

CAN EMPLOYING REFUGEES BRING VALUE TO COMPANIES IN ASIA-PACIFIC?

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“The problems we face as a regional community can no longer be seen as ad hoc, but as a long-term, continuous occurrence that will only become normality. The mass migration of those fleeing conflict or natural disasters, or to seek a better living elsewhere, can no longer be perceived as a humanitarian consideration, but as a development issue that will ultimately determine our sustainability and success as an economic community. In this light, all sectors now need to work harder, together, to ensure that some of the most marginalized in our society are able to integrate and contribute.”

Oranutt Narapruet,
International Rescue Committee (IRC), 2016

INTRODUCTION

■ **Corporate Social Responsibility (CSR)* in Asia.** An indisputable body of evidence shows a correlation between responsible business actions and financial performance in the long-term. Asian companies have increasingly been expected to play a more positive role in society and there are several international frameworks as well as a number of regional CSR regulations and 'soft laws' incentivizing the application of CSR principles within different Asian jurisdictions. This has been a key driver for companies to invest in and develop CSR programs, mainly among global brands and those listed on stock exchanges in the region. It is estimated that increasingly stringent stock exchange reporting requirements for listed companies (i.e. in [Singapore](#), [Hong Kong](#) and [Malaysia](#)) will increase the volume of [sustainable investment](#) significantly over the coming five years in the region.

■ **Inclusive Business and Shared Value.** The private sector has shown increasing interest in a more innovative approach to solving social issues such as poverty, exclusion and pollution. These business models essentially involve creating both economic and social value by addressing societal needs and challenges. Governments also have the opportunity to promote and develop a network of companies in Asia that shift the conversation beyond CSR to Inclusive Business and Shared Value opportunities both in the public and private sector.

■ **Future trends.** For the past decade, CSR Asia has been researching and tracking the CSR trends in Asia and projecting future developments. In the latest issue of the "Tracking the trends" report (2016), climate change, labour and human rights and water scarcity remain the key issues. Refugee challenges were for the first time identified as a key concern that should be carefully considered by CSR practitioners and businesses alike.

** CSR refers to management actions taken in recognition of a company's operational impacts on the environment, society and the economy, both interacting with and integrating the views of stakeholders as an integral part of the process. While the concept has been in use for several decades, CSR activities were initially seen as discrete actions taken for the social and environmental benefit of the overall community; however over the last decade this has been modified to include impact assessments and the management of a company's operations to ultimately provide both social and economic value in a sustainable manner. CSR also falls under terms such as Sustainable Business, Responsible Business, Triple Bottom Line or Corporate Citizenship. Most corporations with complex operations also see the need to perceive their products or services as opportunities to fulfill environmental and social needs while providing them with a financial return. Governments are also developing regulatory frameworks for the private sector with a view to setting benchmarks for offsetting external social, environmental and other effects of corporate operations.*

"Refugees are entrepreneurs. They are artists. They are teachers, engineers, and workers of all types. They are a rich source of human capital that we are failing to cultivate."

Filippo Grandi, UNHCR, 2016

A THE BUSINESS CASE

At a time when businesses are expected to play a more active role in creating stable and inclusive societies, there is a chance for them to simultaneously engage with governments and other relevant actors in developing common strategies in order to leverage opportunities for integrating refugees into their workforce. There are opportunities for value creation in engaging with refugees in four key areas:

Direct employment. Businesses across Asia are often facing [labour shortages](#). There is an opportunity to recruit refugees, providing them with new opportunities and creating a loyal workforce. The business case for employing refugees is strong:

- ▶ **Motivation.** Refugees are usually enthusiastic, motivated and highly-adaptable workers, and may lead to increased productivity for a business that chooses to hire them.
- ▶ **Turnover.** Refugees tend to have lower turnover rates and higher loyalty to employers, which in turn saves companies costs associated with recruiting new staff in the long-term.
- ▶ **Diversity.** Hiring refugees increases workplace diversity. A diverse labour pool can help companies to strengthen existing market share or reach new markets. This is particularly true for businesses wanting to expand into emerging Asian markets. Additionally, a diverse workforce is usually more innovative and creative, helping companies think of new ways of doing business.
- ▶ **Reputational benefits.** Companies that demonstrate commitment to social responsibility will win the loyalty of their customers and gain trust with communities and other stakeholders.

Inclusive business along value chains. As well as directly employing refugees, there are many opportunities to create more inclusive value chains involving refugee workers. Refugees can become assets along the value chain as suppliers, distributors, retailers, and customers. Businesses can identify possible roles for refugees along value chains and create business opportunities that provide incomes for them. There are also opportunities to provide refugees with much needed goods and services in affordable ways, creating new markets for businesses.

Social enterprises and small business start-ups. Refugee resilience and willingness to take risks can forge a new generation of entrepreneurs, for example by starting their own small businesses. An Australian [research](#) paper suggests that migrants from non-English speaking backgrounds are comparatively more successful at establishing small business enterprises when compared to Australian-born entrepreneurs and migrants from English-speaking backgrounds. Some of these start-ups can have a social purpose, creating much needed incomes as well as goods and services that meet particular social needs. There are opportunities for the private sector to support such businesses through investments and mentoring activities as well as exploring roles for such businesses in local communities and along value chains.

Skills recognition. The economic contribution of refugees also depends on their ability to use their skills productively. In many cases, refugees who have specific (and often much needed) professional qualifications face barriers transferring their skills and experience across borders. An impediment to getting the new arrivals working is the failure to assess their education and skills systematically. Companies (and/or others) can create innovative approaches to identifying those skills.

B OPPORTUNITIES IN REGIONAL POLICY DEVELOPMENT

Despite the clear economic value, the private sector in Asia is often unaware of the opportunities associated with hiring refugees. However, hiring refugees can provide solutions and opportunities at the regional level in the following areas:

Job creation and reduction of labour market imbalances. Several global studies find that immigration has little to no effect on local unemployment, and may actually result in a slight decrease in unemployment due to the income multipliers it creates. In the case of refugees, a study in [Europe](#) found that the macroeconomic effect in the short-term is likely to be a modest increase in GDP growth, reflecting the fiscal expansion associated with support to asylum seekers, as well as the expansion in labour supply as the newcomers begin to enter the labour force. However, the medium-term impact could be larger and depends crucially on labour market integration. A study conducted in [Rwanda](#) has found that adult refugees receiving cash aid increases annual real income in the local economy by USD205 to USD253, significantly more than the average USD123 in aid each refugee receives. Also, trade between the local economy and the rest of Rwanda increased by USD49 to USD55. An [ADB policy paper](#) also suggests that labour migration can play a beneficial role in reducing the structural imbalances in regional and global labour markets.

According to the annual [Malaysia Economic Monitor: Immigrant Labour](#), foreign labour contributes a 1.1 per cent net increase to the gross domestic product and creates employment for Malaysians. For every 10 new migrant workers in a sector in state, there are 5.2 additional Malaysians employed; with two of these Malaysian workers being women.

Labour shortages. Many labour markets in Asia Pacific are experiencing labour shortages, with workers that are available not aligning with the vacancies that exist. A survey conducted by The Economist showed that up to 36 per cent of employers in Asia Pacific indicated unhappiness with their new hires. Refugees can help to fill such gaps in a productive way, and as noted above, are often highly motivated and productive.

In [Malaysia](#), 84 per cent of manufacturers are facing manpower shortages. Currently, companies involved in labour intensive sectors are struggling with an acute labour shortage.

Aging populations. Countries with an aging labour force and a declining birth rate need an injection of young workers in order to maintain economic growth and industrial output. Such a demographic shift will also be necessary to fund the pensions of an expanding elderly population.

A World Bank report: [Live Long and Prosper: Aging in East Asia Pacific](#) shows that East Asia and the Pacific is aging faster than any other region, posing risks for public finances and healthcare delivery, and increasing the challenges for sustained economic growth.

Responsible labour practices. An important aspect of a company's social responsibility will involve demonstrating that it has responsible labour practices which are in line with international standards and contribute to stakeholder demands for better labour standards that respond to human rights concerns.

Social impact. Once a refugee acquires new skills, these will eventually trickle down to their home communities when they return. This can have a multiplier effect when clusters of new economic opportunities grow out of job creation, inclusive business models and new business start-ups.

Through a US-funded project, [RMA in Afghanistan](#) provided support to the Afghanistan National Army by establishing and operating a Maintenance Management Program. RMA developed a special visual training programme tailored to illiterate mechanics. The mechanics have been deployed in six regional Equipment Maintenance Sites, and fourteen Forward Support Sites. At the end of the programme, the Afghan mechanics were expected to be hired by the Army or return to their communities to become qualified workers or start their own businesses.

C BEST PRACTICES

Only a limited number of companies in Asia-Pacific have begun to take action towards integrating refugees into their workforce. Though in the early stages of development, we can draw some conclusions from their experiences so far. This is based on direct dialogue with companies and examples from sectors that may be promising for refugees. The following guidance is a good starting point for business engagement with refugees:

Identify potential along value chains. Companies that are facing labour shortages will be increasingly interested in absorbing refugees into their workforce, for example in Malaysia and China. There are likely to be more opportunities in countries where the pool of experienced and skilled candidates is limited, such as Myanmar, Cambodia and Lao PDR. A recent UNHCR market survey (unpublished), identified hotels and restaurants as the value chains that could absorb the largest number of refugees and other vulnerable groups. Buildings and infrastructure were identified as the third potential contributor.

Unilever identified this potential and launched an inclusive business programme called “Shakti”, which means “empowerment” or “strength” in Sanskrit. Shakti leverages the network of self-help groups in villages in India and chooses one woman (or sometimes more, depending on the size of the villages) from the self-help group to become a Shakti-amma or Shakti entrepreneur, who will promote and distribute Unilever products within a group of four to six neighbouring communities. These Shakti entrepreneurs are supported by Unilever with training on commercial skills to become distributors. As a result, Shakti not only helped the women entrepreneurs enhance their income and social status, but also enabled Unilever to scale up its rural distribution network and generate sustained consumer demand in more than 165,000 villages across 15 states.

Develop clear internal policies and involve existing employees and value chains. This is a critical component, and programmes and education should be provided to both refugees and existing employees to encourage social cohesion.

Patagonia developed a comprehensive migrant worker standard for their factories that covered every aspect of employment, including pre-hiring interactions, labour contracts, wages and fees, retention of passports, living and working conditions, grievance procedures and repatriation.

Increase the capacity of refugees. In the first instance, companies will be more likely to hire refugees in low skilled roles, particularly where they experience labour shortages. However, if supported in providing additional training, some Asian-based companies may consider developing and then hiring more skilled workers. There is a good potential return on investing in the skill sets of enthusiastic refugees.

Gammon, in partnership with others, has provided structured “on-the-job” training of semi-skilled workers to become skilled workers, thereby increasing the supply of skilled construction workers needed to meet rising demands and at the same time maintaining high standards.

Corporate advocacy. The private sector can also play a role in creating an environment which provides refugees opportunities for employment, ensuring that they can sustain their livelihood in the future. Businesses can also help shape societal attitudes towards refugees. Companies that succeed in this will be able to more effectively recruit and retain dedicated talent, as well as become involved in innovative human capital investment initiatives that will help shape the future development of the wider region.

D COLLECTIVE IMPACT: TACKLING COMPLEX CHALLENGES TOGETHER

Collaboration outside the organization is crucial. Collective impact groups or roundtable discussions provide opportunities for the exchange of experiences, contributing to skills development initiatives, and identifying ways to be inclusive of refugees. There are several ways that companies can invest in refugees:

Working in partnership with civil society. Partner with civil society organisations to leverage their significant expertise on refugee issues and begin working on solutions to deal with the underlying causes of exclusion (including discrimination and stigma). Engage with experts who understand different issues in varying geographic locations, and respect local cultures and traditions.

IRC and CSR Asia have helped companies assess their own future needs and work with them on the vocational training and knowledge transfer that will ensure they have a pool of qualified talent. Helping to develop the skill set that the private sector needs for expansion will help the company, the economy and refugees.

Financial and in-kind donations. Given the importance of providing adequate skills and knowledge to refugees to ensure that they can compete in the labour market, companies can provide financial as well as in-kind donations to support training and development programmes that are aligned with their business needs.

At the end of 2015, UNIQLO and UNHCR announced a new agreement to support refugees worldwide with USD 10 million in funds over three years, starting in 2016. The funding will respond to emergencies and humanitarian crises, and support programs in Asia that help refugees become self-reliant. Through its All-Product Recycling Initiative, UNIQLO was able to donate over 12 million clothing items to UNHCR in more than 37 countries.

The IKEA Foundation works with UNHCR to improve access to energy and lighting for refugees in camps in parts of Asia, Africa and the Middle East. For every lamp and bulb sold in a participating IKEA store during the campaign period from November–December 2015, the IKEA Foundation donated €1 to UNHCR. As a result, twenty-two biogas plants have been constructed in the refugee camps in Bangladesh, allowing for 15% of human waste to be processed and generating green fuel for cooking.

Business-led initiatives. Engage with industry-wide initiatives that examine the root causes of refugee exclusion and begin to work on common standards. Work alongside other businesses to address issues potentiality associated with employing refugees, recognising that a motivated and responsible workforce is in the long-term interest of value chain security and competitiveness.

Google has led a team of tech companies and NGOs to better understand how their technology expertise can be put to work in the Syrian refugee crisis. One issue identified was the lack of timely, hyperlocal information for refugees. Working with the IRC and Mercy Corps, Google has helped develop an open source project called "[Crisis Info Hub](#)" to disseminate such information in a lightweight, battery-saving way.

Multi-stakeholder initiatives. It would be optimal to develop multi-stakeholder initiatives at the industry level to work towards solutions to refugee issues, whilst at the same time increasing benefits for vulnerable groups. Also key will be developing joint initiatives to foster responsible and inclusive value chains and consider links to industry standards, certification schemes and labels, where appropriate.

The Tent Alliance is a coalition of businesses that have committed to supporting NGOs, the public sector, as well as taking individual action to make a difference in refugee crises. It was launched in 2016 at the World Economic Forum to leverage the dynamism and entrepreneurial spirit of businesses to work with one another, and the public sector. The inaugural members included Airbnb, Becton, Dickinson and Company, Chobani, Henry Schein, the Ikea Foundation, Johnson & Johnson, LinkedIn, MasterCard, Pearson, UPS, and Western Union. Currently there are more than 30 businesses, including Salesforce, Deloitte, and Cisco. The coalition commissioned a [study](#) that outlines the argument that accepting refugees in the workforce can lead to significant economic growth, increased productivity and wages, and new jobs. The study also provides policy analysis and recommendations.

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CREATING AN ENABLING ENVIRONMENT

Cooperation between businesses and other organisations, such as governments and civil society, will be necessary in creating the conditions required to encourage refugee self-reliance. Examples of steps that can be taken by various actors to create an environment that enables progress include:

Engaging appropriate supports from other sectors. Employing refugees may require investments and, therefore, companies need to receive support from other relevant actors. For example, civil society could be well positioned, in some instances, to provide resources for housing and training. Civil society and academia could provide strategic and constructive research and advocacy to identify the best approaches for supporting refugees and migrant workers.

Economic incentives. Governments and civil society could find ways to incentivize, rather than restrict, the private sector in offering opportunities for employment.

To help Jordan cope with a massive influx of refugees from Syria by integrating them in the local labour market and hiring them in dedicated special industrial zones, the EU will ease the conditions under which Jordan may export goods duty-free to the EU.

Involve businesses at an early stage in the process of assessment, education and integration planning. This would allow the private sector to help shape policy from the outset.

Support to businesses in their efforts to identify the skills and abilities that would benefit their industries; establish guidance and training programs; and offer apprenticeships. By collaborating with governments and NGOs, businesses can help to ensure that they acquire the employees they need.

In 2014, the Department of Social Services of the Australian Government issued a [guide](#) to provide useful tips and resources to help Australian businesses and their employees understand the benefits of, and know where to find advice or support for, taking on new migrants or refugees.

Support businesses to measure social impacts. Governments and civil society have vast expertise in measuring social impacts. Particularly after the launch of the Sustainable Development Goals, companies have been asked to make an active contribution to sustainable development and this will need to be measured and communicated.

Promote dialogue. Support the formation of and participation in multi-stakeholder dialogues to promote systemic change.

ABOUT THE BALI PROCESS

The Bali Process on People Smuggling, Trafficking in Persons and Related Transnational Crime (Bali Process) is a forum for policy dialogue, information sharing and practical cooperation to help the region address these challenges. The [Bali Process Strategy for Cooperation](#), including a forward work program of activities, guides the work of the Bali Process in implementing priorities directed by Ministers.

*The Bali Process, co-chaired by Indonesia and Australia, has more than **48 members**, including the United Nations High Commissioner for Refugees (UNHCR), the International Organization for Migration (IOM) and the United Nations Office of Drugs and Crime (UNODC), as well as a number of observer countries and international agencies.*

For more information, visit: www.baliprocess.net

ABOUT CSR ASIA

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We deliver value through our advisory, networks, events and intelligence. CSR Asia has 6 offices globally and staff members have multidisciplinary expertise across sectors and in local markets. Committed to creating positive change, CSR Asia provides access to a knowledge bank of accessible reports and articles as well as events, forums and training.

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