

Talking point

Integration of migrant workers: the important role of companies

November 30, 2011

Migration can be an effective way of reducing geographical imbalances on the labour markets. Together with politicians and the larger society, companies have a key role to play in integrating migrant workers. It is also in the interest of companies to make good use of the international pool of qualified labor. With 20% of the population being either immigrants themselves (10%) or second-generation immigrants (another 10% according to the EU Commission) – both in Germany and France – the costs of not fully integrating this potential are high, both for business and society.

The business case for cultural diversity is clear but not fully recognised in Europe. The bulk of current diversity efforts is directed towards gender diversity and age diversity – gender diversity being by far the main aspect of diversity tackled in Germany at the moment. Companies are still predominantly driven by ethical/fairness motives and CSR – as well as the need to show compliance to legislation. However, an increasing number of employers recognize the various benefits which cultural diversity can bring and its potential impact on the bottom line.

1. A welcome source of skills and talent. In order to tackle population ageing, Western countries and particularly Germany need to make use of all available skills and talent: from women, seniors as well as international workers. Migratory flows originating outside the EU are expected to be the key driver of European demographic dynamics in the next decades. Intra-EU migratory flows are also seen as a response to high unemployment in the euro periphery, e.g. in Spain (20% according to Eurostat) and may also increase in the coming years. Skills shortages are already a reality for a number of German companies – especially in engineering, IT, medicine, long-term care, Kindergarten, etc. – and are very costly for the German economy.

2. Migrant workers also bring cultural, linguistic competence as well as networks – handy to expand markets. These assets are particularly useful for companies seeking to acquire markets abroad, e.g. in emerging countries, or are eager to better serve foreign clients in their home countries. Deutsche Bank has set up Bankamiz, a subsidiary designed to target clients of Turkish origin, managed by employees of Turkish origin.

3. Diversity is often associated with increased creativity, which can translate into more innovations and better financial results. A number of diversity studies have shown that organizations with a strong commitment to diversity outperform their peers. Diversity of backgrounds and perspectives is beneficial at all levels of the organisation, including in supervisory boards. The share of non-nationals on the supervisory boards of the largest listed companies is 24% on average for Europe according to Eurostat. Switzerland tops the list at 53%, the UK reaches 40% and export-oriented Germany a mere 11% - partly driven by a more acute language barrier.

Competing for skilled international talent, companies are implementing immigrant-friendly practices to reduce barriers to integration and retention of international talent. Optimizing the return of international talent indeed requires that migrants' knowledge and competence are fully recognised and utilised. Although this has different implications for blue-collar and white-collar workers and may also require different approaches for SMEs and for larger corporations, we can broadly distinguish the following practices: they are especially found in Canada so far – a leader in this area. Companies eager to benefit from the potential of immigrants can learn from these approaches, adapting them to meet their own needs.

1. Shopping for talent. In order to attract and recruit international talent, companies have expanded their recruitment practices. For instance, this may involve recognising foreign qualifications by using assessment services of professional credentials or through in-house competency tests. Implementing culturally sensitive screening practices is another aspect, also making sure that recruiting (and promotion) processes are not biased.

2. If you get them, can you keep them? Integrating, developing and retaining immigrant and international talent implies developing an organisational culture which respects and encourages diversity. This may include targeted

mentoring, language and communication training as well as promoting cultural awareness for all employees. Support from the executive team is critical for the successful implementation of these practices.

Companies together with the public sector can do a lot to leverage international skills and talent. For instance, companies' challenges and successes will be largely influenced by immigration policies and the ability of young migrants to participate in education or training in Germany. Germany has not been a destination of choice for EU-15 or emerging countries – due to the language barrier, higher taxes/contributions as well as lower wages – but interest is rising. German universities have started opening their doors more widely by offering instruction in English. There is a huge opportunity for Germany to catch up with considerable paybacks.

The author wishes to thank the participants of the Genshagen Forum for Franco-German Dialogue (organised by the Genshagen Foundation and the Institut Montaigne) for useful discussions.

EU Monitor 85: Labour mobility in the euro area, DB Research, Sept. 20, 2011



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