

# **Building Partnerships with the Private Sector—A Shared Responsibility**

## **Business for Social Responsibility (BSR)**

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An estimated 214 million people migrate globally every year, generating \$414 billion in remittances<sup>1</sup> and an estimated \$6bn in tax revenues<sup>2</sup>. A large proportion of this group of migrants is represented in South-South flows of people. South-South migration accounts for the largest irregular flow of migrants. Global migration has become a major byproduct of globalization. As data and money flows, so too do people. This trend will only increase despite the continued lack of government cooperation on migrant labor issues. Indeed, evidence suggests that the global recession of the past couple of years did little to slow these flows of people<sup>3</sup>—a recent survey carried out by the Economist Intelligence Unit and commissioned by Western Union found that “despite World Bank reports of growing protectionist attitudes and nationalistic sentiment amidst the global recession, global business leaders will continue to hire foreign workers.”<sup>4</sup>

When looking at regulatory frameworks, there is little to suggest that cross border policy on migration between countries or at a regional level will evolve significantly over the next few years. To be sure, this is cause for great concern. Migration no doubt has positive results for millions of international migrants and their families, and sending countries receiving a boost from remittances. However, the rights of these workers remain insufficiently protected by the countries benefitting from the ‘movement’.

Who is looking out for the rights of international migrants at risk of falling through governance gaps? An increasing body of evidence shows that migrant workers are often the most poorly treated in the global workforce, they are isolated economically, geographically and culturally, they are often neglected in the labor market system and women, despite being the engine of this nearly \$400 billion a year ‘system’, are the most vulnerable. In short, workers that are part of South-South labor streams are often more likely to be treated like commodities rather than human beings.<sup>5</sup>

This leads one to ask the question—how can governance gaps be filled effectively and pragmatically in order to ensure the rule of law in migrant receiving and sending countries is both enhanced and enforced? In this paper, we argue that business, when working in concert with government, non-government organizations (NGOs), trade unions, and migrants themselves through a “shared responsibility” framework, has the

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<sup>1</sup>United Nations' *Trends in Total Migrant Stock: The 2008 Revision*, <http://esa.un.org/migration>, 2005

<sup>2</sup> Pritchett, L, “Let Their People Come,” Washington DC, *Center for Global Development*, 2006, 2

<sup>3</sup> Last year’s GFMD paper

<sup>4</sup> *Western Union Global Workforce Impact Survey, 2009*: Nearly six in 10 (57 percent) executives indicate that the current global economic recession will not change their hiring practices toward foreign workers. In fact, 17 percent say the recession has made them *more* likely to hire foreign workers. A total of 501 executives participated in an online survey conducted by the Economist Intelligence Unit on behalf of Western Union from September 15-30, 2009. BSR served as expert reviewer to this study.

<sup>5</sup> “*International Labor Migration: A Responsible Role for Business*”, BSR, 2008

capacity to *help* fill governance gaps. Business also has sufficient reason to do so in order to protect its own social license to operate. While business can help fill some of the gaps in governance, multi-national companies and their suppliers cannot do it alone. There is no replacement for government action, stronger policies and legal frameworks to assure better protection of migrant worker rights on a systemic level.

We offer a vision for shared responsibility and a framework to facilitate better linkages between the primary actors in the migration value chain, improve transparency, and thus ensure better development outcomes are realized through migration. The framework is based on BSR’s experiences working with multi-national companies, their suppliers, labor rights groups, trade unions and governments in the Global South.<sup>6</sup> Although these experiences to date have been specific to Southeast Asia, the framework is designed to be applied in other geographies.

### **1. Making the “Business Case” for Corporate Engagement on Migration Issues**

If one looks at the traditional value drivers for business—growth, return on capital (productivity and efficiency), management quality (talent recruitment and retention) and risk management—one can begin to articulate the “why”, that is to say, a “business case” for ensuring that migrant workers are afforded sufficient social protection in global supply chains. Such an articulation has not traditionally been made, or has not been made in comprehensive enough a fashion, thus limiting business action on solutions related to subsidy and engagement on the fringes versus fundamental rethinking of business models (including new models of public/private partnership) to address root causes.

The business case for increased ownership by business of the issues relating to migrant labor has traditionally been built around risk management and management quality as follows:

#### **Securing labor supply:**

The private sector is dependent on the migration of workers to fulfill growing and changing labor needs. The relationship between business and migrant workers is inherently intertwined and interdependent. In industries where there can be a high fluctuation in the demand for goods and services—labor demand fluctuates equally as much. This fluctuation creates an environment of risk for business and workers alike. For business, there is a risk that suppliers will not have the capacity to meet peak demand. For suppliers, there is a risk of over-capacity should they recruit too many workers to meet demand forecasts which do not materialize. For migrant

*“The private sectors interests are clear. For business, access to human capital is a question of both survival and competitiveness.”*

*- GFMD, Athens, 2009*

<sup>6</sup> As articulated in “*International Labor Migration: A Responsible Role for Business*”, BSR, 2008

workers operating in such a milieu, the risks of being hired and fired on a whim are exacerbated. It is in suppliers' interests to have a critical mass of dependable workers, where mutual trust exists, on whom they can rely during peaks and valleys in demand. This consistency helps multinational buyers and mitigates potential risks.

### **Reputation protection:**

It is increasingly apparent that demand conditions of end consumers are evolving. Social expectations and consumer expectations are that multinationals develop good practice frameworks to protect the basic rights of the workers producing end products. Risk to brand reputation in failing to adequately safeguard the rights of workers in the supply chain is evidenced by the vitriol expressed by consumers in relation to large apparel brands under-performance on myriad labor issues over the past two decades. Such examples are many. In addition, increasing transparency brought on by web 2.0<sup>7</sup> trends and on demand information, means that consumers have access to data sources which unpick each and every aspect of a company's supply chain. As the authors Don Tapscott and David Ticoll have noted, "if you're going to be naked, you'd better be buff"<sup>8</sup>. Companies are clearly beginning to heed this message.

### **Beyond Risk:**

Key for society, including business, to solve the social issues surrounding migrant labor, is to move beyond a risk mitigation framing of the business case argument to one which adds opportunity generation as an additional layer. Indeed, it is this new frontier of opportunity generation and realization which requires a new frame—one based on new partnerships and shared responsibility. We see the beginnings of this happening among business in relation to social and environmental issues generally. Key will be to translate this learning to migration issues specifically. The Levi's case (below) offers an example of a company which has done this. Business opportunities which we have experienced coalesce around two categories—developing new consumer segments/new markets; creating efficiencies and stimulating productivity:

### **Developing new consumer segments and new markets:**

An increasing number of consumers are willing to pay a premium for goods which have been produced ethically and in an environmentally sustainable manner. While consumers' willingness to pay a "green" or "ethical" premium has been found to depend on a product's category and perceived benefits, they are beginning to rethink what constitutes value across all product categories.<sup>9</sup> For a global corporation using migrant labor in its supply chain, it is clear that ensuring its workforce is well treated, paid a decent wage and has its rights protected sufficiently are some of the best ways to promote

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<sup>7</sup> Web 2.0 refers to web-based applications which facilitate interactive information sharing, and two-way active communication vs. one-way, passive, receipt of information

<sup>8</sup> Tapscott, Don; Ticoll, David, *The Naked Corporation: How the Age of Transparency Will Revolutionize Business*, Free Press, New York, NY, 2003

<sup>9</sup> "2009 GMA/ Deloitte Green Shopper Guide", *The Hartman Group*, April 2010.

a strong labor force. Conveying this message to the end consumer may help grow market niches.

Additionally, an increasing body of work is focusing on the Bottom of the Pyramid (BOP)<sup>10</sup>—the largest and poorest socio-economic group—and the power of entrepreneurship to fuel the creation of small and medium-sized enterprises. In the case of migrants, a new type of latent entrepreneur exists. Indeed, this latent potential has not been fully realized at scale. While a lot of the literature has focused on the power of remittances, little has been written about how migrant entrepreneurs are partnering with suppliers and businesses to create new opportunities. For example, in our own experience, studying the recruitment process for migrant workers in Malaysia, we have concluded that migrant worker rights are more likely to be upheld when direct recruitment mechanisms are utilized by employers. This recruitment is carried out by utilizing a current or former worker’s personal connections in a sending country, helping the employer bypass labor agents, and recruit the person more directly through a connection that is more trusted by the worker and ensures greater integrity in the recruitment process. Opportunities clearly exist for migrants themselves to enter the recruitment business in some manner, cutting out typically unscrupulous third parties. While business, to date, has not fully recognized these potentially “win win” solutions, which would reduce costs in the chain, help uphold rights, and create a new migrant business partner, one can point to some examples of direct and/or peer to peer recruitment. For example, a supplier to one multi-national consumer product company in Malaysia, after increasing poor experiences with labor agents, made a management decision to establish more direct forms of recruitment and hiring. This practice entailed direct involvement from factory human resource staff and workers’ personal networks in the recruitment of workers to reduce the reliance on labor agents. This practice came about not as a result of a particular policy, but a management decision to establish better, more transparent processes and limit costs incurred by the worker.

### **Creating efficiencies and stimulating productivity**

There has been a lack of research that examines the operational benefits of better managing migrant workers in terms of improved efficiencies and productivity. However, in factories where migrant workers constitute a majority of the workforce, such benefits are implicit when examining labor force studies that have been done elsewhere. A more aware, better skilled and better protected labor force often translates to improved factory efficiency and worker productivity. According to BSR’s 2009 report *Moving the Needle: Protecting the Rights of Garment Workers*, Levi Strauss and Co., its factory training partner and a supplier in Vietnam found that when worker rights and training programs were instituted, the turnover rate decreased by half, productivity rates increased and instances of excessive overtime decreased. Though this study was performed in a factory with local workers, rights-based programs in majority migrant worker factories would likely yield similar results. More targeted research examining such factories must be done

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<sup>10</sup> Hammond, A; Kramer, W; Tran, J; Katz, R, “The Next 4 Billion”, *World Resources Institute*, March, 2007

to adequately build the business case. It is the demonstration of a business case that can spur businesses to take action in more proactive ways.

## **2. Making the “Societal Case” for Engagement with Business on Migration Issues**

Part of the shared responsibility road map is to add the societal case for more business involvement to the business case explored in the previous section. In our experience, civil society actors—NGOs, trade unions, the migrant workers themselves—can also make the case to engage with business in exploring solutions in a collaborative manner. In addition, it is important that the messages are communicated effectively to business in order for business to gauge the value add of partnering and exploring solution sets. The role of an organization like BSR is to broker the business/civil society relationship, as the language is often quite different. Ideally, business is acting proactively based on certain defined interests, and civil society is also working towards the middle ground based on its own defined interests, some of which may overlap with business.

To illustrate this point, we shall explore civil society actors’ own value drivers that tend to coalesce around three categories—reducing the burden (on society and themselves), filling governance gaps; and increasing trust to ensure greater legitimacy.

### **Reducing the burden**

Trade unions and NGOs work to reduce the societal burden for the constituencies which they represent. Migrant workers themselves have a desire to reduce their own burdens—including sometimes onerous bureaucratic requirements related to documentation procedures in receiving countries—that enable (or hinder) their participation in an economy’s workforce. Civil society actors, with business, need to better explore ways to reduce the burden for all—by streamlining recruitment processes, facilitating remittance flows and so forth—so that everyone wins in a manner which does not infringe on the human rights of migrant workers. In the absence of trade unions and NGOs from this construct, business’ drive for efficiency can lead to the bypassing of migrant rights either for the sake of expediency, or due to willful neglect. It is of paramount importance for trade unions, for example, to continue to work to protect the right to association for migrant workers as a fundamental right. Additionally, NGOs need to continue to advocate for basic rights beyond right to association, and can offer business strong insights on how to address worker concerns and vulnerabilities in a constructive and mutually beneficial manner. Both NGOs and unions can also grant business a degree of credibility when they do take responsible steps towards better protecting and managing migrant workers. Communicating these key points to business is critical to enforce the message of mutuality where migrant issues are concerned.

## **Filling the Governance Gaps**

Data already exists to support the argument that migration is good for economic development. The nearly \$400 billion in annual remittances is a powerful indication of the potential for migration to drive economic development. Economists have shown that migrants add value to national economies versus taking it away. Despite the development possibilities, there are systematic flaws with the current model, which is loosely held together by policy “bandaids” at best. In countries where reasonable migration policy is in place, governments can be challenged by weak policy implementation. Indeed, in relation to South-South migration flows, weak governance both in origin and destination countries has been cited as a key reason why migrants’ basic human rights are not protected and a key reason why many choose to seek employment through informal channels<sup>11</sup>. In those destination countries where the rule of law is strong on the books, very often there are issues in relation to poor implementation of such laws. Trade unions and NGOs serve to bridge the gaps which exist and ensure economic development does not happen to the detriment of poor social development of migrant workers. And yet, often they cannot bridge these gaps effectively, either because of their advocacy orientations being poorly received by government and business entities, or because their approach is not strategic. Business can clearly play an important role in regions of weak governance given the privileged position they enjoy, either by virtue of strong institutional ties, or personal connections with government decision-makers. When NGOs and trade unions fail to recognize the privileged position enjoyed by business, they miss a key leverage point to ensure societal well-being is understood as more than purely economic development.

### **Increasing trust**

NGOs, trade unions and migrant workers need to continue to cultivate trust with other actors with whom they interact. Building a trust quotient helps legitimize their activities in relation to reducing societal burden and improving well-being. In our experience, those civil society actors willing to think beyond their organizational default positions, without, of course, sacrificing their values, can increase mutual trust. It is this mutual trust building which will ultimately lead to different forms of private/public partnerships to address entrenched issues.

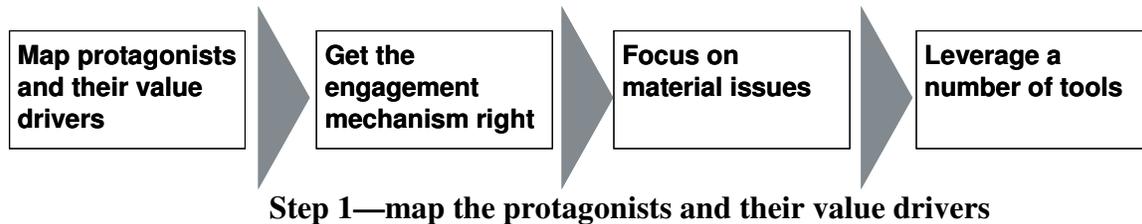
## **3. A Shared Responsibility Framework**

To date, business and civil society actors, and their respective value drivers, have been considered in isolation. As a result, the argument for their engagement in finding comprehensive solutions to migrant labor issues remains fragmented and loose.

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<sup>11</sup> Ivakhnyuk, I. “The Significance of the Informal Sector in attracting illegal migration including trafficking in human beings: exchange of information experience and best practices.” *13<sup>th</sup> OSCE Economic Forum*. Pp.2-3.

To address this short-coming, we propose a four-step framework for shared value creation, in order for the stakeholders involved in the migration value chain to address the systemic issues surrounding migrant labor as a collective as opposed to a collection of individuals.



The private sector includes three major constituencies—multinational companies or ‘buyers’, employers or ‘suppliers’, often national companies in the destination country that own and operate the factories that directly employ migrant workers, and recruitment agencies, those “middle men”, often multi-layered, responsible for recruiting migrant workers in their host countries and transporting them to the supply base abroad. One must distinguish between the three and understand the different migration-related interests and challenges both face. To date, this has often not been done effectively when it comes to mechanisms for the private sector to engage on migration issues. On the societal side, actors include NGOs, unions, government and migrant workers themselves. Too often, the workers themselves are left out of the discourse. In addition, their respective value drivers have not been adequately considered. “Stakeholder mapping” can help one explore areas of mutual interest and opportunity, while also leading to a better understanding of the linkages in the migration chain.

### **Understanding business stakeholders**

At a policy level, multi-national companies are the key constituent within the private sector. Multi-national companies set overall labor and human rights policy, often incorporated under a company Code of Conduct or what is termed ‘compliance’. These policies articulate the roles and responsibilities of the company and their suppliers. They aim to promote certain baseline standards in their supply chains and incorporate relevant laws and accepted industry practices. They are drafted in a manner that aims to address risk and ensure compliance with relevant host country laws. Buyers aim to ensure their suppliers comply with standards set forth in a code of conduct while also ensuring a certain volume of product can be produced at a certain price by a certain time. Companies are one step removed from the worker, and are often motivated by reputational, financial and legal considerations versus concrete operational considerations.

At a practical level, employers/suppliers are the key constituent within the private sector. Suppliers contract directly with migrant workers and are directly responsible for the recruitment and treatment of workers on the factory floor and in dormitories. Supplier considerations related to migration are centered on operational questions of how to gain access to workers; ensuring workers are not exploited by labor agents in the recruitment process, clearly understand the terms of employment and are capable of high productivity levels. Suppliers often have more detailed knowledge and understanding of the migration lifecycle, and are better able to engage in practical discussion about challenges and potential solutions, but they are less able to engage in macro-level policy discussion that often occurs internationally. In instances where brands (e.g. buyers) are enforcing a standard on migrant workers, suppliers recognize that a failure to comply with such a standard could mean a cessation in product orders – orders they depend on for survival. Suppliers also want to ensure access to a consistent and reliable labor supply, and also ensure a productive and stable working environment on the factory floor.

The recruitment phase of migration continues to be the source of greatest risk for workers and employers. Recruitment agencies, whose business models are often built on extracting placement fees (sometimes excessive ones) from workers, represent a segment of the private sector that is vitally important to progress but probably has the least to gain from a more transparent global migration system. Through initiatives such as the Colombo Process, there have been attempts to engage recruiters in reform dialogue, but such processes have yielded minimal results. As BSR identified in its Trends Report, some important sending countries such as the Philippines have undergone significant reform over the years, but these cases are the exception.

## **Step 2—get the engagement mechanism right**

It is clear that the mechanism by which business has worked with governments, unions and civil society groups on migrant labor issues to date has not been very ineffective. And yet this mechanism needs to work if the governance gaps referenced earlier are to be filled in the absence of meaningful policy reform.

The business community no doubt deserves a share of the blame in relation to failing to establish an effective engagement mechanism. However, from a business perspective, there is a lack of clarity on the direction of the international dialogue, an insufficient understanding of the issues, and opacity surrounding the role for business to play.

The level of diversity among businesses impacted by migration was noted at the 2009 GFMD as a challenge to promoting constructive engagement. Businesses are also still trying to understand the ways in which international labor migration intersects with their labor supply chain and what impacts and risks ensue. This serves as another reason for the lack of a coherent message from business—to policymakers and other stakeholders alike.

Initial attempts to bring the private sector into migration-related discussions have, generally speaking, been steps in the right direction. From the policy/societal side, international groups increasingly understand the importance of having business at the table in a capacity as interlocutors with a stake in proceedings, versus passive participants. However, these same stakeholders often misdiagnose what business is looking for in the discussion, or not looking for in the discussion, to ensure the dialogue is constructive and can be sustained to the extent necessary. Likewise, business has also not come to dialogues with a clear message and/or understanding of the issues most material to them.

Furthermore, there are few examples where business advocacy efforts, in concert with civil society, have led to concrete and positive policy reform. There are instances where business groups have lobbied government for policy changes, but this has typically been done in an ad hoc manner. The more challenging question beyond getting business more engaged in the dialogue is how to translate the outcomes of any such dialogue into actual policy reform in sending and destination countries. This is partly due to the complications and often lack of transparency surrounding how policy is made in many countries of the Global South.

BSR's own work on this issue, through a pilot project in Malaysia, has paired multinational buyers—Apple, HP, JC Penney and Nordstrom's—with a prominent labor/migrant rights NGO, Tenaganita, led by Dr. Irene Fernandez. Relationships have also been forged with key employers, unions, and national employer associations in the country. To date, the pilot has been a success, in that it has led to constructive dialogue among the various actors in the migration value chain and led to concrete action - the development of a good practice guide and management toolkit for companies to use in their employment of migrant laborers. Our sense is that this multi-stakeholder process

can be replicated elsewhere by following similar steps—identifying all major stakeholders, including a neutral and credible facilitator, centering dialogue on common ground issues, and driving towards concrete outcomes. However, the aspect of this process that gave it the greatest level of credibility was the participation of leading labor rights/civil society voices that had a track record of holding business to account. These organizations did not technically represent workers in the way trade unions do, though they did strongly advocate for worker interests. The largest shortcoming of this process, and a clear opportunity to strengthen such a process elsewhere would be by successfully engaging government as a stakeholder in the dialogue process or at least as a party to the dialogue process. The Malaysia process has not successfully engaged government in a meaningful way to date. Government engagement will pose a challenge in many countries of the Global South.

A challenge for business or any stakeholder wishing to positively influence a policy reform process lies in understanding the reform process itself. In Malaysia, the government may undertake a series of dialogues with various stakeholders in an attempt to ‘consult’ and seek understanding of all perspectives, but ultimately there is little transparency around how reform decisions are actually made. This lack of transparency poses difficulties for business seeking appropriate linkages with a reform process. A first step in this regard can be as simple as having segments of the business community—employers or multi-national brands—presenting a unified and coherent message on issues where further clarity or reform is needed. In environments with sufficient levels of civic space, opportunities for business to combine advocacy efforts with civil society actors where appropriate on areas of common interest, such as the need for regulatory clarity, could send an even more powerful message and yield better results. This approach would build on the earlier ‘map the protagonist’ step in the process.

Lastly, whether through trade unions or some other mechanism, worker interests must be adequately represented. Some countries, particularly in the Gulf, would not afford this process the same kind of civic space, and the approach to multi-stakeholder dialogue will have to be re-assessed in lieu of such space. In countries where the lack of civic space does not allow for such voices, the process must find credibility elsewhere.

### **Better Work Cambodia—an example of a fruitful process**

In one positive case, a policy reform process and ensuing legal agreement did set in motion a fruitful multi-stakeholder process. Founded in 2001 by the International Labour Organization (ILO), leading multi-national garment companies or global buyers, Better Factories Cambodia offers an example of a successful multi-stakeholder initiative and engagement with the private sector and government. The project grew out of a trade agreement between the United States and Cambodia. Under the agreement, the US promised Cambodia better access to US markets in exchange for improved working conditions in the garment sector. The program engages with trade unions and garment manufacturers, and monitors and reports on working conditions in Cambodian garment factories according to national and international standards. It also helps factories to improve working conditions and productivity by working with the Cambodian Government and international buyers to ensure factory labor conditions improve on a continuous basis.

Though certainly not without its challenges, Better Factories Cambodia has succeeded in improving labor conditions in Cambodia over the ten years the program has been in existence. Regulatory requirements are clear and multi-national companies are committed to the program, in part because of the credibility the ILO lends to the program. The ILO proved itself capable of directly helping to improve labor conditions in partnership with the private sector.

In this case, the regulatory environment was well defined, each major stakeholder was present at the table, and the private sector, trade unions, and the ILO and government all had something tangible to gain from participation.

As a tripartite body, the ILO can provide the necessary leadership, inclusivity, and credibility to bring private sector and government stakeholders together and produce concrete and mutually beneficial outcomes. The ILO can help bring government into process because of its official linkages, something that can otherwise be arduous.

### **Step 3—focus on material issues**

Too often, civil society stakeholders start the conversation with business using verbiage which does not resonate, and which does not translate into concrete business outcomes or the “drivers” outlined earlier. Similarly, business tends to use its own vernacular to talk about workers as resources versus human beings. Both business and civil society actors need to start focusing on issue materiality as a means of getting beyond their default positions, and the vocabulary they use. Indeed, companies are starting to define those environmental, social and governance issues which have the potential to have a material impact on their financial well-being by incorporating external voice (stakeholders, emerging regulation on boundary issues) into traditional business strategy formulation

and planning. This entails a pragmatic assessment of risks and opportunities through engagement versus confinement, dialogue versus unilateral decision-making.

A more targeted focus on specific issues in the migration lifecycle will enable business to better assess how material the dialogue is to their strategy and practices and what the parameters are in terms of their responsibility. In concrete terms, this approach entails parsing out the conversation and focusing on discrete issues in the migration lifecycle, such as recruitment, migrant worker training processes, post-arrival orientation sessions for workers. As the conversation becomes more granular/practical versus the conceptual, business can establish what it means in practice, and is more amenable to help problem solve. Through such discussions, business and other possible partners can also better assess where and how possible partnerships with other stakeholders make most sense. In some cases, it may be possible for a multi-national company and employer to forge a working partnership with a stakeholder such as the International Organization on Migration (IOM) on strengthening orientation programs, but it may not be possible on recruitment. Practical dialogue with business can help work through this level of detail and produce constructive partnerships.

In BSR’s experience, the pairing of Tenaganita with electronics manufacturer Western Digital Bhd., the largest foreign private employer in Malaysia, was successful due to the focus on two distinct areas stemming from the initial engagement process: 1) improving post arrival orientation programs; and 2) strengthening the grievance process for migrant workers who are often left without reasonable access to redress.

The partnership generated value for both parties. Company management—from top managers to frontline supervisors—become more aware of basic migrant rights and issues, and workers were trained on their basic rights and responsibilities. The employer believes that taking proactive steps with a credible external partner to improve safeguard measures gives the overall engagement process more credibility while helping improve their human resource systems. They believe this will help recruit and retain better quality migrant workers who wish to work for a responsible employer. The NGO partner was able to consult directly with management openly and engage directly with workers, providing them with an opportunity to have tangible impact. Lastly, the multi-national companies involved in the pilot were boosted by the fact that a supplier was engaged in a concrete program aimed at improving migrant worker standards.

#### **Step 4—leverage tools, re-imagine value creation**

The final step calls for business and civil society actors to leverage a number of tools at their disposal to find the right solution set for the issue at hand. This “tool” can be traditional (for example, employing subsidy to address the symptom of a broken system), to innovative in nature (for example, establishing a new type of public/private partnership construct to address root causes). If one looks at the solution sets which business and civil society actors have employed to date to address labor issues in the supply chain, for the most part they have followed a “monitor, remediate, capacity build” model. This model

has credibility, for sure, but the sense is that it is not addressing root causes by applying system thinking.

Very often business, with third parties, applies a subsidy approach, i.e. money is provided for training programs to educate workers and management on a case by case basis. Subsidies of this nature will and should continue to be employed. However, such subsidies tend to address symptoms versus causes. In addition, as the financing models which have worked up until now and ask questions about the sustainability of these subsidy approaches to addressing labor issues, including those relating to migrants.

Additional tools at the disposal of business and civil society actors who have moved beyond their initial default organizational positions through multi-stakeholder dialogue, include setting up innovative business models, and re-imagining value creation. Systemic change will no doubt impact current business models in the recruitment industry that depend on an ability to extract excessive fees from workers and employers that build business on the backs of cheap, readily available and easily dismissed migrant labor. Re-imagining value creation speaks to the need to operate on the basis of not only maximizing value for the business, but also maximizing the value for and of the worker—beyond the traditional value of remuneration and benefits. Workers can be an engine for new ideas. For example, since workers go through the sometimes treacherous recruitment process themselves, they are keenly familiar with the process and are in a position to offer employers ideas on how to improve it. Innovative models and new value creation can create scenarios where migrant workers are not just recipients of solutions, but have ownership in the solutions themselves.

To date, and to our knowledge, there are only isolated examples<sup>12</sup> of this happening with regards to migrant workers, although the imagined scenario outlined earlier, whereby a migrant entrepreneur establishes his/her own employee recruitment enterprise is not beyond the realms of possibility. One can also look for inspiration in the corporate sector, to better understand the mechanism by which new innovations are born and scaled. CEMEX, the Mexican cement company, provides such an example (see below).

### **CEMEX-Patrimonio Hoy Program**

CEMEX has identified construction services as a critical growth area for its future business. At the same time, market research was showing that low income families in Mexico did not have easy access to capital and were effectively deprived of the prospect of building their own homes. The company identified a strategic opportunity to serve the residential low-income construction market. CEMEX developed the Patrimonio Hoy program, an innovative communal financing system that organises low-income families into small finance clusters that provides eco-friendly building materials at low cost and technical expertise and assistance to optimise space and reduce waste. The program enabled CEMEX to develop a completely new market, with investments in providing education on responsible construction and environmentally friendly design and economic development. This program helped address pressing social needs while demonstrating the company's service capabilities. This is an example where business and social interests are aligned for the greater good.

## 4. Conclusion

The current governance gaps related to global migration are many and represent persistent risks to the global migration system—for migrant workers and business alike.

Business, when working in concert with government and civil society through a “shared responsibility” framework which incorporates the steps outlined in this paper, has the capacity to help fill some governance gaps, and has sufficient reason to do so in order to protect its own license to operate and increase its competitiveness. Examples already exist which demonstrate that shared responsibility solutions to international labor migration issues are possible. However, these are currently isolated and have not reached scale.

In order to scale up these solutions, business, civil society, trade unions and governments need to commit to a framework of shared responsibility which is built on stronger linkages between primary actors in the migration value chain. Dialogue that aims to better engage business must be structured in a way that is material for business and is focused on concrete outcomes. Business must also improve its own understanding of the issues, ways migration impacts the supply chain, and opportunities for constructive dialogue and shared solutions.

Three key questions, which need to be addressed, remain:

- To what extent do the Civil Society Days at the Global Forum on Migration and Development provide the right platform for business, government, and civil society to commit to a shared responsibility framework on labor migration?
- To what extent are companies looking at the opportunity side of the business case for better treatment of labor migrants in their supply chains—focusing on how migration promotes talent mobility, capital flows, and so forth?
- What are some innovative models that can create scenarios where migrant workers are not just recipients of solutions, but have ownership in the solutions themselves?