution to recovery from the financial economic crises affecting many countries adversely is through labor mobility and job mobility. Governments should ensure economic and social integration of labor migrants, owing that 30% of the workforce is made up of migrants.

**Ms. Kristina Lindahl von Sydow**, Head of European and Regulatory Affairs, Swedish Food Federation, described the food sector as constituting a broad range of companies (SMEs) of varied size with differing needs that require both low skilled and highly qualified workers to remain competitive. It was recommended that more efforts need to be made to attract and retain low skilled workers who do not have as many opportunities of mobility as the highly qualified do. Low skilled should therefore also benefit from incentives (such as seasonal multiple entry visas, housing and education). Additionally, establishing mechanisms for evaluation and assessment of skills and competencies of persons with no formal education is important. The role of governments in instituting appropriate policies in this regard is critical. Lastly, businesses and governments need to engage in public discourse with a common understanding on positive aspects of migration, such as attracting the right employees, seeking market opportunities, establishing relevant educational schemes and an understanding and awareness of human rights of migrants.

**Mr. Félix Allemann**, Market Head, Nestlé Turkey, drawing upon Nestlé's policy of mobility and diversity as well as lessons from various countries, highlighted its apprenticeship programs to attract and retain young people into the labor market through career counseling, transfer of know-how, as well as on-the-job training. Such approach would offset the unemployment rates amongst youth and creates a pool of talent with relevant skills. Another policy recommendation was how Nestlé reaches out to its suppliers (i.e. cocoa farmers) through micro-credit schemes that focus on raising quality, increasing production and creating employment for youth. Seasonal labor migrant workers, particularly in the agricultural sector, tend to move from one harvest to another which affects the education of their children. The role of governments in provision of services that will improve the overall working condition of workers is critical, as it contributes to growth and productivity. Private sector can make a major impact if it were to send a strong message to governments and the public at large, that migration is good for business. There is a need for faster and simpler migration policies. Segmentation of needs requires flexible policy approaches.

As regards the ICT sector, **Ms. Sandra Saric**, Vice President, Talent Innovation, Information and Communication Council, highlighted the need for governments to establish policies for integration of overseas newcomers that are employed in the ICT sector by small and medium enterprises (SME) which usually do not have the requisite capacity. Awareness-raising programs to overcome the barriers to integration are recommended. SME lack knowledge on overseas recruitment and tend to rely on traditional recruitment strategies that are unable to supply them with the right skills, while there are rapidly changing ICT technologies. Whilst the employers prefer permanent workers, government policy encourages temporary foreign workers which are not conducive to growth or competitiveness. Strong labor market systems are required, with capacity for express procedures. Public-private effort is necessary on recognition of skills and qualifications and enhancing national educational systems to meet the future skills supply.

The discussions that followed pointed out that:

- Business models should provide ample data and statistics to policy makers who are often uncomfortable with political discourse;

- Businesses should engage publicly based on the immediate value and clear outcome. Public-private partnership can jointly take this discourse forward;
- Public-private partnership should collaborate to lower barriers to mobility;
- Faster, simpler, employer-driven labor migration policies are required to respond to the labor force mobility needs;
- Mobility, both long- and short-term, is key for business competitiveness (flexible mobility);
- Mobility goes with skills recognition and transferability between countries and regions;
- A special focus should be given to SMEs which lack capacities to develop their own policies. Business associations could help filling gaps for governments in terms of skills development and education;
- Governments need to show a pro-migration attitude, and businesses have a role in improving the perception of migration;
- There is a need to take stock of lessons learnt from other sectors (e.g. gender).

### **Public-private sector interaction on migration policy – Initiatives by the GFMD and government experiences**

**Mr. Ola Henrikson**, Director General for Asylum and Migration Policy, Ministry of Justice, Kingdom of Sweden, in his capacity as former Chair of the GFMD, emphasized that close partnership with private sector is key to managing migration. Public-private partnership needs to be based on a common understanding of what works and what does not work. Whilst the public needs to have confidence, the private sector requires flexibility yet predictability and speed of action. Managing public perception, using facts and data, is critical. Private sector can play a role in validating policies and positions of governments. The model of the Swedish migration policy was highlighted as flexible, demand-driven, skills-neutral and prone to serve the needs of employers. There are corrective actions needed when it witnesses abuses, including easing the bureaucratic procedures for SME. Private sector must abide by their procedures and protect the rights of migrants. Fair recruitment is of mutual interest; it demands that public and private sectors work together to decrease abuses and exploitation and contribute to development. Local partnerships are important. .

**Mr. Götz Schmidt-Bremme**, Director of Legal and Consular Issues including Migration, Federal Foreign Office of Germany, noted that businesses need visa, housing, schools for their workers, and support capitalism, whilst the concern of government is numbers. Germany needs 238 million skilled workers while there is no demand for unskilled workers. SMEs lack capacity and awareness to implement migration regulations, although Germany has a systematic dialogue between public and private sectors. The example of GIZ, the German Organization for International Development, was highlighted as it is working closely with the business to integrate Syrians into the labor market. Raising awareness, open discussion and encouraging circular migration are policies that Germany is following.

**Ambassador Abdelkader Sahl**, Director General of Consular Affairs, Ministry of Foreign Affairs, Tunisia, provided an example of how two Ministries of Training and Labor and Social Affairs opened up overseas employment opportunities for Tunisian workers, linking demand and supply through a number of MOUs with European and Gulf countries. It established recruitment, training and development facilities for their workers, to enhance global competitiveness overseas as well reintegration of returnees. Tunisia followed a rights-based approach to ensure full protections of the workers.

**Mr. Dorin Toma**, Diaspora Relations Bureau, Moldova, highlighted its mobility partnership with the European Union (EU) that opened up educational and employment opportunities for their skilled workforce. This includes facilitation of visas as well as encouraging their diaspora to contribute to development in their home country. Thirty-nine percent of all Moldovan households have one relative working abroad. The Moldovan Government frames migration as a choice and a business case in a 'Whole-of-the-Government approach'. Examples were given on the importance of the Moldovan

diaspora outreach programs and the organization of diaspora Business Forum, which also stresses the youth engagement and talent recognition initiatives.

The discussion which followed highlighted several practices of interest:

- The instruments of the European Union (EU) based on the credo of unity in diversity, such as the European Agenda for Migration (Pillar 4 on legal migration) and the Common Asylum Policy, including burden sharing by EU Member States which calls for more business-friendly visa policies and gaining confidence of the public to counter the backward trend;
- The need to balance human rights with security and integration, and to develop visa applications for students, with face-to-face interviews to combat possible work exploitation;
- Business community should be called upon to provide policy recommendations to the GFMD process, as it gradually integrates the private sector;
- The facilitation of the bureaucratic hurdles to recruit workers from overseas;
- The regularization of low skilled workers in the food and beverage sector for example which is characterized by poor working conditions, abuse and low remuneration, which can be considered as a win-win situation for both private sector and the Governments;
- The importance to respect the rights of migrants, regulatory frameworks, and flexible and fair recruitment of international labor migrants.

Furthermore, the following points were highlighted:

- Partnership of business and governments should be geared towards concrete results;
- Governments may play a regulatory role (i.e. labor market inspectors) to prevent abuse and exploitation;
- Governments may institute flexibility and short-term policies to meet business interests;
- Outdated laws and policies should be replaced by new legal frameworks;
- Cooperation between local governments and businesses are critical to fill labor market gaps;
- Streamlining bureaucratic hurdles is essential.

### **Matching skills supply and labor demand through public-private action – Current evidence-base, ongoing practices and trending initiatives**

**Ambassador Laura Thompson**, Deputy Director General, International Organization for Migration (IOM), emphasized three major points: 1. The importance of bringing Businesses and governments together for making migration policies more efficient and jointly enhance economic growth, prosperity and global competition; 2. Skills supply and demand matching processes are key within any labor migration policy, while it is essential to ensure their enforcement. The Private-Public Alliance is a platform for employers, recruitment intermediaries, governments, civil society organizations and other organizations to promote fair recruitment internationally. A reference was made to the IOM *International Recruitment Integrity System (IRIS)*, which is a multi-stakeholder certification process for recruiters that will help galvanize a community of good practices and enable migrants, employers and governments committed to ethical recruitment; and; 3. Public-private partnership should increase communication on labor migration to the general public. Recent media exposés have highlighted both the dangers to workers and the reputational risks for those even indirectly employing them. These subjects need to be framed to have clear messages with the general public.

**Ms. Michelle Leighton**, Chief Labor Migration branch, International Labour Organization (ILO), highlighted that labor migration is an important vehicle for responding to the supply and demand needs, for stimulating innovation and development, as well as for transferring know-how and skills. However, there is no uniform definition of skills and neither is there a single methodology in use for skills need analysis. Access to skills recognition processes for low- and medium-skilled workers is often limited which prevents maximizing their talents and hinders integration. Citing ILO Recommendation on

Human Resources Development (195), emphasis was put on the need for shared responsibility between public and private sectors, the importance of fostering a dialogue between governments and businesses in countries where there is a protracted crisis, including bringing workers and employers together. The lack of governance in recruitment and the existence of some or no laws in countries of origin, transit and destination require that businesses, governments, employers and workers jointly deal with recruitment agencies towards a win-win strategy to create a platform for shared responsibility amongst all social partners.

**Ms. Nava Hinrichs**, Managing Director, The Hague Process (THP), highlighted the growing evidence why migration was a topic of direct interest to businesses. Not only does migration enhance global competitiveness but migrants represent an expanded customer base, often creating new markets opportunities and filling in the gaps for special skills along with a diversified workforce. The results of a mapping study to ascertain private sector engagement with governments on migration policy conducted under the Swedish GFMD Chairmanship listed barriers, such as: Businesses consider the issue too risky; they are not convinced of their role or potential; they have no time or interest or simply lack awareness; the bureaucratic hurdles, the slow political process and capacity to influence policy and migration management. The study also demonstrated risk management and cost benefits evaluation were central concerns of business leaders. It was recommended that demonstrating return on investments is an urgent priority, along with dissemination of evidence-based regional and global data indicating benefits from talent flows. Business and Cities partnerships on areas of mutual concern were cited as positive model.

**Mr. Howard Duncan**, Executive Head, Metropolis, added a new dimension on the need for cooperation between local governments and businesses at city level that are equally important to enhancing public-private partnerships including addressing labor and skills gaps. As regards the challenges to business and city partnership, the hybrid point system that Canada was using was outlined as it does not always serve the needs of the private sector which shies away from taking risks and dealing with lengthy legal procedures, variety of employees and diverse preferences for language, age, familiarity and knowledge of local culture. Most employers are unable to take risks or get involved in legal matters which are quite expensive and lengthy. It was recommended that more efforts were needed to shift the balance of influence towards the employers. While governments have the primary responsibility of protecting the workers, ensuring their safety and security and taking necessary remedial actions, they should stay out of the selection processes unless they can add value.

The following recommendations were added to the discussion:

- The importance of skills recognition, especially of foreign students as there was ample evidence to demonstrate that many foreign students were amongst the high achievers;
- The need for Corporate Social Responsibility to tackle issues of labor exploitation and trafficking;
- The role of governments is critical to ensure security, access to health and protection of migrant workers. However private sector should have the freedom to recruit the skills they need;
- The call for policy coherence at national levels, social dialogue and for governments to provide visas and work permits especially for African countries;
- The monitoring of labor mobility, labor rights and establishing fair recruitment procedures;
- The need for enterprises to look at the practices as their supply chains and the need for holistic approach in skills matching. Finally, it was stressed that it is not a question of promoting migration as a business case but to make a case for businesses to engage on migration policy for their economic benefit. There is too little understanding on the Returns on Investment (ROI).

**Drawing conclusions for joint action to enhance labor matching and skills mobility –  
Reports on and discussion of the results from the sector roundtables**

## ***Food/Beverage Industry & Hospitality Sector***

The main challenges identified in this sector are a.o. complicated bureaucratic processes; long time frames for visa processing; language skills of incoming labor migrants; and education systems and recognition of skills.

The following models and proposals were discussed:

- The Swedish program of evaluating the competences of someone who might not have official education but can be fit to have a job in a certain sector;
- The Swiss program for semi-retired/elderly skilled people to train younger and less skilled youth;
- Countries with a high recognition rate of asylum seekers (such as Sweden) need a mechanism for identifying skills of asylum seekers early on to better match their skills to the labor market;
- There is a need for more flexible systems for labor migration from outside the EU;
- More creative ways of evaluating skills are required;
- Suggestions were made to develop packages to encourage foreign workers to work with local workers. Such an approach should consider language training for foreigners and locals;
- Enhance skills development in the countries of origin;
- Improve the monitoring of recruitment agencies;
- Give more emphasis on ensuring labor standards in the supply chain;
- Consider tax reliefs that governments could provide.

## ***Information & Communication Technology (ICT)***

The main challenges identified in this sector are a.o. terms of visa regime changes and administrative procedures; the need for a “whole-of-government” approach to prosperity; the administrative burden for selecting worker candidates, and the recognition of qualification and professional experiences.

The following models and proposals were discussed:

- Concepts such as “Trusted Employers”, which is a concept proposed by Canada established to streamline administrative procedures and increase efficiency, in order to save employers and the government vital resources (time and cost) in facilitating visas for legitimate employers;
- The reduction of visa issuance period and decision burden;
- Migrant workers family reunion to ease process of retention;
- The IRIS initiative was discussed as a possible model to replicate in recruitment procedures;
- The idea of a “migrant social backpack” was proposed in terms of social benefits. This individual backpack could contain a “baseline” of rights and benefits provided by the governments and could be complemented by further benefits provided by employers;
- Further recommendations included how Western financial institutions can provide a pension fund for migrant remittances;
- Experience recognition in addition to skills recognition;
- The need to manage the public perception came as an important issue.

## **The way forward – Continuing the public-private interaction on business relevant migration policies**

A proposal of a regular public-private sector interaction mechanism in the framework of the GFMD was introduced by Switzerland in the last session of the GFMD Business Meeting with view to stimulating a deliberation by both the public and sector representatives on the appropriate modalities of such a potential future format as part of the GFMD.

The blueprint proposal developed by Switzerland consists of four main elements:

1. A **GFMD Business Advisory Group** potentially co-chaired by the WEF Global Agenda Council on Migration as well as the International Organization of Employers (IOE). Its functions would be to coordinate private sector engagement with the GFMD and jointly set the agenda of the annual public-private dialogue with the GFMD chair in consultation with the wider GFMD community.
2. About mid-way in the annual GFMD cycle a **GFMD Business Meeting** would serve to explore an issue of global relevance at the interface of the economic sphere and migration policy. Its aim shall be to promote continuous debate on sound and contemporary migration policy of mutual benefit to the public and private sectors, identify common action lines and actionable objectives, create momentum to launch public-private initiatives and develop policy innovations.
3. A GFMD **Business Roundtable at the GFMD annual** summits would serve to ensure that the outcomes of the GFMD Business Meeting are brought into the formal dialogue of the GFMD. The GFMD Business Roundtable would be open to all interested GFMD stakeholders.
4. On the sidelines of the GFMD annual summits, a **GFMD Business Fair** could be organized. The GFMD Business Fair would be an informal space for companies and business associations to interact with policy-makers from governments, international organizations and civil society.

This proposal was generally well received and expressively seconded by a number of representatives from key governments, business associations and international stakeholders. Namely Turkey as the current GFMD chair in office, Bangladesh the incoming GFMD chair in office, the senior advisor to the Special Representative of the Secretary-General for Migration as well as the potential private sector coordinators – the chair of the WEF Global Agenda Council on Migration and the representative of the International Organization of Employers (IOE).

The outcomes of the May meeting shall form the basis for the establishment of a regular public-private sector interaction mechanism that ensures continuous dialogue on sound and contemporary migration policy that takes economic interests into account, creates momentum to launch public-private initiatives and develop policy innovations.

The time between the GFMD Business Meeting in May 2015 and the GFMD Summit in October 2015 will be used to continue the consultation with key private sector stakeholders, engaged GFMD governments and other interested GFMD stakeholders with view to developing a proposal of a future public-private sector interaction mechanism in the framework of the GFMD. In accordance with the GFMD Troika, in consultation with the GFMD Steering Group and through appropriate information of the GFMD Friends of the Forum, the endorsement of this new interaction mechanism at the GFMD Summit in Istanbul from 14-16 October will be planned.

It will especially be key to pursue the proposal with the incoming GFMD chair Bangladesh on the one hand, since it will have the challenge and opportunity to launch the new interaction format. On the other hand, it will be critical to determine the respective roles the WEF Global Agenda Council on Migration and the IOE in terms of convening and coordinating private sector interaction with the GFMD. The proposal of the future interaction mechanism will have to be concretized with these stakeholders in order to ensure their commitment before the Turkish GFMD chair consults the GFMD Steering Group and Friends of the Forum in September with view to the endorsement of such a new complementary format by the GFMD community at the annual summit in October 2015.