



WESTERN UNION[®] GLOBAL WORKFORCE IMPACT SURVEY

Results and Methodology

Conducted by:

Economist Intelligence Unit

**The
Economist**

GLOBAL CONTEXT

In an increasingly globalized economy, with an emphasis on open markets, new trade agreements and deeper economic interdependence, companies and countries alike are vying to stand out in the market. Whether local or multinational, businesses are challenged to produce goods, provide services, access capital and fill their labor needs, or be outdone by a company across city borders or halfway around the world with comparable products, services or employment opportunities. With the accelerated movement of goods, capital and people, companies and a growing number of countries are looking outside their borders to thrive.

The global economic recession has made this economic interdependence even more evident, and heightened the competitive environment businesses and countries face around the world. It also has sparked economic concerns and growing sentiments in favor of the protection of domestic workers and industries from potential foreign competitors. While many industrial countries consider tightening immigration laws, many businesses continue to welcome workers from other countries as a source of essential labor and growth.

Nearly one out of six people worldwide has migrated, representing a vast mobile workforce. According to the United Nations, this number represents 740 million who are travelling within their own country, and the 200 million migrants who are moving across international borders.¹ With more people on the move, international migration is increasingly recognized as central to economic vitality and global competitiveness.²

Companies are finding the need to adapt to the evolving global economic landscape at the same time that many industrialized countries are facing the well-documented demographic challenges of an aging workforce, resulting in the increasing need for businesses to hire and train workers across international borders.

To create jobs and generate economic growth, businesses need to have the right person, in the right place, at the right time. Varying immigration laws between countries often limit a company's ability to hire the necessary talent, which would otherwise bring economic benefits to the country or countries in which they operate.³ With an eye fixed on the future, businesses increasingly see open immigration policies as enabling them to expand quickly when the economy turns around. The challenge for policymakers will be to address these business needs by developing flexible immigration policies that minimize the barriers to mobility, while also ensuring these policies address concerns around the impact of foreign workers on domestic wages, working conditions and opportunities.⁴

¹ United Nations Development Programme (UNDP). "Human Development Report 2009: Overcoming Barriers: Human Mobility and Development."

² Demetrios Papademetriou, Doris Meissner, Marc Rosenblum and Madeleine Sumption. "Harnessing the Advantages of Immigration for the 21st Century." Migration Policy Institute 2009.

³ Ellen G. Yost and Lynn Shotwell. "A Corporate Perspective on International Business Migration." August 30-31, 2009.

⁴ Ellen G. Yost and Lynn Shotwell. "A Corporate Perspective on International Business Migration." August 30-31, 2009.

Global migration is impacting nearly every business, social and environmental challenge that we face today. Yet, unlike climate change and natural resource issues that are mobilizing social and policy attention, movement of people, and specifically the availability, cost and skill of this human resource, has been the subject of relatively less analysis and fact-based dialogue. This is the environment in which *The Western Union® Global Workforce Impact Survey* was commissioned. Conducted by the Economist Intelligence Unit, this survey was designed to provide new insight into business attitudes and practices toward cross-border workforce supplies.

THE WESTERN UNION® GLOBAL WORKFORCE IMPACT SURVEY

METHODOLOGY

A total of 501 executives participated in an online survey conducted by the Economist Intelligence Unit on behalf of Western Union from September 15 to September 30, 2009. The survey sample was senior executives: 43 percent of the respondents were C-level executives such as CEOs, CIOs and CFOs, and the balance consisted of senior vice presidents, business unit leaders and other senior managers. Of respondents, 74 percent were directly involved in hiring employees in their organizations, and all were familiar with their organization's employment practices.

Large organizations were represented: 57 percent have annual global sales over US\$500M. A range of industries was represented, including financial services, manufacturing, information technology and professional services. Twenty-six percent of respondents were from North America, 28 percent from Asia-Pacific, and 27 percent from Europe; the remainder were based in Latin America, the Middle East or Africa.

This survey has a validity and reliability rate of 95 percent; however, any trends cited throughout this document are drawn only from those companies responding to the survey and should not necessarily be generalized to broader audiences.

The survey instrument used the term "foreign worker," defined as "any person who works in a country other than the one of which he or she is a citizen." It reflects the United Nations definition of a "migrant," which is defined as "a person who is to be engaged, is engaged or has been engaged in a remunerated activity in a State of which he or she is not a national." A "domestic worker" is a citizen of the country in which he or she is working.

Throughout this document, the phrases "foreign worker," "international worker," "mobile workforce," "cross-border labor," "immigrant" and "migrant" may be used interchangeably, and are reflective of the varied terminology used publicly.

SURVEY ANALYSIS

GLOBAL CORPORATE LEADERS SAY MIGRATION HAS A POSITIVE IMPACT, BUT STOP SHORT OF PROTECTING THEIR ABILITY TO MAINTAIN A COMPETITIVE WORKFORCE

Overwhelmingly, business leaders surveyed say that migration benefits the economy and business. More than three out of four (76 percent) respondents believe foreign workers have a positive impact on the economy. These findings are consistent across all regions of the world.

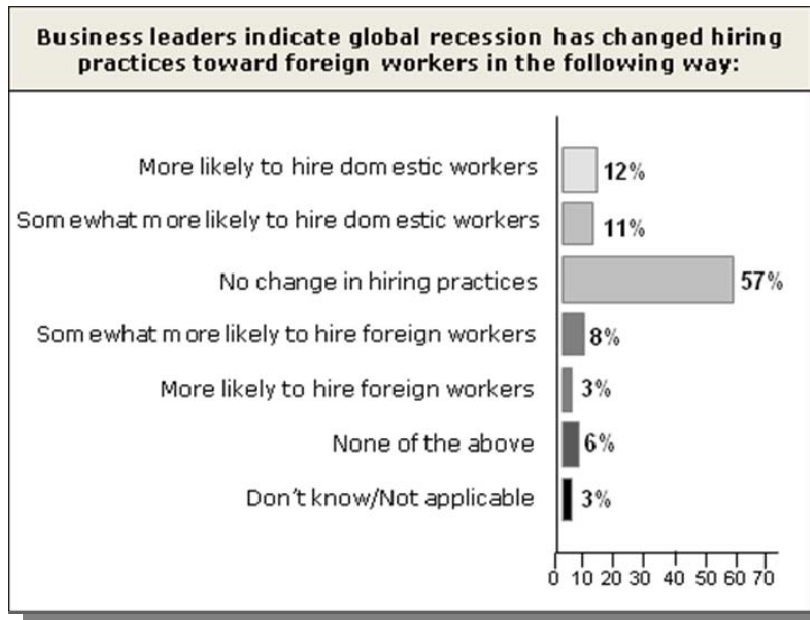
While these findings may not be surprising given that nearly nine out of 10 companies responded that they have employed foreign workers, results clearly indicate a belief that foreign workers are seen as a critical component of a workforce that includes predominantly domestic workers, complemented by foreign workers.

The leading driver of an integrated workforce is the array of skills needed. In fact, nearly eight out of 10 (79 percent) report hiring foreign workers because they have the skills to fill specific staffing needs. While “skills” was not defined for survey respondents, it broadly refers to the worker characteristics that fill the employment need. The majority of respondents also say foreign workers:

- Enhance the skills and talent of their workforce (81 percent)
- Give them competitive advantages (71 percent)
- Provide global market insights (68 percent)

While there are growing reports of protective public and policy actions taking place around the globe to favor domestic workers, survey findings reveal that the hiring of foreign workers is treated by companies worldwide as a managed component of a strategic plan. The survey revealed that 20 percent of respondents across all industries *depend* on employing foreign workers.

Despite the recession, companies have indicated that these hiring practices remain constant. In fact, nearly six out of 10 (57 percent) executives indicate that the current global economic recession will not change their hiring practices toward foreign workers.



Of those who will change their hiring practices, 11 percent said the recession has made them likely to hire more foreign workers, while 23 percent said it has made them likely to hire more domestic workers.

Business leaders have, however, identified that there are notable barriers to getting and maintaining the workers that they need. Nearly nine out of 10 (88 percent) survey respondents indicate that there are one *or more* significant challenges to hiring foreign workers.

More than one out of four (27 percent) report current regulations make it difficult to hire a sufficient number of foreign workers; while two out of five (40 percent) say it is difficult to hire foreign workers for low-skilled jobs. Challenges indicated by survey respondents worldwide include:

- Cultural and language barriers (46 percent)
- Limited quotas/visas (39 percent)
- Process takes too long (30 percent)
- Process is too complicated (28 percent)
- Too costly to hire foreign workers (26 percent)

The public debate around foreign workers is often reduced to a few key areas – a perceived trade-off between domestic and foreign workers, and perceptions that foreign workers universally equate to a lower-cost strategy. Challenges indicated by survey respondents suggest that there is a need for more comprehensive data on the cost of hiring foreign workers, both in terms of direct cost of employee acquisition and indirect costs, such as lost productivity while jobs go unfilled due to process issues.

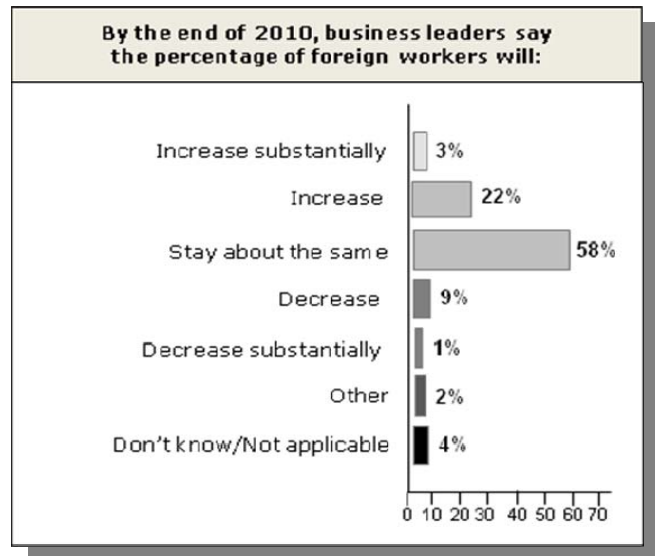
Only a relatively small percentage of respondents look to foreign workers specifically for short-term contracts (eight percent), whereas the majority looks to hire long-term or permanent employees. Companies that find it difficult to hire foreign labor permanently (39 percent) are more likely to outsource as a means of hiring foreign workers. Also, companies that have specifically indicated difficulty in hiring low-skilled labor are also more likely to outsource. This suggests a potential risk to economic recovery and growth in countries where barriers to hiring may drive permanent jobs, and business sectors populated by low-skilled labor, overseas.

This survey revealed a significant disconnect between the value businesses place on foreign workers and their efforts to maintain and grow a skilled workforce. Globally, only 15 percent of companies have asked for more open immigration laws, and fewer than one in 10 (8 percent) have publicly advocated for processes or programs by company name. This disconnect indicates that the vast majority of businesses that have identified value from a competitive workforce, including foreign workers, are allowing human resource policies and programs be developed without any direct engagement.

GLOBAL BUSINESSES FOCUS ON RECRUITMENT AND RETENTION TO FILL CRITICAL WORKER NEEDS

Overall, hiring practices reflect long-term strategies by companies that have identified the skills needed to help their companies, and consequently the economies in which they operate, to grow. Over time, businesses see foreign workers as increasingly important. As they look to the future, one out of four respondents expects the percentage of foreign workers employed by their organizations to increase by the end of 2010, while 58 percent expect their reliance on mobile workers to hold steady. Of the relatively small minority of respondents (13 percent) that do not employ foreign workers, approximately one-third (33 percent) plan to do so in the future.

A significant number of companies focus on standard business practices to secure what many deem a critical labor supply. With an eye toward maintaining foreign workers as part of a regular, integrated workforce, more than seven out of 10 (73 percent) survey participants report that they employ foreign workers on a full-time basis. The remainder is indicative of standard employment needs, including a combination of contract-based employment, part-time employees and business sectors that may have seasonal or other variable needs.



Nearly half (48 percent) of respondents hire high-skilled foreign workers, compared to nine percent that report employing low-skilled workers. While results are in line with the respondent base of the survey, with higher representation from companies in “white collar” sectors, they also highlight the challenge of workers generally being referred to in skill classifications. That more than 40 percent of respondents did not classify a skill type is indicative of real market conditions that entail hiring the skills, talent, training, experience, willingness or characteristics that fit the job. The varying interpretations of “skill” versus “need” continue to drive both public debate and the common practice of quotas on certain visa classifications.

In terms of employing needed workers, almost half (48 percent) of respondents indicate they directly recruit foreign workers. More than one-third (35 percent) use a third party to assist in the hiring process.

In addition to proactively recruiting foreign workers, global business leaders are taking steps to retain valued talent. For example, businesses are working in one or more ways to enhance migrant integration:

- 48 percent assist workers in finding safe and affordable housing
- 30 percent provide community orientation materials to foreign workers
- 21 percent recommend culturally relevant community associations

Of all regions, companies in Europe were most likely to adapt Human Resources policies for foreign workers, including language training (47 percent). This reflects decades of economic, social and political integration in Europe, incorporation of worker mobility into the European Union (EU) legal framework and practices, and an attempt to unify policies across the 27 member states to encourage certain labor standards. As a result, businesses headquartered in Europe also had the highest percentage of foreign workers in senior management positions (35 percent), compared to the lowest in the Middle East and Africa (13 percent). Despite the influence of a European workforce in some responses, overall survey results are reflective of a Europe that also consists of individual states, whose workers also come from non-EU members, and whose companies may also have global operations.

Globally, the survey found that larger companies, with revenues greater than \$1 billion, are more likely to offer benefits, such as comparable health benefits, to foreign employees. Further, while the provision of healthcare information and respect for cultural holidays does not vary by company size, the larger the company, the more likely it is to provide new employee orientation and training materials in multiple languages.

Respondents also suggested a willingness to share knowledge among businesses across sectors and industries: nine percent of respondents have spoken to other companies that have recruited foreign workers as one means of hiring, and another 11 percent have invited other businesses to make presentations on their services as a means of migrant integration.

CONCLUSION

The Western Union® Global Workforce Impact Survey reflects the potential for the world's mobile workforce to serve as an economic engine in every region of the world, as foreign workers often fill an unmet demand. The current engagement of foreign workers remains relatively stable on a global basis despite the recession, and the data suggest that as economic recovery accelerates, there will continue to be a business need for, and interest in, foreign workers as part of an overall strategy for growth.

At minimum, there is recognition by companies that the competitive playing field for capital, markets and workers transcends city, state and regional borders. The survey revealed that while companies globally are using traditional strategies of recruitment and benefits to employ needed workers, there remains a significant gap between the value businesses place on foreign workers and their willingness to engage in the public policy discourse.

Decision-makers have the opportunity to consider long-term business needs when shaping macro-economic policy. At the 2009 G-20 Summit, world leaders affirmed their commitment to do whatever it takes to restore confidence, growth and jobs.⁵ In a globally competitive environment where business growth is increasingly reliant on an integrated workforce of domestic and foreign workers, policymakers are challenged to balance workforce mobility with concerns about domestic growth. To move the dialogue forward among policymakers and the global business community, we must next ask: what are the key drivers of this disconnect between value and action?

⁵ G-20 Statement.

<http://www.wcoomd.org/files/1.%20Public%20files/PDFandDocuments/Highlights/G20_Final_London_Communique.pdf>

ACKNOWLEDGEMENTS

PEER REVIEW PANEL

We gratefully acknowledge the contributions of a panel of experts who have provided input on various aspects of the research survey and reporting process.

- Frans Bouwen, The Hague Process on Refugees and Migration
- Dr. Graeme Hugo, Professor, University of Adelaide, Australia
- Benjy Meyer, International Business Leaders Forum (IBLF)
- Robert Wilke Meins, International Fund for Agricultural Development (IFAD)
- Christopher Sabatini, Council of the Americas
- Dr. Demetrios Papademetriou, Migration Policy Institute
- Dr. Dilip Ratha, The World Bank
- Donald Terry, Boston University School of Law
- Nicolette Van Excel, Business for Social Responsibility (BSR)
- Jeremy Prepscius, Business for Social Responsibility (BSR)

ABOUT THE ECONOMIST INTELLIGENCE UNIT

The Economist Intelligence Unit is the world's foremost provider of country, industry and management analysis. Founded in 1946 when a director of intelligence was appointed to serve The Economist, the Economist Intelligence Unit is now a leading research and advisory firm with more than 40 offices worldwide. For more than 60 years, the Economist Intelligence Unit has delivered vital business intelligence to influential decision-makers around the world.

ABOUT WESTERN UNION

The Western Union Company (NYSE: WU) is a leader in global payment services. Together with its Vigo, Orlandi Valuta and Pago Facil branded payment services, Western Union provides consumers with fast, reliable and convenient ways to send and receive money around the world, as well as send payments and purchase money orders. Western Union, Vigo and Orlandi Valuta operate through a combined network of more than 400,000 Agent locations in 200 countries and territories. In 2008, The Western Union Company completed 188 million consumer-to-consumer transactions worldwide, moving \$74 billion of principal between consumers, and 412 million consumer-to-business transactions. For more information, visit www.westernunion.com.

In 2008, Western Union commissioned the Economist Intelligence Unit to compile a migration index that ranks 61 countries by how attractive and open they are to migration (the Global Migration Barometer), with a separate assessment of their need for migrants. The index was been produced for 61 developed and emerging markets using a standard analytical framework. The results of that effort are available online as a complement to this survey.