



Meeting the Challenges of Migration in Major Cities: The Role of the Business Community¹

March 19, 2007, University of Southern California
Los Angeles, California

1. Executive Summary

Business and migration is not a new issue in Los Angeles, a city built on immigration. However, it has come increasingly into focus given a number of international and national factors that affect the economy and social cohesion of the city. As the demographics within the State of California tend increasingly towards a Latino majority, immigration is set to remain a key public policy issue.

The meeting heard from a number of business representatives from the banking, food and beverage, IT and agricultural sectors, and all contributed examples and reflections about their own experiences. It is clear that within Los Angeles there are already several examples of partnership between businesses and civil society actors that are making a significant local impact. Building the capacity of migrant communities is also building the capacity of future customers and future workers, as well helping to develop the social and cultural integrity of the city.

It is evident also from some of the case-studies that many companies based in Los Angeles or other parts of California (in its own right the world's fifth biggest economy) have global footprints, and deal with many migration-related issues in their overseas operations. Given that public policy responses to the challenges of migration need also to incorporate a trans-national dimension, businesses need to be aware of their responsibilities within the context of international trade and investment as well as global supply chains.

However, when challenged as to why business was not more vocal in its advocacy within the United States political arena, several significant constraints were raised. Business has a long tradition of supporting community leaders on issues of civil rights and community justice, but rarely do CEOs step up directly to take this role. Some sectors, such as the agricultural sector, rely on the inexpensive labour migrants bring, so actions or statements by individual companies on improving labour rights (particularly for the undocumented) are really challenging. One telling reflection from a business leader was:

¹ This report was written by John Morrison on behalf of Realizing Rights: The Ethical Globalisation Initiative and The Hague Process on Refugees and Migration.

“This is a sensitive issue right now, but will only become more sensitive.”

The meeting was successful in being able to begin to explore the kinds of platforms that might enable an active role for businesses and business associations in both the local and international migration debates. It is hoped that this meeting, along with those in Johannesburg and London, could be the beginning of such a process.

2. Introduction

The meeting was organised as the third of three such meetings in major international cities, the other two being Johannesburg (March 2006) and London (October 2006). It was organised by Realising Rights: The Ethical Globalisation Initiative in partnership with Business for Social Responsibility and The Hague Process on Refugees and Migration. It was attended by about 20 representatives from the Californian business community, civil society and academia.

The meeting set three aims:

- 1) To explore how migration can become a part of the private sector corporate responsibility agenda, particularly identifying how better migration policies can be in the interest of business.
- 2) To identify ways that businesses can be positively involved in the wider debate and the evolution of government policy on migration
- 3) To establish links between the migration dialogue at the global and the local level, with an examination of potential links between the situation in and around Los Angeles and the cross-border migration context.

The meeting was held in roundtable format and conducted under the Chatham House rule (other than the prepared speeches). It consisted of three parts which mixed prepared presentations with full and open discussion:

- Setting the international and national context;
- Case-studies on business and migration relevant to Los Angeles, California and the USA;
- Ideas for action moving forward.

3. Setting the Context

3.1 The international context

Mary Robinson welcomed all the participants and opened the meeting by giving an overview of migration Issues in the International Context and potential US business involvement.

She began by looking back at 2006 as a year marked by increasing national and international attention to the issue of migration. In the United States, protestors poured into the streets of major cities, including Los Angeles, as part of a national movement to rally against proposed immigration legislation. Mary Robinson commented that a clear disconnect exists today in U.S. domestic migration policy. In 2006, the United States government spent more money than ever before on border security, while at the same time a record number of people entered the country illegally. It is clear that a different strategy is needed to manage migration.

On the global stage, the United Nations—for the first time in its history—held a High-Level Dialogue on International Migration and Development at which the world's governments began to discuss the root causes of migration, such as poverty and the demand for migrant labour. Yet, despite growing attention to migration both domestically and internationally, global discussions rarely include the perspectives of local leaders. Similarly, the international dynamics that propel people to migrate are usually not part of the discussion at the state and municipal levels.

Mary gave examples of how her organisation Realising Rights: The Ethical Globalisation Initiative has been involved increasingly on migration policy issues in various parts of the world, in particular in Africa on issues related to health. She mentioned also the work of the Global Commission on International Migration on which she served as a Commissioner, and the impact of its report in helping to shape the current inter-governmental process.

She challenged the business representatives around the table to examine the link between the respect for migrant rights and the contribution that migrants make, both in the USA and their countries of origin, through remittances or return. The migration debate in the USA, and the wider discussion of the US economy in the context of increased global competition, requires that business leaders also now enter into discussion. This is to serve not just the economic interests of business, but the well-being of society as a whole. She encouraged participants to keep in mind that human rights are not a matter of choice, to be selected and enforced *a la carte*, but are legal obligations under international law, which bind all governments and which apply to all people regardless of their status.

3.2 The context for US business

Aron Cramer, CEO of Business for Social Responsibility, analysed the place of Migration within the US Corporate Social Responsibility agenda. He started by relating his view as a Los Angeles native of the valuable role migrants have played in building both the economy and the cultural history of the city. Aron sees the link between business and migration as inescapable not least because it offers a key economic opportunity. He posed two key questions:

- What is the business case for active engagement on migration?
- How can business bring its core activities to bear on this important question?

In his opinion, the business case is based in significant part by self-interest. Business has to seek the highest quality of staff they possibly can, and understand the publics to which they aim to sell products and services. Further, global commerce is predicated on respect for open societies and open trade. For those and other reasons, respect for migration, and for migrants, is in the longer-term interest of business. Indeed, there is a series of reasons why business would benefit by engaging in the migration debate more actively:

- The support for open markets politically is retreating in the US, as it is also in Europe. Migrants are presented as a threat by some opinion-leaders, for example Lou Dobbs (CNN). The presentation of migration as a threat to stable and prosperous economies threatens to undermine support for the open markets that business requires.

- The fast changing role of business in society. It is very clear that public trust in business continues to be quite low. CSR and Sustainability reports, which measure the kinds of impacts that companies have, [are one element of the way that businesses communicate about their impact on society](#). These reports consistently include focus on employment and community matters, and the impact of migration on these matters is significant. Migration is therefore at the core of the fast-growing CSR debate.
- Business has a lot to offer within the context of integrating migrants into society. In some ways business plays a unique role as the melting pot between different communities and neighbourhoods. Business is able to knit together diverse populations into a common institutional purpose.

Aron Cramer then began to offer some ideas as to what the business community in Los Angeles might do:

- [Business can use its communications skills to help build public awareness of the economic opportunities associated with migrants and migration](#). With Los Angeles at the base of the media and entertainment industry, there is a unique opportunity in LA to use the power of images to create a more nuanced perception of migrants.
 - Consider opportunities for developing products and services designed directly to meet the needs of migrants, building new markets by adapting 'Bottom of the Pyramid' methodologies.
- Encourage policymakers to avoid the scapegoating that often characterizes public debates concerning migration, which will help California avoid the 'boom/bust' political swings concerning migration, contributing to a more stable and thoughtful debate that will result in a more stable business climate as well as more consistent policymaking.

In conclusion, Aron reflected that the need to keep migration on the business agenda is perhaps another 'inconvenient truth' that business leaders need to be aware of.

3.3 Challenges and some opportunities

Frans Bouwen, the Director of The Hague Process on Refugees and Migration, commented first about the situation in the Netherlands where it also has not very easy to bring about a mentality shift on migration. For many years the 'migrants' have been seen as a target in themselves. He asked: How do we make it clear to all the actors concerned that migrants can be a very important component in our economies?

The Declaration of The Hague (of 10 November 2002), delivered in the presence of UN Secretary General Kofi Annan, specifically mentions the role of the private sector in one of its principles:

“The corporate sector is playing an increasingly important international role which is reflected in the new dimensions to corporate social responsibility. Business leaders are called upon to contribute to respect for human rights including basic labour law standards and environmental protection. They need to avoid situations

where their activities fuel conflicts, and they can play a useful role in supporting local civil society. In post-conflict situations the corporate sector has immense capacity to contribute to the social, economic and cultural infrastructure. In addition, businesses can actively ensure the inclusion into the labour force of refugees and migrants in host countries and thereby reinforce the integration process.”

In order to help realise the principles embodied in The Hague Declaration, The Foundation of The Hague Process has established several initiatives, including this pilot on business and migration of which the Los Angeles meeting is part.

There is an opportunity, as stated by Mary Robinson, in the fact that governments from around the world are now looking at migration not just as an issue of control but also as a key part of international development. The first meeting of the Global Forum on Migration and Development in Brussels in early July 2007 provides a key opportunity, and the voice of business needs to be heard amongst others.

The approach of The Hague Process has been to get business leaders around the table and act as a catalyst for their concerns and perspectives on the issue, in particular when they coincide with the wider interests of society and of migrants themselves. In other cities the Hague Process has found that barriers to mobility seem to constrain opportunity, and that the needs of migrants themselves offer a valuable business opportunity. One clear example is that of remittances and the role of the financial sector in responding to this. Business is an active participant in global and local societies – business leaders have said they see migration a ‘challenge’ not a ‘threat’.

A challenge we all face is that the theme is too big. The general public are confused and there is a unique opportunity for business to help make it clearer what and whom we are talking about. The UN Special Representative on Migration and Development, Sir Peter Sutherland, is himself a businessman (currently chair of BP and Goldman Sachs, and a member of the Board of the Royal Bank of Scotland Group). At the last meeting in London in October 2006, Peter Sutherland called on the voice of international business to become louder and to help raise the level of debate on migration to a “higher intellectual level”.

3.4 Reactions and Discussion points

The representative of one major company commented that indeed migration is now one of their biggest issues, whether it is in the context of the Californian-Mexican border, or internally in China, and found it very encouraging that for the first time the UN is debating migration in this way. ‘Business can surely contribute – given the speed at which business can move compared to other actors such as governments. Business can also lend a practical and realistic aspect to the discussion.’

For a global IT company, E-inclusion and digital communities are important parts of the opportunity. The challenges come with the large amount of outsourcing and a large labour force around the world in a first-tier supplier base, some of which will be migrant labour. Can a company maintain flexible contracts with such workers? In relation to labour rights and suppliers, the debate often focuses around the respective role of ‘open contracts’ versus longer-term contracts.

A representative of a major international retailer related experiences of growing up in Iowa, a state dependent on migrant agricultural labour, and reflected that most of America was not yet ready to acknowledge the contribution of migrants to the US economy. Their CEO had already spoken out on the issue of migration, and more CEOs doing so could have a significant impact on public policy in the USA. However, businesses should look holistically at the issues. For example, the US is not producing enough technical expertise among students in the USA. And many trade unions have reinforced protectionist attitudes around migration in the USA, not seeing how migration can be a source of strengthening unions in the States. If migration is about push-pull factors, then business has also to do more also on the push factors – making it economically attractive for migrants to stay in their own countries.

An agricultural company representative relayed that the current political environment in the USA had made it really challenging for those who employ migrant workers to take any public position. Businesses are afraid of being made the enforcer of immigration status in the USA. Businesses do not want to be seen as the driving force of illegal migration in the USA – so very few business leaders are willing to take a stand on their own. Immigration, he noted, was one of the top two issues facing his company, but still speaking out was difficult. However, despite these constraints, looking at how the USA will handle the issue of migration and how we craft our future migration policies, ‘we are doing ourselves a terrible disservice by not engaging more fully’. Perhaps business associations need also to play more of an active role here.

4. Case-studies on business and migration

4.1 The experiences of the Mexican Legal Defense and Education Fund (MALDEF) and the effects of proposed new national legislation

MALDEF occupies a central position in the growing US Latino Caucus and sees two issues as critical to this community over the next 20 years: those of language and immigration. Today, half of California’s kindergarten students are Latino, and so this community in many ways represents the future of California. The proposed new system for the regularisation of existing undocumented migrants is less clear about what will come after that. The Bill proposes 400,000 temporary visas a year – which is about 10% of the prospective growth of jobs. Business will support it only if the process is effective for filling skill shortages.

In 1986, MALDEF warned Congress about the dangers of fraudulent documents. MALDEF does not believe that electronic employee verification will in itself solve the challenge of undocumented migration into California. There is also tremendous opportunity for error in computer based tagging that might negatively impact on businesses and migrants alike. The bigger solution is greater bilateral engagement with sending nations, and agreements with them.

4.2 Washington Mutual and opportunities of provided financial services to migrants in Los Angeles and beyond

Spanish speaking radio and TV shows now outstrip their English speaking equivalents in terms of audience figures within Los Angeles. For Washington Mutual and for other businesses that want to serve this market it is in businesses own best interests to

understand and embrace the immigrant community. Therefore Washington Mutual is developing products and programmes from a community perspective.

A central part of these financial services for migrants are the wire transfer programmes for remitting money to home countries. Some banks now recognise the 'Matricula Card' in order to encourage non-documented citizens to use financial services. A recent article in *American Banker* commented on the effects of some legislators in southern California trying to block the recognition of these cards, and therefore inhibiting the provision of services to the migrant community.

Community engagement is also seen by the bank as an important way of helping to educate future workers. Currently Washington Mutual is engaged in 12 schools in the Los Angeles area – each with a heavy Latino population. Even in Orange County (not renowned for its migrant community) there are similar business taskforces. Corporate America is already doing a lot for migrants behind the scenes beyond giving jobs, including funding some of the NGOs supporting the rights of migrants. Significantly this also means extending services to long-standing resident communities who might be most impacted by the arrival of migrants, such as African Americans in South Central Los Angeles.

Some other examples of involvement from around the USA were given, such as Spanish Harlem (New York) where Washington Mutual is giving loans to the newly arrived Mexican community undergoing something of a 'culture shock' in what is traditionally a Puerto Rican community, or for East Europeans now arriving in Chicago.

4.3 Hewlett Packard and Migrant issues in International Supply Chains

One very relevant case study is the establishment of the 'Centre for Reflection and Action on Labour Issues' (CEREAL) in Guadalajara, Mexico, as a conflict-resolution centre on labour related issues amongst suppliers based near the US-Mexican border. HP was able to leverage the wider membership of the Electronics Industry Code of Conduct (EICC) in support of the centre, and the number of labour-related complaints in relation to key suppliers has since dropped significantly. Clearly many of these workers are migrants from elsewhere in Mexico (and beyond), and such an initiative by a business in an important migrant-sending and migrant-transiting country is significant.

Further afield, HP has been engaged in similar activities in Central and Eastern Europe – such as Hungary and the Czech Republic – where there is a flow of migrants from neighbouring countries to the East. Migrants can be associated with dramatic abuses of overtime, for example an employer might happily allow their workers to work the annual limit of 4,000 hours in a year, but within a four month time-span.

Of course one of the largest migration phenomenon of all time is the migration of over 300 million rural workers into the urban centres of China, many housed in huge dormitories. Here some of the associated issues for HP's suppliers are fundamental, such as access to basic services and gender discrimination.

Coming back to the US, these examples from around the world highlight the need for a more holistic approach involving both sending and receiving countries. Currently of concern to international business based in the US is the fragmentation in the US public policy in this area, with different States taking different initiatives.

4.4 Lessons learned for US business from the treatment of migrant workers in Jordan – the perspective of Realizing Rights: The Ethical Globalisation Initiative.

The October 2000 US Free Trade Agreement with Jordan refers to ILO standards, but did not incorporate the rights of migrant workers. The agreement gave Jordan greater access to US markets, and this resulted in a twenty-fold increase in exports to the USA alone, and a huge increase in earnings for the Jordanian Government. This is based on production in 'Qualified Industrial Zones' which include over 100 companies, 80% of which are not Jordanian-owned, but are international companies themselves. Residents who are not Jordanian citizens are excluded by law from joining Jordanian trade unions, removing one of the traditional sources of support for workers. Violations of worker rights in some of the factories were significant, often related to accommodation in the dormitories because of the migrant population involved in the workforce. The National Labor Committee in the USA exposed these conditions as some of the worst they had seen.

The Governments of the US and Jordan have taken some steps to address the situation, and many of the companies have responded to public and civil society pressure. The ILO is now in dialogue with the Jordanian Government to apply core labour standards to migrant workers, and businesses should also support these efforts. This case is illustrative of why companies should have a sound understanding of the position of the migrant workers in their global operations.

4.5 Reactions and discussion points

Following the presentation of the four case studies there was another round of discussion amongst all the participants. The key points raised were:

- In what ways can free trade agreements with Latin America more explicitly protect the rights of migrant workers in the USA?
- One of the challenges in Los Angeles is that there is a lot of fear of the US banking system amongst migrant communities. How do you reach out to people who have had no experience of banking? In South Los Angeles, where 70% of the community is now Latino, teaching financial literacy is a real issue. How do we best build sustainable relationships and partnerships with such communities?
- The absence of financial services for migrants can also make them more vulnerable to violence. Under the previous legalisation programme, Latinos are actually targeted by criminals because of their association with a 'cash economy' and carrying money around with them.
- Clearly, Governments should be doing more on a range of migrant related issues. What then is the appropriate role of business? Firstly not to be complicit in any abuses. Secondly to push for more effective public governance. Business has a vested interest in helping governments to play their appropriate role on migration policy.
- Businesses can enter into local partnerships to solve local problems, as an alternative to them being enforcers of the law. The example of expecting Home Depot to ban migrant day labourers standing outside their stores was contrasted with organizations setting up 'day labourer' centres for organising day labourers'

work. The challenge for a business in doing so is that many of these labourers will not have official permission to work.

5. Ideas for Action

5.1 Partnerships

“It’s going to take a village. Imagine the power if we linked around this issue.”

One company representative noted that only 7% of the population have access to internet technology in South-Central Los Angeles and therefore investment in Learning and Technology centres was vital. Partnerships are key here, such as the collaboration between the IT company and the local gas provider. The message was that business should make interventions, but not in a vacuum. Fundamentally it is also seen to be about people’s safety. The collaboration between several corporations and MALDEF was cited as an example of partnership that could be built upon. Another example of partnership in Los Angeles is that between a major bank and the garment workers union to deliver reading literacy and financial literacy in the Compton and North-East Valley areas. Further examples are the ‘Unity Platform’ working on migrant education, and the work of The Urban League.

5.2 Creating an ‘Enabling Environment’

A key missing link is the need for an ‘Enabling Environment’ for businesses to become more involved in local migration policy. There is the need for greater congruity within public policy at the local level, and there is a need to find ways of removing the cloud of fear that business leaders have that they might be prosecuted for the use of illegal labour.

There are some fundamental societal challenges related to some migrant communities. 50% of the population are dropping out of high school in some migrant areas of the city. Business is good at focusing on the ‘voice of the customer’ and can do more for migrant customers to help them voice their concerns and needs.

5.3 The role of Business Associations

Business and industry associations could potentially play a key role in giving a voice to business leaders who feel unable to speak out directly. Industry Associations can by definition take a broader view. For example a lot of farmers feel they cannot take a more progressive position and pay a ‘living wage’, but an industry association could take more time on this in raising the bar.

5.4 A Platform for Advocacy

What kind of a message should business be sending? With greater advocacy there is also the fear of greater responsibility. Business does not want to become the ‘enforcer’ on the issue and so is cautious as to how much it can say.

Within the US public, there is a very deep-seated ambivalence about globalisation. There was a perceived lack of will to try to get the public’s arms around the debate, although most statistics show the changes associated with migration were positive.

However, one view was that events of Sept 11 2001 have now forced the issue. It has become a political agenda, spreading to Latino migration. To get to the point where we get meaningful leadership, we need someone with the passion who can speak *for* that the community, *from* that community – leaders need to step up for their own communities.

Business has had a long and an often quiet role in supporting community leaders, from Chavez to Martin Luther King. Yet again the leadership needs to come from the people most affected, the migrant communities themselves.

6. Summing up and Closing

In summation, Mary Robinson reflected on some of the key themes that came out of the day:

- There are consequences for business if there is inaction on migration issues.
- There is clear evidence of successful local partnerships in Los Angeles and beyond which can be shared and built upon in order to build the capacity of migrant communities on issues like financial literacy and health care.
- It is within the sphere of influence of many businesses to engage with their consumers on this issue.
- Within a public policy context, there is a need to re-brand the whole migration discussion and here business can work alongside civil society, trade unions and local authorities to do so.
- Individual companies are fearful about taking public positions alone, and so business and industry associations should be encouraged to do so.

There was also a call for the businesses in the room to remain engaged in the debate both locally in Los Angeles, but also internationally. Regarding the former, Business for Social Responsibility and the University of Southern California are two important partners. The Global Forum on Migration and Development was cited as a key opportunity for the latter, and businesses were encouraged to participate in the non-state actor summit on 9 July 2007 in Brussels. All attendees were also reminded that the discussions from Los Angeles would be fed into those from Johannesburg and London as part of an international report on Business and Migration due for release in May 2007.