



The Hague Process
on Refugees and Migration

BUSINESS AND MIGRATION

PERCEPTIONS FROM DENMARK

A COMPILATION OF REFLECTIONS BY DANISH BUSINESS AND ORGANIZED INDUSTRY ON VARIOUS ISSUES RELATED TO MIGRATION

FEBRUARY 2009

**EDITOR AND PROJECT COORDINATOR: YULIA POSKAKUKHINA
CO-EDITOR: DYLAN EYRE**

Introduction

Business plays a central role in supporting the dynamics of international labor migration and development. While employers can benefit from sound migration management, responsible business and corporate labor market insight can render a valuable contribution to the international debate on cross-border labor mobility. The private sector may be involved in shaping migration-related policy on a national level. However, the voice of business is rarely heard outside of organized industry and state lobbying circles. Individuals working on migration matters at international and non-governmental organizations, academic institutions, think-tanks and government agencies are often unfamiliar with the corporate experience in relation to a multinational workforce.

This compilation gives a glimpse of the perceptions Danish companies and business associations hold on various issues material to international migration. It aspires to make a modest step in opening the business angle to interested policy-makers, researchers, practitioners, public officials, stakeholders and the general public around the world.

The initiative extends a platform for corporate and organized industry actors to share their ideas on the present and future demand for foreign labor; to communicate the difficulties which companies face in recruiting and managing employees from abroad; to reflect on potential solutions and existing best practices. Furthermore, it encourages the Danish corporate community to explore matters such as human rights, integration, welfare of migrant workers, migration and development and ethical management of global supply chains.

A series of interviews with private sector and organized industry professionals in Denmark, conducted in October-November 2008 and revisited in January 2009, underlie the document. Some contributions are informed by several individuals. Each item is a fusion of factual insight on Danish regulations; formal information on company/ association experience; personal observations and opinion. Therefore contributions cannot be attributed entirely to either the company/ association or individual interviewees, and do not fully represent the position of either. The phrase 'representative of' in front of one company name emphasizes this point. One entry is anonymous.

The compilation is divided into four thematic sections:

- p 5
- p 14
- p 20
- p 27

- Lesser-skilled Migrants
- Knowledge Migrants
- Labor Market Integration of 'New Danes'
- Migration and Development & Global Supply Chains

For each section THP presents its **Key Impressions** on the interviewees' discourse on the particular topic. Some impressions are based on/ supported by information provided off the record. Per section, the first one or two contributions (as well as contributions introducing a sub-theme) carry basic background information relevant to the theme. The four sections are preceded by a page of **Overarching Observations** on the perceptions and involvement of the Danish private sector across international labor migration issues.

Throughout the contributions the emphases in bold have been added by THP in order to make the compilation more practical to read.

For further information on Danish labor market and immigration regulations, as well as on the companies and business associations interviewed, please visit:

New to Denmark (The Danish Immigration Service, Ministry of Refugee, Immigration and Integration Affairs):

www.nyidanmark.dk/en-us/coming_to_dk/work/salaried_work.htm

www.nyidanmark.dk/NR/rdonlyres/B229E5B1-A9F8-4EA2-B6FA-29DCFF71995C/0/update_on_integration_dk_oct_2008.pdf

Work in Denmark (The official Danish website for international recruitment):

www.workindenmark.dk/Find+information/Til+arbejdstagere/Regler+for+ophold+og+arbejde.aspx

Danish Ministry of Finance:

<http://uk.fm.dk/Publications/2008/1642Denmarks%20National%20Reform%20Programme/4%20The%20employment%20and%20labour%20market%20policy.aspx>

Danish Energy Association:

www.danskenergi.com

Danish Ethical Trading Initiative:

www.dieh.dk

HORESTA:

www.horesta.dk

The Confederation of Danish Employers:

www.da.dk

The Confederation of Danish Industry:

www.di.dk

The Danish Chamber of Commerce:

www.danskerhverv.dk

The Danish Construction Association:

www.danskbyggeri.dk

The Danish Transport Federation:

<http://transport.di.dk>

Bestseller:

www.bestseller.com

Comwell:

www.comwell.com

Danisco:

www.danisco.com

Danish Crown:

www.danishcrown.com

Eurotex Apparel:

www.eurotexapparel.com

FLSmidth:

www.flsmidth.com

ISS Denmark:

www.dk.issworld.com

Metro:

www.metro.dk

Microsoft:

www.microsoft.com

MT Hojgaard:

www.mthojgaard.dk

Novo Nordisk:

www.novonordisk.dk

Post Danmark:

www.postdanmark.dk

Radisson SAS:

www.radissonsas.dk

The Hague Process on Refugees and Migration (THP) foundation would like to thank all interviewees for participating in the project.

'Business and Migration: Perceptions from Denmark' is a part of the THP 'Business Initiative', which examines the relationship between business and migration so as to enable business to play a more constructive role in shaping a humane and effective refugee and migration policy agenda, building on its own resources and experiences. For more information, please visit www.thehagueprocess.org.

Overarching Observations

- Currently, Denmark's [considerable labor shortages](#) in both the highly-skilled and the lesser-skilled sectors are being eroded by the [financial crisis](#). However, these shortages are expected to reappear in the medium to long term. Consequently, demand for foreign labor will return to pre-crisis levels and is likely to grow.
 - Given the above forecast, it is important to continue public-private cooperation on [integrating unskilled individuals](#) (among them those from a non-Danish background) into the labor market in an enduring manner in order to expand the domestic workforce. There is also a need for an [open and levelheaded discussion](#) between the business sector, the government and the public about: the economic challenges which Denmark is likely to face in the coming decades due to an insufficient labor supply; what these challenges imply for current and future immigration policy, and for the composition of Danish society.
 - For both the business sector and the government, the [politicized nature](#) of [immigration](#) issues in Denmark is a barrier to engaging in the type of dialogue described above. Making the country more open to foreigners is generally unpopular with the Danish public. There is space for the Danes to become more [accessible](#) and [welcoming](#) to the foreigners living among them, so that private sector efforts directed at branding Denmark as an attractive place to live and work can have a lasting effect.
 - A further factor holding back private-public exploration of the long-term demand for foreign labor is the propensity of companies to think in an [ad-hoc](#) rather than [strategic](#) manner when it comes to labor market concerns. This is especially so in the case of SMEs. [SMEs](#) often lack the resources to consider and address the challenges which they face with regard to the recruitment of employees with a migrant background.
- [Industry associations](#) can play an important role in involving SMEs in the above process. They are material to strengthening the public-private dialogue on labor migration. There is also much potential in the partnership between business and [municipalities](#) on the reception and integration of foreigners and non-native Danes. However, greater mutual understanding must be developed.
 - Despite differing expectations concerning future demand for [non-EEA labor](#), there is a consensus that recruitment procedures for people from non-EEA countries should also be simplified for lesser-skilled occupations. [Administrative barriers](#) are in general a central issue for business sector lobbying on labor migration.
 - [Social barriers](#) to the retention of foreign employees; [diversification](#) of the labor force; the [welfare](#) of migrant workers as a particular group are most likely to be pro-actively addressed by the business sector when it is convinced that these issues are imperative to either overcoming short-term problems, or to long-term corporate success. With regard to protecting migrant workers' human rights, there is space for companies to pay more attention to their [sub-contractors](#) and [corporate supply chains](#), both domestically and globally.
 - When large companies openly recognize issues related to labor migration as central to commercial sustainability, and are set to engage the government on the (possibly politicized) matter, they are able to advance [innovative solutions](#) and a [shift in attitudes](#) across the private sector and the government.

Lesser-skilled Migrants

KEY IMPRESSIONS

- In Denmark, the considerable demand for lesser-skilled employees from elsewhere in the EEA in the construction, hotel and restaurant, transport and other sectors has been eroded by the financial crisis; however, it is expected to reappear in the medium to long term; over the past few years it has become substantially easier to recruit and administer employees from within the EEA; however, there is still ample space for improvement.
- Due to a number of factors, most lesser-skilled migrants from elsewhere in the EEA do not opt for permanent stay; therefore integration support for this group is not considered necessary at the moment; temporary contracts are presently a satisfactory way of filling vacancies for which there is no domestic demand; however, there is a discussion on the extent to which lesser-skilled migrants should be encouraged to settle permanently in order to create a lasting base of qualified labor in Denmark.
- Language is a major issue when it comes to managing employees from abroad; for instance, companies must direct time and effort toward translating public documents, which are only available in Danish; public Danish language courses should be adapted to specific company needs.
- Irregular employment, sub-standard wages and working conditions are recognized as an issue with regard to temporary contracts and sub-contracting in sectors such as construction, hotel and restaurant, agriculture etc; the problems are attributed to Danish and foreign companies that are not part of Danish collective agreements (around 20% of the market); 'indecent' behavior is perceived to be driven by profit maximization, rather than by a shortage of opportunities for easy regular recruitment.
- Labor unions are seen to play a key role in counteracting irregular employment; expanding direct recruitment (rather than sub-contracting) from countries like Poland is also regarded as a possible way to help decrease irregularity; however, such recruitment is recognized to be complicated; in order to promote decent employment practices with regard to people from abroad, companies are encouraged to prepare in advance and to be informed while choosing sub-contractors; often this is not the case: especially among SMEs and within the construction sector, strategic planning related to the demand for foreign employees in the long run is uncommon; the economic situation at a given moment will continue to determine the extent of corporate attention to this demand.
- Perceptions differ regarding the present as well as long-term demand for lesser-skilled workers from outside of the EEA; however, there is a consensus that recruitment procedures (prohibitive at present) should be simplified; Danish business associations are lobbying the government on this matter.
- Public opinion is an important barrier to an open discussion on the potential need for more permanent migrants from within and outside of the EEA in the long-term; the political nature of the debate prevents companies from speaking out on the issue; open debate is only likely if and when ad-hoc approaches to labor shortages are perceived to be insufficient; companies are only likely to actively deliberate migration matters at regional and international forums if and when barriers to a multinational labor supply can no longer be adequately dealt with at a national level.

The Confederation of Danish Industry (DI)

In Denmark, there is a lack of comprehensive statistics on current labor shortages and the corresponding demand for foreign labor. However, prior to the financial crisis 7/10 DI members expected recruitment difficulties in the future. All sectors (save for the arts and Danish law) were affected by this. **Of the foreign workers arriving in 2007, 75% were employed in middle and lower-skilled occupations.** Blue-collar skilled workers from Poland, Germany, Sweden and other EU countries make up 95% of these people. Within this group there is no great demand for integration support: most of the Poles, for example, aim to work hard, earn a lot, and return home within a year. The main reason behind this is that after a year in Denmark foreign employees become obliged to pay the national income tax, which is very high even on an EU level.

In Denmark, labor relations are regulated through collective agreements between organized industry and labor (rather than through government legislation). A recent collective **agreement between Danish industry and labor associations equalized wages and social benefits for nationals and non-nationals.** However, irregular work, indecent wages and sub-standard labor conditions are an issue in the case of foreign and Danish firms which are not part of organized industry. Such firms represent around 1/5 of the market and are able to benefit from the fact that there is no legal minimum wage in Denmark.

Irregular practices rest on the preparedness of some firms to exploit in order to maximize profit. They are not driven by a deficiency of national regulations on regular employment of foreign labor: in general, the open EU labor market covers the current Danish demand for lesser-skilled workers. However, in the longer term Denmark could consider attracting such workers from Belarus, the Ukraine, Latin America etc. DI is of the opinion that **companies should be able to hire employees from any**

country, provided that they are offered the same salary as their Danish counterparts. Not much must be changed in order to make this possible. On July 1st 2008 the minimum wage level allowing a non-EEA citizen to immediately obtain a working and residence permit on receiving a job offer in Denmark was lowered from DK 450,000 to DK 375,000. If the figure becomes DK 250,000, non-EEA citizens could be easily contracted for all occupations. DI continues to lobby for a further decrease of this threshold.

The Confederation of Danish Employers (DA)

The terms of the Danish labor market are set by employers and labor unions in collective agreements. State legislative interference is minimal. DA is interested in keeping this 'Danish Model' intact. The Danish labor market will drop restrictions for all the latest EU-citizens in May 2009. However, **people in Denmark worry that workers from new EU states are likely to be employed irregularly for lower wages.** Therefore DA must continuously demonstrate to the government that social partners are able to keep the situation in check without obliging the parliament to introduce scores of regulations.

An important safeguard in this regard is that all **DA members are part of a collective agreement which guarantees equal pay, working conditions and access to social services** for all individuals employed in Denmark. DA promotes incentives for companies to take up such a commitment, **but there is a challenge with companies that are not part of organized industry.** Monitoring by labor unions is important in addressing this challenge. Direct recruitment (as distinct from sub-contracting) may decrease the risk of irregularity. However, it is definitely not easy, especially for SMEs. DA has travelled to Poland in order to explore the corresponding possibilities with the

Polish government. The difficulties – language, administration, navigating the system – were apparent.

Demand for labor in construction is highly unstable by nature. Therefore foreign labor in this sector is recruited predominantly through temporary contracts. Although affected by the financial crisis, the Danish demand for employees in the hospitality, restaurant, public healthcare and transportation sectors is more stable. Here, **with respect to positions where labor shortages are likely to remain relatively steady, it would make sense to attract foreign personnel on a long-term basis** and to offer them greater integration support.

The Danish Construction Association (Danskbyggeri)

At the moment in Denmark it is virtually impossible to employ **non-EEA citizens who do not have a Bachelor degree** and who would receive a salary below a certain level. However, in the coming few years demand for foreign employees will be easily covered by persons from Poland and especially Eastern Germany – two countries which currently supply most of Denmark's foreign blue-collar construction workers.

Due to the financial crisis, construction in Denmark has stalled. Significantly less people are employed in the sector now compared to a short while ago. In the long term, however, competition for manpower is to be expected across EU construction sites. We predict that in 2010-2015 around 100,000 Danish construction workers will leave on pension, and there will not be enough interested young people to fill their place. **Companies are aware that a rising demand of foreign labor is to be expected. Long-term planning within the construction sector is nonetheless inexistent.** Danskbyggeri must take over this task. If Danskbyggeri communicates to an

employer that X foreign workers will be required in the coming year, the company would expect *the association* to guarantee timely recruitment when demand strikes. Danskbyggeri's work is complicated by this. The association stays a step ahead by maintaining a database of potential workers.

The expected shortages do not mean that as early as 5-10 years from now Denmark will have to look beyond the EEA for construction manpower. Rather, **the challenge will be to encourage workers from within the EEA to settle in Denmark permanently.** Currently the overwhelming majority of Polish workers come to Denmark without their families, and go home every four or five weeks. They aim to earn as much as possible in one year, after which most choose not to stay due to a significant hike in their tax burden. However, as wages and working conditions in Poland improve, fewer people will consider the higher Danish salaries to be worth the material and emotional costs of traveling back and forth between the two countries.

On the other hand, if Denmark offers people an attractive tax system, long-term security and an opportunity to build up a proper family life, they will be more likely to choose Denmark as their permanent place of work. Before the crisis, a small but growing number of Bulgarians and Romanians was finding employment within the Danish construction sector. As their origin countries are far away from Denmark, Bulgarians and Romanians demonstrate a greater desire for settling in the country with their spouses and children. At present, **public-private cooperation on integrating and retaining foreign workers is going uphill.** Most of it **focused on knowledge migrants.** However, in the long run there is also a need for expanding the permanent base of lesser-skilled workers. Here, organized industry stands alone in its lobbying efforts and has not yet been able to strike a responsive chord with the government.

MT Hojgaard

Part one

MT Hojgaard is Denmark's leading construction company. In the recent past **it employed a sizeable number of Polish construction workers**, some directly, but most through sub-contractors. **Due to the financial crisis, this is no longer the case.** Construction in Denmark is on halt. However, it is quite certain that demand for foreign manpower will eventually return: in a year the construction sector may recover, after which projects are likely to surge.

In the coming few years the supply of Danish workers will remain sufficient for construction companies not to depend on foreign labor. At a later stage, shortages will inevitably become a reality. **While a generation of Danes employed in construction works will leave on pension, there will not be enough young people prepared to replace them.** Denmark will increasingly have to look abroad for an adequate workforce. The current Danish tax system will make it very expensive for a growing number of Poles to seek jobs in the country. Therefore Denmark will most probably need to turn to other EU member states, such as Bulgaria and Romania. If not for the crisis, an inflow of construction workers from these countries may have commenced within the coming year. Now this development will take a substantially longer time.

It would be **highly beneficial for business if administrative regulations relevant to the management of foreign workers would be made easier** in the run up to higher demand for such workers in the future. Registering employees from abroad is the chief difficulty in this respect. The process of obtaining a social security number is long and complicated, while all public documents are issued in Danish only. At the moment, MT Hojgaard deals with this issue in an ad-hoc manner: the

company employs a number of Polish engineers, who assist compatriots with administrative procedures. With higher numbers of Polish, Bulgarian and Romanian workers entering the scene, a dependency on such solutions will place a substantial burden on companies.

On behalf of MT Hojgaard, Danskbyggeri and the Confederation of Danish Industry are conducting a dialogue with the government on streamlining the registration of migrant workers. As the **sector is highly cyclical in nature, construction firms themselves do not direct resources towards hindrances of a non-immediate and manageable nature.** Furthermore, the overwhelming majority of Danish companies employ less than a hundred people. Therefore in Denmark corporate concerns and interests are channeled to the government primarily through employers' lobbying organizations.

Part two

As mentioned earlier, the majority of foreign citizens working on MT Hojgaard sites in Denmark are employed through sub-contractors, among them, Polish companies. Trade contractors and their subcontractors are at all times subject to the appropriate and relevant Danish collective agreements with regard to employment in Denmark. The company reserves the right to obtain copies of all contracts between its partners and the workers they recruit. Its project managers are present at all sites operated by sub-contractors in order to ensure that working conditions live up to requirements. There have been instances where MT Hojgaard terminated contracts due to violations of labor standards. In Denmark, such supervision is standard among the larger corporate players.

In the long-term, it would be easier for Danish construction companies if there was a permanent base of workers from new EU states within Denmark, rendering higher levels of direct recruitment possible. This scenario of

permanent stay may be especially attractive to people from Bulgaria and Romania, for whom travel between Denmark and their home countries may entail greater costs and difficulties than for the Poles. Income tax regulations, housing expenses and very high costs of living are among the factors which make permanent settlement unlikely. Once again, despite expected future labor shortages, at the moment the temporary nature of the supply of foreign workers is not perceived as a problem, and will therefore not be acted upon by construction companies.

The Danish Transport Federation

Due to the current economic slowdown, **it is not as difficult to recruit drivers at sufficient levels as it was a year ago. However, it remains a high-ranking issue for all companies in the transport sector.** In particular, this concerns qualified drivers, such as those of ambulances and trucks carrying chemicals. Employees from Sweden, Poland and the Baltic States are in high demand. Kazakhstan, Russia, Turkey and the Ukraine are interesting non-EU options in terms of availability of skill. The Federation certainly advocates for easier access to labor from 3rd countries. A discussion has been forged on extending the possibility of issuing immediate work permits to specialist drivers from outside of the EEA. At the moment this is not an option because the majority of drivers do not have a Bachelor and would not make above DK 375,000 a year.

Little progress has been achieved on the above issue. The debate remains foremost a political one. More concerted action could take place among companies and business associations across the EU: in the transportation sector, employers in all EU members states are in need of easier access to non-EEA labor. This is not taking place as immigration is considered a matter of exclusive national competence. In

Denmark, it is a very hot topic during elections. Furthermore, unrestricted movement within the EU contributes to tensions among member states on differing approaches to immigration. Meanwhile, shortages of qualified drivers will persist. In five years from now the problem is likely to sharpen: more Danish drivers will go on pension; the number of local young people willing to take up driving jobs them will be insufficient. However, the financial situation at a given moment will dictate its own agenda, just as today the economic crisis has made the discussion on hiring from abroad quite volatile.

HORESTA (Danish hotel and restaurant association)

In general, in the case of the Danish hospitality and restaurant industry, the **EU remains an adequate human resources pool for positions where a demand for foreign labor exists.** However, there is a challenge with regard to waiters and kitchen staff, who are scarce in Denmark and the EU. These shortages have shrunk due to the current financial crisis. However, in the medium term a return to recent levels is to be expected, as the Danish population continues to age (and to bypass certain occupations) while economic conditions ameliorate.

Work permit regulations make it very complicated for Danish hotels and restaurants to hire people from 3rd countries. This is detrimental for business. HORESTA believes that it is **important for employers to be able to recruit quickly and easily from any country** where job-seekers with the required skills are available. Currently it is lobbying to decrease the minimum salary allowing for immediate issuing of a work permit to non-EEA nationals to DK 300,000, which would facilitate the timely filling of vacancies in kitchen and waiting work.

The Danish hotel and restaurant sector **should also become more competitive in attracting prospective employees from within the EU**. High income tax is a crucial barrier in this respect, as foreigners must contribute in par with the Danes after a year's stay in the country. Furthermore, after working hours migrant workers and their families find it difficult to adapt to the introvert Danish society. Today in Denmark numerous public-private initiatives are being set up in order to help newcomers integrate both in practical and human terms. These efforts should also reach out to employees of hotels and restaurants.

Radisson SAS, Århus

Radisson SAS is a major international hotel chain. In Århus, twenty/ twenty-five percent of Radisson SAS's employees are foreign citizens. Twenty-five different nationalities are represented. The majority of foreign employees come from within the EU (Norway, Spain, Estonia, Slovakia, Poland, Germany Bulgaria, England, Czech Republic) and Iceland. The hotel also employs people from non-EEA countries - Thailand, Egypt, Iraq, China, Sri Lanka, India and South Africa.

The Radisson SAS Århus enjoy and benefit from a multicultural labor force. However, **managing personnel from abroad can sometimes be challenging because of language and cultural barriers/ differences**. Most of the hotel's foreign employees are interested in learning Danish. This is encouraged by Radisson SAS Århus. Nevertheless, as the hotel is open 24 hours a day, it is difficult to make optimal use of free public language courses. Many foreign employees at Radisson SAS Århus are quite skilled. However, due to language limitations Radisson cannot at first offer them front line positions which involve direct guest contact.

While the hotel does try to promote people once they gain a command of Danish, it is unable to promote everyone. Of course Radisson SAS Århus **would like to have an enduring human resources base, but only if enough people stay in positions such as housekeeping** (where there is a high demand for foreign applicants, but which are unattractive to most overqualified migrants as a long-term option). Therefore temporary contracts are very common among foreign personnel at Radisson SAS Århus: the latter often make the strategic decision to earn a lot of money during a brief but intense stay in Denmark.

In administrative terms, **recruitment from EEA countries is now substantially easier** in comparison to the situation a couple of years ago. However, people must still wait a month and a half in order to obtain their social security number, without which they cannot open a bank account, access healthcare services etc. This process procedure should be streamlined. **Temporary contracts remain an adequate way for Radisson SAS Århus to fill up lesser-skilled functions** in a timely manner. Applications from Denmark and EEA countries are sufficient. This is likely to stay so in the foreseeable future. However, it would be beneficial if regulations for recruiting people from outside of the EEA are made easier. For example, at the end of 2008 Radisson SAS Århus was recruiting a Nigerian cook - a specialist in Banquets. It took three months for the application to be approved. Unfortunately, due to the recent changes in the worldwide economic situation, Radisson SAS Århus is no longer able to offer the cook a position. The **global financial conditions at a given moment in time will continue to exert a decisive influence** on the demand for foreign labor in the hotel and restaurant sector in Denmark.

International Hotel Chain, Copenhagen
(henceforth 'hotel')

Twelve nationalities presently work for the hotel. The entire kitchen staff at the hotel is non-Danish. The large majority of people come from the UK, Sweden and elsewhere in the EEA. At the moment in Denmark it is very difficult to obtain working permits for people from non-EEA countries for positions that do not require a Bachelor and pay below a certain salary level. However, it is **more than sufficient for the hotel to hire kitchen and waiting personnel from EEA countries.** Nevertheless, the hotel is planning to open a 2nd venue in Copenhagen in 2011 and may face shortages of applicants from within the EEA.

Likewise, housekeeping at the hotel is staffed to a substantial degree by migrant employees from Poland and other EU member states. The hotel outsources housekeeping to a specialized company. Here, long shifts and demanding physical work are common. Some people work two jobs, at the hotel and outside. To a hotel manager, work of such intensity may appear somewhat unethical. However, **it is important to realize that this intense work is a personal choice of an employee.** As long as it falls within accepted margins, employers are not in a position to forbid it. Housekeeping personnel engaged at the hotel are not covered by a collective agreement between organized labor and the sub-contractor: in order to attract employees, the sub-contractor must be able to offer working hours longer than those set as maximum by social partners.

There are three main Danish companies that outsource cleaning services. One of them is the hotel's sub-contractor. All three have a very good reputation in terms of labor standards. Therefore it is not necessary to do much research prior to engaging them in business. At present the hotel does not have much insight on the exact **labor terms endorsed by its sub-contractor. It is**

potentially interested to learn more about this and to incorporate more ethical requirements into the contract. However, a favorable state of the economy is a pre-condition. Greater obligations would impose greater costs on sub-contractors. At the moment, due to the financial crisis, employers are focused on minimizing costs.

The Danish Chamber of Commerce (Dansk Erhverv)

While most foreign construction workers from EU countries aim for temporary contracts, **many EU citizens employed in the Danish restaurant and retail sectors would be interested in settling on a long-term basis if not for the soaring income tax.** If these people are needed within the country's economy, Denmark should consider shifting its position to one of 'welcome, please bring your family and stay'. Furthermore, Denmark could become more open towards people from outside of the EU who do not have a Bachelor and whose yearly wages would fall below DK 375,000. With regard to certain positions in the healthcare, retail and hotel and restaurant sectors, such individuals were very much in demand prior to the financial crisis. To a lesser extent, this demand is still material. It is likely to recover together with the economy. At the same time, demographic obstacles to filling vacancies in the above sectors will stay in place. DE member companies have successfully lobbied the government for easier recruitment procedures for EU citizens. However, **most EU countries face the same problems as Denmark when it comes to labor shortages**

Danish Crown

Danish Crown is a company with an international reach which produces and markets beef and pork products. In the past 2-3 years it has recruited a considerable number of employees from Poland and Germany, as people with a profile matching the vacant positions were not widely available in Denmark. Due to the Danish tax system, these members of Danish Crown staff are only interested in temporary stay. They are excellent employees, and enjoy full access to social services while residing in Denmark. Language, nevertheless, remains a major problem. In the long term, more Bulgarians and Romanians may seek temporary employment in Denmark. However, Danish Crown is **unlikely to pro-actively recruit from these two countries: this would bring additional administrative burdens**, such as translation of company and public documents into two more languages.

ISS Denmark

Part one

ISS is one of the world's largest providers of cleaning, catering property and many other services. Out its 11,000 employees in Denmark, around 5% come from elsewhere in the EU, and in particular from Poland and other new member states. The primary difficulty in managing this fraction of the company's human resources is language. Public Danish language courses are free of charge. However, it **would be ideal if language courses are adapted to individual company needs**, or organized within companies on a 'learn while working' basis.

Another issue is housing. People are determined to secure the cheapest possible option in order to maximize the money they

are able send home. If ISS Denmark recruits directly and leaves it up to its foreign employees to choose their lodging, in most cases the choice will not be up to company standards and will reflect negatively on company reputation. However, if the company provides accommodation, it will prevent its Central European employees from making the most out of their one year of tax breaks in Denmark. **Therefore ISS Denmark prefers to recruit through sub-contractors** on a temporary basis. It is easier for contracting firms to arrange barrack-type accommodation (but only such that answers to all hygiene and safety standards). In this scenario communal housing is not considered inappropriate, as it is clear that the work is temporary of nature.

ISS Denmark does have far-reaching oversight over its sub-contractors, 80% of which are covered by a contract that sets strict requirements with regard to wage levels, working conditions etc. Pressure is exerted if sub-contractors do not offer or do not abide by company standards. Prior to engaging in business the company may insist that a recruitment firm enter into an agreement with a Danish labor union. The **company's CSR department also encourages managers to choose from sub-contractors with the best reputations** by offering higher bonuses to those who do so. This can be difficult, however, as in the cleaning sector managers build long-term relations with suppliers through personal contacts and networking. Furthermore, there are more than a thousand sub-contractor in the sector in Denmark, which is extreme for such a small country.

Companies generally choose to recruit foreign labor through intermediaries for the reason that in this case there is no need to handle issues such as housing and to become involved in the bureaucracy of or helping foreign laborers with getting a bank-account, tax-reductions papers and so on. **Sometimes companies (and especially SMEs) rush to find a sub-contractor at the last moment** when there is sudden demand

for manpower due to an unexpected order. It is advisable for companies to acknowledge that at some point they are likely to require the services of a sub-contractor. Employers could think in advance about the standards they would like to include in their contracts, and could become familiar with sub-contractors which offer these standards. Big companies are doing this already. Labor unions are key to monitoring company practices in Denmark. However, the problems is that unions often choose to go for the big players rather than for the many small companies, as this is easier and more applicable as a news item.

Part two

It is widely understood that Polish citizens work in Denmark temporarily. However, there is evidence that many choose to stay on a long-term basis. Temporary contracts (those not arranged through sub-contractors) become permanent as people are attracted by the prospect of settling with their families in a country with excellent working and living conditions. **After the financial crisis subsides, more Bulgarians and Romanians could be expected to come to Denmark**, and to consider long-term stay. The possibility of such an inflow remains virtually non-deliberated in Denmark, while public administration must still be adapted in order to enable effective management of foreign employees.

As the economy, wages and living standards in new EU states change for the better, people will not be as willing to go West in order to take up jobs eschewed by locals. Various statistics predict that **within the coming 20 years the EU will have serious problems filling certain indispensable lesser-skilled positions**. The work force will have to come from outside of the EEA. What could be done now in order to facilitate a smooth

transition in this direction? One idea would be to offer citizens of select countries liberal access to the EU labor market. States that aspire to enter the EU are potential candidates for such an preferential relationship.

In Denmark, **public opinion is the central barrier to the above policy shift**. Support of liberal immigration policies does not win votes. Prospective long-term reliance on foreign workers is a difficult message to communicate to the public. There is potential for the business sector to engage its customers on this issue in order to promote a positive change in public attitude. However, most companies are reluctant to do so due to the highly political nature of the matter. The corporate sector will have to eventually acknowledge that in order to secure adequate access to foreign labor it will have to dare venture into the political arena.

The **psychology of public-private relations in Denmark is mutual limited interference** and mutual support of certain economic policies. Corporate weariness to pressure the government on the issue of migration is likely to erode only when labor shortages reach an alarming level. An alternative approach would be to set up a structured public-private dialogue on the type and amount of foreign employees that may be needed in Denmark 10-20 years from now. In order to promote this, interested actors could make better use of statistics which underline the importance of long-term planning. It **would be interesting to see this dialogue progress to the EU level**. At some point this will most probably be necessary, despite the fact that presently there is a strong reluctance to move in this direction.

Knowledge Migrants

KEY IMPRESSIONS

- The number of foreign professionals employed in Denmark has never been as high as in the last couple of years; *inter alia* due to private sector lobbying, legal barriers to employing highly-educated and well-paid individuals from outside of the EEA have been largely dismantled; a public-private consensus emerged regarding the importance of a comprehensive national effort directed at attracting and above all *retaining* knowledge migrants; the corporate sectors and the political community developed a common understanding that domestic shortages of highly-skilled specialists are a long-term phenomenon; the extent to which the financial crisis will weaken public-private interest in the matter remains to be seen.
- Overall the Danish private sector has understood that in order to secure an adequate supply of skill it is crucial to tackle factors which may discourage foreign professionals from settling in Denmark on a long-term basis: the public administration system, which is burdensome to navigate for foreigners; the lack of targeted Danish language courses; the closed nature of the Danish society, which makes it difficult for foreign professionals and especially their spouses to build up a fulfilling social life in Denmark; cultural differences, which (if not discussed openly) may prevent foreigners from feeling at ease in the country.
- Several leading firms based or represented in Denmark have explored the above challenges; they have developed internal programs which facilitate workplace, practical and social integration of foreign professionals and their families; by conveying their experience to a receptive government, and with support of organized industry, these firms sparked public research on the matter; they have inspired and informed a number of initiatives (such

as online utilities) which streamline and open integration support services to all foreign professionals and their employers in Denmark; when leading corporate actors interpret a labor market challenge as pressing, and when they are prepared to lobby the government on the matter and to channel resources towards innovative solutions, the private sector is able to trigger a wider public-private momentum on reshaping national policy with regard to the issue at hand.

- It is difficult for SMEs to strategically examine and address barriers to attracting and retaining foreign professionals; business associations are an important channel through which SMEs can be included in the process; it is imperative to communicate relevant research findings to smaller companies and to create an integration support system which is easily accessible by SMEs.
- The responsibility for the practical and social integration of foreigners rests with public authorities; municipalities are a crucial point of contact on administrative procedures, housing, social services, employment, leisure etc for newcomers to Denmark; therefore cooperation between municipal institutions and business on welcoming foreign professionals is crucial; such cooperation is on the rise; an initiative is underway to assess and mainstream relevant best practices; creation of municipal 'one-stop shops' for all foreigners matters is strongly advocated for.
- In order to capitalize on the progress booked so far in branding Denmark as an attractive place to live and work, the public must become more open-minded towards non-Europeans settling in Denmark; the political establishment must be honest and consistent in communicating the message that Denmark may have to welcome increasingly more foreigners, and that the homogeneous Danish society will inevitably have to change.

The Confederation of Danish Industry (DI)

In Denmark, the number of people recruited from abroad has never been as high as in the last couple of years. Around a quarter of the newcomers are knowledge migrants from India, China, the US and elsewhere. **There are very few legal barriers to employing highly educated and well-paid individuals from non-EEA countries. The challenge is to convince people to stay.** Prior to the financial crisis, Denmark was experiencing serious high-skilled labor shortages while unemployment levels were at a historic low. Consequently, there was a prevailing private-public consensus that extensive effort is required to help knowledge migrants and their families feel at home in the country; to provide them with tailored services; to offer a social environment where they can meet other foreigners as well as Danes. However, there is now a concern among Danish business that if the present economic slowdown is coupled with a rise in unemployment levels, the government may lose some of its present enthusiasm. In Europe shortages of highly-skilled specialists will persist in the long run. Therefore the process of branding Denmark as an attractive place for foreign professionals should continue.

While Danes tend to perceive themselves as cosmopolitan and open to different cultures, in general they are not very extravert and pro-actively welcoming to foreigners. When an IT specialist from India comes to Denmark, his on the job experience is usually very positive. However, after working hours he is often left to himself. His spouse may not have a job on arrival, and may find it complicated to search for one. Without any acquaintances or guidance on daily practicalities, she is likely to have a difficult time both socially and in terms of navigating the city around her. DI cooperates with public and private actors to counter the prevalence of the above scenario.

Together with the Ministry of Integration DI is examining how the Danish public administration system can be made friendlier to foreign residents. In the past it has organized a tour of Danish companies in order to familiarize the ministry with the countries employers are hiring from and the challenges which they face in the process. **DI is also working with the ministry on a standardized 'welcoming package' for foreign families arriving to Denmark.** The association has played a major role in the private project 'Life in Denmark' (www.lifein.dk). Apart from acting as an information hub and as an online social utility for the expatriate community, Life in Denmark organizes introductory workshops geared towards cultural, practical and social adaptation. The objective is to transform the utility into a public-private service in the future. However, in order to make such an initiative truly effective, the Danish public and politicians must adopt a more international mindset. At present the government sometimes sends out mixed messages. For instance: on the one hand, it is vocal in welcoming Indian engineers to Denmark; on the other, naturalization is virtually impossible, which denies people the prospect of long-term stability.

It is **imperative for industry associations to establish, on behalf of business, a system which would allow for enduring recruitment and retaining of professionals from abroad.** A number of large companies in Denmark operate internal programs in order to facilitate workplace and social integration of foreign employees. These employers understand the need to prepare for the labor shortages which the Danish economy is expected to face in the long-term. Overall, however, business tends to operate in an ad-hoc manner. **SMEs in particular are generally lacking of the time, finances and skills necessary for long-term HR planning.** DI involves SMEs by providing checklists and organizing seminars on: overseas recruiting; how to prepare Danish employees for the arrival of foreign colleagues; how to help foreigners adapt to Danish (working) culture. There is an interest among SMEs for such advice. However, this interest largely rests on individuals

rather than company policy. DI encourages SMEs to look at the issue of foreign workers strategically. However, as indicated above, this approach is unlikely to prevail due to the limited resources at SMEs' disposal.

DI is increasingly engaging municipalities. It hopes to inspire greater municipal attention to the topic of integrating newcomers and seeks to expand cooperation between employers and local authorities. For instance, DI invites municipalities to help employers in the region find suitable housing for foreign professionals. There are examples of excellent public-private cooperation in Copenhagen, North Jutland and elsewhere on building 'home towns' for employees from abroad. This winter DI **will hold a tour of municipalities in order to bring business in touch with authorities**; to explore the challenges at hand; to take stock of what works and what does not with regard to the integration of knowledge migrants. The anticipated outcome is an overview of the best municipal and corporate practices, which would serve as a framework for further action.

Microsoft

Microsoft's Research & Development (R&D) center in Denmark, Microsoft Development Center Copenhagen (MDCC), employs people from more than forty different countries. Given the shortage of engineers in Denmark, like many other Danish companies MDCC has been facing the challenges of recruiting enough qualified IT professionals locally. As a result of this, three years ago the company starting looking for talent across Europe and abroad. The first couple of years MDCC experienced **considerable challenges in the process of recruiting, relocating and retaining foreign R&D professionals.** Now, by means of targeted effort and a learning process, the problems

have been largely overcome. Barriers to *recruitment* and *relocation* were addressed first.

MDCC was founded in 2002 as a result of Microsoft's acquisition of the Danish company Navision. Being a relatively new international company in Denmark meant that the **Danish government, at the time, was not familiar with the fact that MDCC was an R&D company staffed by a highly-skilled and internationalized workforce.** Therefore, as an opening step, MDCC invited state officials to the R&D facility to acquaint them with the center's work, its employees and the legal/administrative recruitment and relocation challenges the company was facing. Once again, most of these challenges have now been overcome: partly because MDCC has engaged in an open dialogue with public authorities and partly because the government has recognized and become more attuned to private sector needs. Cooperation with other companies and organized industry was important in this regard.

Further along the way Microsoft shifted its focus towards *retaining* foreign specialists. At first it was difficult to determine why some people decided not to stay for a longer period. Analysis showed that employees are likely to leave if their spouses feel uncomfortable in Denmark. Therefore **Microsoft made sure to include spouses in their internal 'Welcome to Denmark' program** which was developed in order to help foreign employees integrate into the Danish society. In addition to this, approximately ten leading companies (in partnership with business associations) took the lead in pioneering integration support for foreign knowledge migrants and in communicating their experience to Danish authorities. The government has been very open to dialogue and is now highly interested in branding Denmark as an attractive place for foreign professionals. There are many examples of effective cooperation between authorities and business. For example, the Ministry of Finance and Trade carried out comprehensive research on company practices and corresponding difficulties in the area of overseas recruitment.

The ensuing findings and suggestions were forwarded to municipal governments.

In addition to this Microsoft engaged with one of the Danish industry organizations to create a national network for expats to meet across companies and for the employers to share their experience. Many companies in Denmark are still in the beginning stage of doing international recruiting and face the type of challenges Microsoft was dealing with three years ago. Therefore it is **important to create an infrastructure of support which would be open to all foreigners working in Denmark and their employers**. As a step in this direction, the integration services offered by Microsoft and several other companies have been mainstreamed into 'Expat in Denmark' (www.expandinmark.com) - a social and professional network launched in October 2008 by the Danish Chamber of Commerce and a number of other private sector partners. The project combines information provision, virtual communication and regular social events for expats and their families.

The Danish Chamber of Commerce (Dansk Erhverv)

Most DE members realize that domestic shortages of knowledge workers present a serious hindrance to business. While the pressure has decreased due to the financial crisis, it remains a reality and will regain its magnitude as the economy recovers. Depending on their resources, companies in Denmark either set up their own initiatives to become more attractive to foreign professionals, or require support from organized industry. One of the issues such initiatives address is the closed nature of the Danish society. After work Danes may go to a close-knit community association or have dinner with old friends from high school. Foreigners, on the other hand, often do not know what to do with their free time. The service 'Expat in

Denmark' (www.expandinmark.com), co-developed by DE and launched in October 2008, **aspires to help families settle and build up a fulfilling social life in Denmark.**

There is also widespread *political* acceptance of the need to grant migrants professionals an easier and more enjoyable stay in Denmark. For example, the government has acknowledged that the current uniform public Danish language course is unsuited to foreign professionals. Currently it is working on a proposal where foreign employees can receive three months of tailored practical Danish prior to starting their job. While significant progress has been booked, much more must still be done to make the country more competitive in recruiting and retaining highly qualified labor from abroad. DE has not yet explored the marketing potential of providing services which would **help foreign professionals to engage in entrepreneurship and to invest productively in origin countries. However, this may be an interesting concept.**

Public-private **cooperation on the municipal level is crucial to integration of knowledge migrants** and must be stepped up. On their arrival newcomers are in frequent contact with municipal institutions. Therefore the latter are in a great position to trigger positive first impressions of Denmark by acting as a welcoming and understanding host. At the moment many municipalities do not have sufficient expertise and resources to make optimal use of this opportunity. Experience is being built up: the network of regional 'Work in Denmark' centers and the related official recruitment and information website (www.workindenmark.dk) are a good start. A **'one-stop shop' system providing all necessary information to both foreigners and Danish employers is highly desirable.** To an extent the above-mentioned centers could take on this function. However, it would be important for such centers to open per municipality and to adopt a greater focus on services related to the social side of a foreign family's stay in Denmark.

Turning from the local to the supra-national level, the EC in cooperation with **EU member states could do more to disseminate information about employment opportunities available across the EU.** EU citizens are not as mobile as they could be. While students are presented with extensive occasions to study abroad, recent graduates are under-informed on interesting careers options in other EU countries. DE has suggested numerous ideas to EC officials on how to address this issue. However, the level of enthusiasm towards such suggestions has not been very high.

The Confederation of Danish Employers (DA)

While the working and living conditions in Denmark are among the best in Europe, this fact is not well-known internationally. Danish labor shortages, however, are likely to return to pre-crisis levels when the economic situation gradually stabilizes. If only for this reason the Danish society has to become more active in promoting itself as hospitable to people from abroad. The current public administration system is very much focused on Danes (documents are only issued in Danish) and is quite bureaucratic (it can take up to three months to obtain a social security number). Danish people must realize that in the future **the number of foreigners in Denmark is likely (and welcome) to grow, and that these new residents must be effectively provided with tailored public services.** A 'one-stop shop' where migrants could go for all administrative issues is highly desirable. DA and its members are working with the government to modify the system accordingly.

Most companies in Denmark are taking steps to facilitate *workplace* integration of their foreign employees. However, **social integration of newcomers is ultimately the responsibility of the public sector.** Therefore private-public

cooperation is essential if Denmark wishes to retain international knowledge migrants. In early 2008 a ministerial taskforce was set up to study the practical and social challenges confronted by foreign professionals and their Danish employees. The taskforce issues a comprehensive report with a range of suggestions for tackling the challenges. However, in the case of some authorities implementation remains a problem.

On the basis of experience with high unemployment levels in the 80s, as well as with difficulties in integrating previous waves of foreign migrants, **municipal institutions are predisposed to treat migrants and international (as well as Danish) jobseekers with a somewhat patronizing attitude:** as social clients requiring help rather than independent individuals well-able to make their own decision on the basis of adequate information. The suspicion that foreigners are here to take advantage of the Danish social support system is still quite common. Public service providers sometimes fail to differentiate between highly educated refugees, unskilled 'new Danes' from an older generation, professionals from China and India etc. This is highly detrimental to Denmark's image, as a crucial element of feeling comfortable in a foreign country is to be treated with respect by authorities.

Nevertheless, a wide **range of splintered practices has been developed by municipalities, private actors and private-public alliances to provide international professionals with integration support.** DA believes that it is important to evaluate and synthesize these practices while bringing companies and municipalities closer together. In October 2008 DA (together with the Danish Confederation of Trade Unions and the Danish local government association) has launched a project directed at this objective. A list of interesting municipal and private initiatives has been created. The next step will be to perform in-depth field research of the actual effectiveness of these initiatives. On the basis of the study DA and its partners hope to

generate streamlined models on how recruitment and integration of international professionals can be best organized in Denmark.

Representative of FLSmidth

Over the past few years, **private sector lobbying has contributed to substantial improvements with regard to recruitment and administration of foreign employees** in Denmark. High taxes, the fact that public documents are available in Danish only, and limited recognition of foreign education credentials are among the remaining factors which may discourage foreign professionals from prolonging their stay in Denmark. FLSmidth is a leading company in the field of equipment, systems and services for the cement and minerals industries. In Denmark, it employs a considerable number of highly-skilled engineers from abroad. Like many large Danish companies, FLSmidth has only recently acknowledged that in order to retain foreign professionals (and to maximize their performance) the company must ensure that international employees and their families feel at home in Denmark. It is also important that they become familiar with the Danish mentality and way of life. As a result FLSmidth **started investing resources into relocation and reception services.**

Danes may consider themselves to be curious about other cultures. However, the average Dane does not have much international experience and is not likely to be interested in how a foreign colleague is adapting to Denmark. Danish community life, while vibrant, is very much closed to outsiders. Therefore **employers in general are central to the process of foreigners settling in Denmark.** It is much easier to arrange home visits, mentors, targeted language and culture courses etc within a leading company than within a local community. Admittedly, this remains a difficult task for SMEs. FLSmidth

supports initiatives like www.expatindenmark.com, which companies can use and become inspired by to set up similar services. Nevertheless, in order to make a career in Denmark a truly attractive prospect to foreign professionals, the Danish mentality has to change. The private sector cannot realize this on its own.

Danish Energy Association (Dansk Energi)

With regard to human resources, the main challenge for Danish energy companies is to encourage young people to study at technical education institutions relevant to the sector. DEA allocates around EUR 1 million annually towards laboratory equipment, research projects and other initiatives intended to mobilize and enable individuals to enter academic programs which generate the high technical skills necessary for bolstering the energy business. These **opportunities are meant to attract nationals and non-nationals alike, in order to optimally expand the qualified workforce available to employers in the future.**

Labor Market Integration of 'New Danes'

KEY IMPRESSIONS

- People of a non-Danish background ('new Danes') remain overrepresented among the unemployed in Denmark; however, over the last couple of years significant progress has been realized in integrating 'new Danes' into the labor force; a number of companies in Denmark have long recognized the benefits of pro-actively attracting employees from diverse backgrounds as a means of securing a broad labor supply and bracing long-term corporate sustainability; they have considerable diversity management experience and stress the importance of approaching all employees in a uniform manner; senior management leadership and commitment is a prerequisite to progressive diversity policies; a strong internal and external promotion campaign is important to their success; sharing of know-how by firms with established practices is conducive to mainstreaming such policies.
 - Under pressure from exceptionally low unemployment rates, in the recent years more companies acknowledged the need to diversify their workforce and became more open towards hiring 'new Danes' (including those who previously did not meet minimum standards in skills and the Danish language); substantial political interest in labor market integration of 'new Danes' emerged; sizable public funds were made available for private sector diversity management programs; yet there is a sense that only a relatively small fraction of companies in Denmark are genuinely interested in providing enduring employment, training and growth opportunities for 'new Danes'; in the context of the financial crisis, it is important for business and government to maintain adequate attention to what is a long-term social matter rather than a temporary economic requirement; this is in the interest of both
- sectors, as in the long run economic recovery and ongoing demographic trends will bring back pre-crisis levels of labor shortages.
- Cooperation between business and municipal job centers is considered highly important with respect to matching company employment needs with those of jobseekers who are experiencing difficulties integrating into the labor market; here business views 'new' and ethnic Danes on an equal footing; effective public-private cooperation at the local level is on the rise; however, municipal job centers are encouraged to make their approach more tailored to the specific wishes of individual companies; the importance of appointing at a job center a single contact person for every company is emphasized; furthermore, there is a perception that job center officials could have more confidence in the motivation and ability of unskilled job-seekers to learn while working.
 - The business risks to hiring 'new' or ethnic Danes who have been out of the labor market for a protracted period of time are recognized; companies are called upon to be open towards training such individuals; however, business is explicit on the notion that responsibility for integrating 'new Danes' into Danish society rests with public authorities; especially in the case of SMEs, limited resources make participation in public-private training and diversity management initiatives difficult; given their overall social responsibility, municipal actors are therefore encouraged to direct more resources towards facilitating such involvement; for instance, job centers could be more pro-active in seeking out and engaging SMEs with relevant vacancies on offer. Many companies, and above all SMEs, may not know how to approach public actors; therefore there is a demand for more workshops where companies and municipal/ national authorities can become acquainted and where partnerships can be established.

The Danish Chamber of Commerce (Dansk Erhverv)

In November 2008 the unemployment rate in Denmark was at a record low of 1.7%. While this number will rise as a result of the financial crisis, **Denmark will continue to face serious demographic challenges in relation to the supply of labor in the country.** Therefore, in the medium to long term, it is in the interest of the business sector and public authorities to maintain a focus on the many important lessons learned up to date with regard to integrating people with limited job experience into the labor market.

People with a migrant background (or **'new Danes', as they are commonly referred to in Denmark**) are still overrepresented among the unemployed, although in the recent years the situation has improved substantially. Dansk Erhverv has been active on this issue. For example, in August 2006 in Copenhagen it co-organized a job expo for lesser-skilled people from a non-Danish background. Around one thousand jobseekers attended. The event was very simple and non-bureaucratic, relying on on-the-spot matching rather than CVs etc. It was a big success, and was replicated in other cities, as well as by major companies.

In January 2007 the Danish Employment Service and the municipalities merged to form a new system of job centers. Dansk Erhverv provides advice to these offices, which are an important channel for **integrating *intern alia* 'new Danes' into the labor market. There are many occasions of effective cooperation between companies and municipal job centers on this matter.** However, there are also ample cases where private-public interaction can be upgraded. There is space for job centers to be more pro-active in engaging employers with relevant jobs on offer. Dansk Erhverv also advocates for greater municipal attention to matching the needs of individual companies with those of individual jobseekers.

It is **relatively common for job centers to perceive the unemployed as a homogenous group.** The idea that the unemployed are helpless people who require social assistance, rather than potentially pro-active agents, remains widespread. An alternative, targeted approach works best when one key consultant at the job center is responsible for relations with a given firm. Ideally, this person would be well familiar with both the needs of the client and those of the potential employer, and would engage employers early on in the recruitment process.

With respect to both 'new' and ethnic Danes who face difficulties entering the labor market, the problem often rests on a lack of skills, as well as social, family and emotional factors. The business sector is not responsible for addressing these challenges. It is **important for employers to be open towards inexperienced individuals introduced by job centers.** However, it is essentially **the task of public authorities to empower people** through counseling and training programs.

Comwell

Comwell is a Danish hotel chain with a presence at 10 locations in Denmark. Currently Comwell **does not attract 'new Danes' as employees to a level considered desirable.** In January the company **started a pilot which targets this issue** at its venue in Elsinor. The project entails a course in cleaning for 'new Danish' women who have little or no working experience, marginal skills, and speak only basic Danish. The trainees are guaranteed a job on completion of the course. If the pilot proves to be successful, it will be replicated for other lines of work and at other Comwell locations. One anticipated outcome of the initiative is that on employing a group of 'new Danes', Comwell will be able to use their networks in order to attract more people from the same background.

Local authorities will supply the participants. The initiative was **started by Comwell communicating to the municipality that ordinary channels for recruiting highly needed 'new Danes' are complicated and ineffective.** Hereafter the hotel presented its alternative to the authorities and raised the issue of sponsorship. It was easy to get the local government on board, as Comwell was supported by the Ministry of Integration. This ministry initiated the original pilot of the training at another hotel and town, which was a huge success. Comwell learned about the scheme at a DA-organized workshop on the employment of 'new Danish' women and refugees, and became inspired to repeat the experience. **Such 'best practices' workshops are extremely useful for companies as a way to learn about addressing workforce-related challenges and cooperation with the public sector.**

There is a sense that many hotels are dealing with the same difficulties as Comwell when it comes to recruiting 'new Danes'. However, most do not know how to engage local authorities. The DA event brought together companies, municipal actors and national government in one room. It taught Comwell how to navigate the municipal environment. Nevertheless, Comwell was able to undertake the pilot due to its relatively large presence in Denmark. It expects to see returns on the investment when it extends the framework across its venues. Possibly, it could acquire a favorable reputation for setting successful training standards. For small guesthouses it is considerably more difficult and risky to embark on such a project. Therefore it is **important for municipalities to take the lead in mainstreaming the training program so that small entrepreneurs can benefit from better access to qualified personnel.**

Overall, it would be of great help to the business sector if municipal job centers design custom-made programs for matching the demand for employees in a particular sector with the base of relevant job-seekers (including the 'new Danes'). **Instead of handling all demand through one existing**

system, job centers are welcome to adopt an approach that emphasizes a company's individual needs. Extensive press coverage of successful public-private cooperation is one way of promoting such diversification.

Danish Crown

Danish Crown is a company with an international reach which produces and markets beef and pork products. It is in the top 3 of Danish companies in employing people from a non-Danish background. 'New Danes' constitute 12-15% of its workforce. The reason for such success is that Danish Crown manages all its employees in a uniform manner, disregarding their origin. Danish Crown has also invested substantial resources in promoting itself in a way that attracts a diverse workforce. There is **far-reaching cooperation with municipal job centers on engaging people who have been out of the labor market for many years, among them 'new Danes'.** Five years ago, when unemployment levels in Denmark started to fall dramatically, it was necessary for Danish Crown and municipal authorities to engage in frequent meetings in order to streamline their early cooperation efforts. Soon this was no longer necessary. At present, Danish Crown has a highly effective relationship with local public authorities.

Metro Cash and Carry (Metro), Denmark

Metro Cash and Carry is a leading international self-service wholesaler. In Denmark, People from a background other than Danish represent 24% of Metro staff. Fourteen years ago the company first raised the question why 'new Danes' were not part

of its workforce. Shortly after, Metro hired its 1st non-Danish employee. For a few years now Metro has been **pro-actively engaged in advertising directed at attracting personnel from a diverse background**. On average, at a given moment in time Metro employs 35 people who were recruited through municipal job centers (a survey is carried out four times a year). 'New Danes' constitute somewhat less than 50% of these staff members. Aside from making Metro a competitive employer, its reputation as a company which values diversity in the workforce wins respect from its customers (among whom many are from a non-Danish background). It is possible that if Metro had a different customer base, it would be less favorable for the company's image to have such high workforce diversity.

During the last decade Metro has learned that for successful management of a diverse workforce **it is instrumental to be open-minded towards the particular needs of employees from a different cultural background**. For example, some 'new Danes' may wish to take a 5 week summer holidays in order to visit their countries of origin. However, in exchange they are prepared to work during Christmas and Easter. Furthermore, Metro HR is sometimes approached by 'new Danes', and especially women, for advice on personal issues (for instance divorce). Such help is provided on an ad hoc basis, which corresponds with Metro's uniform treatment of all employees.

In January, in partnership **with a job center just outside of Copenhagen, Metro joined a six-week training project for non-native women who have no working experience in Denmark**. As Metro's diversity policies often receive positive press coverage, municipal authorities invited the company to take part in this initiative. During the past five years especially, Metro has participated in manifold training schemes managed by municipal job centers. Often, jobseekers who are directed to the company from these centers are often from a non-Danish background (most commonly men past the age of 40). Metro is satisfied with its experience in public-private cooperation. Such

cooperation is most successful when there is a single contact person at the municipality. Whether or not Metro embarks on a program depends on the counterpart individual: the ability of a contact person to 'sell' an idea is crucial.

Metro **regularly shares its experience** with other enterprises **by participating in government-funded seminars on incorporating 'new Danes' into the labor market**. In the past it has acted as a mentor to smaller companies. A greater number of Danish companies could benefit from increasing the percentage of 'new Danes' among their employees: despite the crisis, unemployment in Denmark is still very low; an expanded supply of labor is highly sought for. What could be done to promote this? It is **crucial for a company's top management to be open-minded towards broadening the profile of company personnel**. There must be a determination to do so at CEO level. Metro's pro-active recruitment of 'new Danes' would not have been possible without the resolve of its Managing Director, as well as its board. Metro's Managing Director is also on the board of the Danish Chamber of Commerce. He often speaks out about the issue and shares Metro's experience at in internal and external meetings. Metro's best practices are noted by the government: in November 2008 the company was awarded two annual prizes for diversity management in the category of large companies – the Integration prize from the Ministry of Integration, and the Seniors employment prize from the Ministry of Employment.

Ample municipal funds are available for companies which are prepared to take up employees (both native and 'new' Danes) who have not been successful at entering the labor market. However, a substantial amount of administrative effort is required to participate in partnerships with municipal job centers. Such initiatives can therefore be quite burdensome for SMEs. Therefore **it may be advisable for local public actors to be more pro-active in approaching SMEs as potential**

employers, and to mitigate the costs associated with their involvement.

ISS Denmark

ISS is one of the world's largest providers of cleaning, catering property and many other services. It has a prominent presence in Denmark. By 2011 ISS Denmark aspires to have 300 or more company leaders of a non-Danish origin. At the moment 'new Danes' comprise 40% of ISS Denmark's 10,000 employees. However, in 2007 only 90 out of 1000 company leaders were from a background other than Danish. In 2008, following the **recent launch of an ISS Denmark leadership training course for 'new Danes'**, this figure has increased to 150. The training course takes six weeks and is a combination of theory and hands-on learning. Three days a week the 'new Danes' accompany an experienced leader. Two days a week they attend courses on *inter alia* leadership, communication and Danish.

The program is steered by the company's Center for Diversity (part of HR). Its initiation was **accompanied by an extensive PR and employees relations campaign**. For example, the initiative was covered by national television, in the Danish press, and in free newspapers available in public transport and elsewhere. A comprehensive article on the training was included in the magazine which all ISS Denmark employees receive with their monthly paycheck. Fliers promoting the program were distributed to all ISS Denmark workplaces.

The program trained 40 individuals in 2008. Some have not yet become leaders. Therefore the **striking increase in 'new Danish' leadership can to a large extent be attributed to the communication campaign itself**. The promotion material tuned company managers to the idea of recruiting 'new Danes'

as leaders, which inspired a large number of such placements outside of the actual program. At the same time, it encouraged more people of a non-Danish origin to apply for leadership positions. Presently ISS Denmark is preparing a new initiative in order to increase the number of women in top management. The company will once again aspire to capitalize on effective internal and external communication.

In the past years, ISS Denmark has pro-actively branded itself as an employer that promotes diversity. Currently it does not experience pressure with regard to securing an adequate labor supply. However, it is **important to prepare for the future, when competition for employees may intensify. This can be done by strengthening company appeal to a broad range of jobseekers**. The commercial advantage of a diverse leadership team rests on the fact that 80% of ISS Denmark's recruitment takes place through networking. Leaders of Danish origin are not as effective in recruiting 'new Danes' as the 'new Danes' themselves.

In order **for best diversity management practices to diffuse across the Danish private sector, experienced companies could step forward to show that such practices are good for business**. ISS Denmark shares its know-how on an ad hoc basis. It is planning to organize a big conference on the matter within the coming two years. The ISS Denmark Administrative Director is committed to strengthening diversity on the work floor, as is his management team. The team makes frequent use of opportunities to promote this message. Individual interest is central for projects in this area. For example, the leadership course sprung up from an idea by one ISS manager, who took the initiative to apply for funds from the Ministry of Integration.

Post Danmark

Post Danmark is the private company which operates the Danish postal service. It employs many people from backgrounds other than Danish. Due to the current financial crisis, Post Danmark is no longer experiencing difficulties in filling up vacancies. However, this has been a problem in the recent past. Cooperation between municipalities and Post Danmark on matching vacancies with jobseekers (both native Danish and otherwise) registered at job centers could be strengthened. The company is currently addressing this issue. **Municipal job centers are encouraged to be more energetic in identifying a wider range of relevant employers.** Post Danmark could be approached more often regarding its interest in individual jobseekers. Job centers are often hesitant to send potential employees to Post Danmark: work at the postal service is considered too heavy and difficult for someone who has been out of the labor market for a protracted period of time. This may be true. However, **the ability of individuals to learn should not be underestimated.** It is important to grant people more of a chance. At the same time, Post Danmark must also become more pro-active in reaching out to municipal job centers.

Danish Energy Association (Dansk Energi)

In Denmark, the main issue with respect to labor market integration of people from a migrant background concerns the proportionally large number of unemployed 'new Danish' women, as well as men and boys with extremely low skills (although this group is quite small). The problem is foremost one of education, and possibly culture. It is difficult for employers to engage such individuals. Some are simply not on the labor market and cannot be reached by the private sector. **Public authorities are**

foremost responsible for integrating people into the labor market. Nevertheless, if approached by public institutions, business should be ready to cooperate on this issue. Most companies in Denmark are ready to do so. It is not unusual for Danish employers to take up unskilled or skilled individuals and to offer them any additional training needed. Having said that, the energy sector in Denmark is an attractive sector and therefore does not experience considerable difficulties when it comes to attracting unskilled or skilled manual labor.

Representative of FLSmidth

(a prominent company in the field of equipment, systems and services for the cement and minerals industries)

While unemployment in Denmark remains very low, there is a sense that 'new Danes' constitute a disproportionate percentage of the unemployed. At the moment **public-private initiatives on work floor diversity management are widespread in Denmark.** However, this surge is driven by immediate corporate needs: due to the limited labor supply, companies have become less hesitant to employ people of a non-Danish background; minimal requirements concerning skills are now substantially lower than in the recent past; on-the-job training has become more common. When demand for labor declines, attitudes are likely to change. Alternatively, it would be **important for companies to commit an enduring investment towards building the skills of 'new Danish' employees, as well as reciprocal experience and trust.** Hereby business would play a crucial role in securing this segment of the population a long-term foothold in Danish society.

Admittedly, it is costly and risky for employers to invest in unskilled individuals. Therefore greater public-private cooperation is desirable. In order for such cooperation to work, a broader

range of Danish companies would have to reserve an annual number of jobs/ traineeships for placements by public employment assistance programs. Likewise it is important to highlight that **very few employers are prepared to take up a vocal stance on the need to embrace refugees as valuable employees.**

Migration and Development & Global Supply Chains

KEY IMPRESSIONS

- The wellbeing of employees, including migrant employees, is a material element behind a company's long-term commercial success and corporate sustainability; likewise, the wellbeing of non-national workers enhances the optimal functioning of public social services in the country of destination (as well as the home country).
- From the perspective of migrants' wellbeing in countries of destination, and from the perspective of labor migration within global corporate supply chains, employers and public authorities are encouraged to be aware that certain vulnerabilities may be specific or of a higher bearing to migrants as compared to nationals.
- In order to promote ethical labor standards among global suppliers, to inspire corporate initiatives directed towards the wellbeing of migrant employees, and to engage business in activities at the nexus of migration and development, it is important to effectively bring across the long-term commercial benefits of such endeavors.
- In many countries migrant workers formally enjoy adequate access to healthcare; however, their actual ability to use healthcare services may be hindered by incorrect perceptions concerning their rights, practical difficulties navigating the system and cultural factors; employers are in a strategic position to help migrant employees make optimal use of the healthcare system and other social services in the country of destination; companies have a business interest to do so.
- Companies that participate in community migration and development programs may find valuable partners among municipal institutions; industry associations are potential partners in expanding opportunities for regular migration through the establishment of recruitment schemes between countries of the South and the North.
- Both from the business perspective and in terms of advancing development in countries of the global South, the possibility of migrating jobs (e.g. outsourcing), as an alternative to migrating people, merits greater attention.
- Ethical management of global corporate supply chains is a very demanding area of Corporate Social Responsibility (CSR); especially further down the supply chain, it is often very difficult for companies to monitor the conduct of their suppliers; for a company committed to ethical trade, proactively engaging its suppliers is key; protection of labor migrants within global supply chains is indivisible from international initiatives on strengthening supply chain oversight in general; it is important to effectively integrate the former into the latter.
- On the one hand migrant workers' human rights are covered by CSR efforts directed at the protection of all vulnerable groups of workers; on the other, there is an incipient awareness within the international corporate community that migrant workers within global supply chains may be particularly exposed to certain risks; the private sector is beginning to explore these risks, as well as the approaches and partnerships through which they can be addressed; certain challenges related to the protection of internal labor migrants in global supply chains (for instance in China) may be similar to those related to international migrants; companies tackling either issue are encouraged to share ideas and experience.

Novo Nordisk

As the world's leading company in diabetes treatment products and services, Novo Nordisk aspires to change the way diabetes is managed worldwide. The **link between migration and diabetes is one of the issues which Novo Nordisk tries to bring to the attention of governments.** If not treated promptly and properly, diabetes leads to complications which are devastating for an individual's quality of life. These complications are also costly to society, as they remove productive men and women from the labor market and exert significant pressure on the public health care system. People from a migrant background are more likely to develop diabetes and to bypass treatment. For example, diabetes levels are at 19-20% among those born outside of Denmark versus 3.8% among the natives. In the Indian state of Kerala approximately 20% of people who have worked in the Gulf suffer from diabetes; the rate is 10% for those people who stay put.

A greater body of evidence is needed in order to explain why the above might be the case. There are indications that some people with a migrant background may be more likely to engage in 'behaviors of coping' (eating, smoking, drinking, drugs etc), for instance with the difficulties of being a foreigner in an unfamiliar environment. This would place them in the diabetes risk group. In many countries migrants are formally afforded (primary) healthcare opportunities equal or close to those enjoyed by nationals. However, their **actual ability to access healthcare may be restricted by a poor understanding of the system and their respective rights, as well as by cultural factors** which render people unwilling to seek treatment. Novo Nordisk believes that it is in the interest of public authorities to build up an understanding of such dynamics and to make the public healthcare system better adapted to a country's migrant and minority populations.

Novo Nordisk addresses the link between diabetes and migration in three ways. For one, it searches for illustrative data, and presents it to policy makers. In parallel, the company supports an academic program at Lund University, which carries out scientific research on the subject. Finally, Novo Nordisk devises **educational approaches on multiculturalism and diabetes for primary healthcare professionals.** At the moment it is running pilot projects in cooperation with a small number of municipal healthcare providers in Malmö (Sweden) and in California (USA). If these pilots prove to be successful, the next step would be to compile training packages and to promote them with local authorities. Hereby the methodology can be mainstreamed into the municipal primary healthcare system.

Workplace involvement is among the priorities identified at a 2008 Lund University symposium on the treatment of diabetes in minority groups. **Employers could act as an effective point of information on healthcare.** They could facilitate entry into the healthcare system for people with a migrant background. So far Novo Nordisk has focused on making the case for greater integration of health and diversity among public actors. It would be interesting to upgrade Novo Nordisk's efforts in promoting such integration as responsible corporate policy. Companies could be presented with the benefits of assisting migrant employees in diabetes prevention and access to treatment. For example, Novo Nordisk is experienced in calculating the gain to the state budget from a healthcare system which is more responsive to migrant vulnerabilities. Similarly, Novo Nordisk could estimate **how diabetes risk reduction among migrant employees contributes to the long-term survival of a given company.**

Both employers and authorities should be aware of the '**Healthy Immigrant Effect**': there is emerging evidence that recent migrants are often healthier than average compared to the native-born population; however, their health is more likely to disintegrate due to long and hard working hours, as well as the

stress of moving and adapting; eventually, this results in a depletion of productive labor available to employers in countries of origin and destination.

MT Hojgaard

MT Hojgaard is Denmark's largest construction company. While the demand for labor within the Danish construction sector has plummeted due to the current financial crisis, in the future there may be serious competition for manpower across European construction sites. How could the competitiveness of Denmark be increased in this regard? The **idea of attracting foreign workers by offering entrepreneurial training and practical assistance with long-term productive investment in countries of origin is an interesting one.** It has not been considered by Danish construction companies. However, it will be difficult to bring the notion onto the agenda of employers as long-term planning is not common in the construction business. Likewise, companies are only likely to become interested in processes like the Global Forum on Migration and Development when the pinch of labor shortages becomes genuinely apparent.

The Confederation of Danish Industry (DI)

Currently DI and the Confederation of Danish Employers (Dansk Erhverv) are cooperating with the International Organization for Migration (IOM) and local Indian authorities on **setting up a direct recruitment center for knowledge workers at one Danish embassy office in India.** Hopefully the pilot will be repeated in Poland, Ukraine and elsewhere. DI is received very well in India as well as in other countries which it approaches, as

it represents the well-organized part of industry. Remittance volumes are high in India, while irregular migration remains an issue. Therefore the Indian government is eager to promote opportunities for managed labor migration. Dansk Erhverv and DI are only prepared to pro-actively recruit labor in a country when this is welcome. As the surplus of engineers is very high in India, the country's authorities do not consider the emigration of these highly skilled individuals to constitute 'brain drain'.

International Hotel Chain, Copenhagen (henceforth 'hotel')

There are a number of highly skilled specialists from China working at the hotel's location in Copenhagen. They are very driven and are excellent workers. Although they are all employed by an external company, the hotel considers it important to be well acquainted with the professionals engaged on its premises. Therefore it inquired into the factors behind the **motivation of the Chinese specialists to work long hours, and sometimes to take up a second job, despite a competitive salary and moderate personal spendings.** Consequently the hotel is aware that many foreign knowledge migrants residing in Denmark aim to maximize the percentage of earnings they send home in order to invest in their families and to establish a permanent source of income.

Danisco

Danisco is a premier producer of food ingredients, enzymes and bio-based solutions. It is a member of various networks on responsible trade, including the Roundtable on Sustainable Palm

Oil (RSPO). The Roundtable promotes cooperation among supply chain stakeholders towards sustainable palm oil use and production. **'RSPO Principles and Criteria for Sustainable Palm Oil Production (P&C)'** are a work in progress. Indicators and Guidance for 'Principle 6: Responsible consideration of employees and of individuals and communities affected by growers and mills' **include explicit references to migrant workers**. RSPO raised the issue of labor migration on several occasions since it was set up in 2004.

In order for palm oil to obtain RSPO endorsement, an RSPO approved certification body must conclude that it has been produced by a mill and its supply base in a manner which complies with the RSPO P&C. Furthermore, in October 2008 the Roundtable finalized **'RSPO Supply Chain Certification Systems'**. This instrument **provides companies claiming to use RSPO certified palm oil with a credible, functional and uniform way to validate their assertion**. The mechanism could become an indispensable incentive for sustainable palm oil production in the South, as it would allow corporate users to effectively communicate their preference for ethical suppliers.

The RSPO P&C and Systems are a step to improve oversight over global supply chains, which is a highly demanding area within CSR. Danisco aspires to monitor working terms and conditions within its supply chains. For instance, it informs about the pay levels necessary to uphold a decent standard of living in regions where its trading partners operate. It can be very **difficult to obtain information about the situation on the ground. This is especially the case further down the supply chain**. In this context, **the topic of labor migration remains to be explored**. For instance, Danisco does business with plantations in Malaysia. People move from further afield to find employment on these plantations. They often live and work in difficult conditions. Similarly, Danisco is aware that people are moving into big cities in Brasil and Venezuela in order to work for the company's suppliers. Danisco is resolute to address such issues.

However, its Danish management is unaware whether any of the migrants come from 3rd countries (for example the Philippines in the case of Malaysia or Colombia in the case of Venezuela).

While striving to uphold ethical trading standards, there is always the question of how far down the supply chain a company should go. Danisco has examined conditions at the level of the very poor farmer in India and Uganda, which proved to be a highly complicated task. How should this challenge be addressed? Engaging your suppliers is key. All of Danisco's direct partners must sign a code of conduct. The agreement obliges them to maintain adequate policies with regard to decent wages and working conditions. Recently **Danisco has also drawn up an external code of conduct: the company's direct suppliers will have to cascade it down to their suppliers**. The impetus for this development came from Danisco's customers, such as Proctor and Gamble and Danfoss.

Danish Energy Association (Dansk Energi)

Large employers of migrant workers are encouraged to facilitate remittance transfers and support microenterprises in countries of origin, but only on a commercial basis: it must be clear that (in the long term) such investment will result in profit. Business is meant to make profit. If this is clouded by philanthropy for philanthropy's sake, business will fall apart. **In Denmark at the moment one crucial challenge is to expand outsourcing, which is not widely practiced by Danish energy companies**. Entrepreneurs should realize that profit is to be made from outsourcing certain aspects of running a business (such as IT support) to other countries, rather than arranging for foreign specialists to come to Denmark.

Danish Ethical Trading Initiative (DIEH)

On January 30 2009 **DIEH will hold a conference on South-South labor migration within corporate supply chains.** DIEH members, other companies and a range of non-commercial organizations will be among the participants. The idea to organize the conference came about due to the growing attention to the topic at hand by business and organizations working on ethical trade. DIEH member companies have pointed out that the presence of migrant workers in their global supply chains brings distinct ethical challenges to their daily work.

Some of DIEH's international partners (such as Ethical Trading Initiative [ETI] UK and ETI Norway) have, for a period of time, suggested that the subject should be considered in greater depth. **The October 2008 report 'International Labor Migration: A Responsible Role for Business'**, which Business for Social Responsibility (BSR, an organization working on corporate responsibility with 250 member companies around the world) submitted to the 2nd Global Forum on Migration and Development in Manila, served as direct inspiration. The growth in the numbers of migrant workers internationally in itself calls for a focus on the matter.

Presentations of the BSR report (by BSR); labor migration challenges within China (by the Danish Institute for Human Rights); the ILO Multilateral Framework on Labor Migration (by the International Trade Union Confederation) will serve as points of departure. Next **participants will be invited to take part in a discussion on the following questions:**

- When working to ensure ethical trade in supply chains, how big of a challenge is labor migration and how should it be addressed?

- What should/could companies and business organizations do to address the challenge?
- What should/could NGO's and trade unions do?
- How should/could suppliers be involved and influenced?
- What kind of tools could be used?
- Is there a need – and possibility - for a joint approach?

The perspectives, suggestions and ideas voiced during the discussion will be brought together in a conference report, to be prepared by The Hague Process on Refugees and Migration.

Bestseller

Bestseller is a Danish clothing company which markets fashion items by a number of brands. It is a member of the Danish Ethical Trading Initiative (DIEH). It was **among the companies which expressed the wish for a DIEH conference on migrant labor in global supply chains.** Many of Bestseller's suppliers are based in China. In relation to migrant workers, there are two main issues which the company is confronted with while auditing supplier factories. For one, working hours in Chinese factories are usually very high. This factor is extremely difficult to influence. In part the **demand for overtime comes from the migrant workers themselves, who aspire to earn as much money as possible in the shortest time possible.** The challenge for Bestseller is to promote working hours that are not detrimental to health and safety. At the same time it is in no one's interest if employees leave factories because they cannot work as much as they would like to. It is imaginable that this

problem is equally relevant to companies dealing with international labor migration within their supply chains.

Another major issue encountered by Bestseller is that in China there is no nationwide social security system. In order to take up a social security package in a province where they find employment, workers must contribute a minor part of their salary. However, benefits are not transferrable to another province. As a result, most migrant workers choose not to obtain social security. Likewise, the transferability of social security is a key challenge in the context of labor migration across national borders. Bestseller does not have the solutions to the above problems. They are material to all companies and organization working with Chinese factories. Therefore there is a **real need for stakeholders to collaborate in order to find solutions** which over time will make a positive difference.

Eurotex Apparel

Eurotex Apparel is a Danish production partner in clothing. The company has started its CSR work on supply chain management from the issue of child labor. Eurotex Apparel became convinced that as a European brand it must adhere to certain ethical standards. Gradually the company realized that instead of sponsoring NGO initiatives it would be **more efficient for Eurotex Apparel to directly address the human rights challenges** which surface among its factories and suppliers abroad.

With time, investing in working conditions proves to be excellent for business. When Eurotex Apparel opened its own production facilities in Bangladesh, many of its employees would commute from other areas in the country. Most often they would not settle permanently with their families in the vicinities of the

factory. They would also be likely to quit if presented with more convenient employment prospects. Hence in 1999 Eurotex Apparel started introducing social benefits such as salary bonuses, clean water, small health and childcare facilities for family members, education centers, excursions and incentives to create small unions. **Considerable costs are involved in catering for these extras. However, they do provide Eurotex Apparel factories with a steady, healthy, adequately trained and motivated workforce.**

While Eurotex Apparel genuinely supports ethical trade, its foremost objective is to do business. Therefore the company aspires to disperse the effort by joining small groups of likeminded firms in Denmark and elsewhere. Eurotex Apparel also **champions its approach to labor standards among its Bangladeshi business partners**, as well as other producers in the area where it operates. For example, the company has created CSR action plans for its suppliers. Furthermore, Eurotex Apparel often share its experience at seminars organized for local companies by NGOs.

Perseverance is necessary to convince local employers that ethical treatment of workers is highly beneficial for business. Nevertheless, if you argue your point well, you are likely to win people's attention. Overall, Eurotex Apparel has an incremental approach to its suppliers. All partners must respect basic rights. At the same time Eurotex Apparel **communicates to producers that on signing a contract they are expected to gradually introduce an increasing range of ethical practices**, which will be monitored through regular audits. The Eurotex Apparel experience in Bangladesh does not have a direct link with international labor migration. However, proper treatment of all groups of workers within a production chain is a boost to the competitiveness of any company: it expands the labor supply and workforce productivity across the entire process which underpins commercial success.



The Hague Process
on Refugees and Migration

Laan van Meerdervoort 70
The Hague
The Netherlands
Tel: +31 70 7118989
Fax: +31 70 7118990
info@thehagueprocess.org
www.thehagueprocess.org