



Department  
for Business  
Innovation & Skills

BIS RESEARCH PAPER NO. 217

The impacts of migrant workers on  
UK businesses

FEBRUARY 2015

RESEARCH

# Contents

<b>Executive Summary</b> .....	<b>3</b>
<b>Research aims and objectives</b> .....	<b>9</b>
<b>Methodology</b> .....	<b>10</b>
<b>Literature Review</b> .....	<b>13</b>
<b>The impacts of migrant workers on UK businesses</b> .....	<b>18</b>
Introduction to the key impacts.....	18
Linkages between impacts .....	19
Skills .....	23
Innovation .....	32
Knowledge transfer .....	37
Training.....	43
Migrants' connections .....	46
Integration .....	52
<b>Conclusions</b> .....	<b>60</b>
<b>References</b> .....	<b>61</b>

# Executive Summary

The majority of studies into the effects of migrants on the UK economy focus on aggregate impacts on the labour market, public finances or economic output. The ways in which migrants contribute to the performance of the individual businesses they work for has been less examined. This qualitative research aims to address that gap, by interviewing 80 businesses from across the UK who employ migrants. It finds that in many instances migrants bring knowledge and skills over and above that outlined in the job specification. Of the businesses interviewed, the overall view of migrants' impacts was broadly positive.

Migrants have brought culturally unique and complementary skills and knowledge of processes and ideas to the workplace. In other instances they have upskilled colleagues, leading to improvements in process and innovation and securing new work for their employers. These changes have led to both improved productivity and company expansion. Employers value the breadth of language skills migrants bring, but also the value of a diverse workforce with a global outlook, which can identify opportunities and new openings. Significant benefits arose where migrants assisted business' expansion by sharing insights and connections to new international markets, suppliers and client relationships.

In some businesses, hiring migrant workers has brought challenges relating to integration and language, but this has been more than offset in most cases by migrants filling skills gaps and the contribution of the individuals in post. The most striking impacts were often interlinked, particularly where migrants held higher-skilled roles and had complementary skills beyond the job specification.

## Methodology

This qualitative research was undertaken in two phases. Phase 1 comprised 80 phone interviews with managers who employ migrant workers in businesses in a range of sizes across the UK, in both higher and lower skilled sectors. In Phase 2, 15 business case studies explored processes in more depth through co-worker and migrant worker interviews. The research focused on spontaneous views on impacts and 6 themes identified as drivers of productivity in previous studies; skills, innovation, knowledge sharing, training, international connections, and integration. These themes were identified through a literature review conducted at the outset of the research.

Any statements in the report refer to the experiences of the businesses interviewed for this research and should not be generalised further. Qualitative methods neither seek, nor allow, data to be given on the numbers of people holding a particular view or having a particular set of experiences. The aim of qualitative research is to define and describe the range of emergent issues and explore linkages, rather than to measure their extent.

## Findings

Many businesses in this research only reported one or two different impacts but the impacts were often closely linked. In a visual effects company for example, the requirement for very specialist skills made migrants essential to maintaining and growing the business. The fact that these artists were schooled in different artistic and technical environments meant that they brought additional skills and approached challenges in different ways. As the industry is fast paced, individuals were self-taught, creating new techniques in response to evolving technical demands and opportunities. This knowledge was quickly diffused to colleagues. Mixed teams worked in a highly collaborative environment where challenges were shared with others. *“Every single day, everyone’s contributing to one another’s knowledge base. It happens all the time.”* (Director, Visual Effects, London, 80-90% Migrants, Large)

Migrants’ different technical and industry backgrounds enhanced the team’s ability to solve problems rapidly by taking or combining the best approaches, which in turn drove innovations in process and style. *“We almost always need to come up with ideas for new ways to do things, almost every single day. Most of our jobs are about problem solving...having that wide range of different approaches is always the best way.”* (Co-worker, Visual Effects, London, 80-90% Migrants, Large)

Overall, the extent of impact in each of these areas varied, with skills, innovation, knowledge transfer and migrants’ connections being the most significant to businesses. Impacts relating to training were low. The effects of migrants’ integration cut across all areas. Although interviews explored any differences between EEA and non-EEA migrants<sup>1</sup>, the only differences emerging were in relation to visa applications rather than involvement in the company itself.

Businesses were asked whether there were clear migrant impacts in relation to profit and loss, but unsurprisingly they lacked the data to clearly distinguish between migrants and non-migrants. Instead, reported impacts on profit came through the other effects.

The findings on the 6 specific themes of skills, innovation, knowledge sharing, training, international connections and integration are explored in more detail below.

### SKILLS



**Key impact. Condition for continuity and growth in higher/lower ends of skills spectrum. Employees with skills beyond role bring additional benefits.**

Skills held by migrant workers allowed businesses to expand their workforce, to fulfil existing contracts and to take on more work. In one aerospace consultancy they were heavily reliant on recruiting outside the UK for highly specialised engineering roles, as migrants were needed to meet their growth potential. *“The people that we need are not available in the UK. ... There is not the capability within the UK any longer to meet our aspirations.”* (Manager, Aerospace, Bristol, 5-10% migrants, Large)


---

<sup>1</sup> European Economic Area – European Union members plus Iceland, Liechtenstein and Norway

For other businesses, migrants added something above and beyond, or different to, equivalent UK applicants. This allowed businesses to access a wider talent pool than would be available without migrants, which allowed the business to select better candidates. A manufacturing firm found migrants applied with greater qualifications and experience than UK workers, and worked more efficiently as a result. *“There’s more migrants with higher qualifications than UK applicants. ... If a machine goes down they’re able to fix it straight away, so that means we have less down time.”* (Manager, Manufacturing, Newport, 11-20% migrants, Large)

Benefits resulting from migrants’ skills could be unexpected as well as planned. A migrant hired for admin in a construction firm had excellent IT skills; he suggested how IT equipment could be used in the business, which brought efficiencies and cost savings. *“Things are more streamlined, things are more efficient...I don’t have to go back and look for paperwork, now I can do it all on my phone or my iPad you know. He’s brought us into the 21st century without me even knowing it!”* (Manager, Construction, Birmingham, 21-30% Migrants, Small)

Higher skills were sometimes offset by lower language skills or higher churn. One IT company who depended on migrants to fill technical skills gaps also found that without good language skills, migrant workers did not liaise well with clients and staff. Higher churn among migrants who moved to other jobs quickly or returned to home countries was traded off against their stronger performance whilst at the business. Overall, the benefits were seen to overcome the disadvantages in these situations. *“Quite often they’re very good, but you know they’re short term.”* (Manager, Construction, York, 5-10% migrants, Large)

**INNOVATION**  **Key impact where it occurs. Driven by individuals, but also by mixed teams. Most effective where supported by business structure and culture.**

Significant innovation effects occurred in a minority of businesses in this sample and many businesses reported no impact of migrants on innovation. There were three key ways migrants facilitated innovation in businesses. First, as seen in a few cases, innovation was fundamental to the business – for example, those in the creative industries and where highly technical or scientific products were being developed. In a biotech firm translating scientific innovations into novel medical devices, migrant scientists’ ideas spawned new business opportunities, which created more jobs. When these migrants returned to home countries, they created a network which allowed biotech companies to expand abroad. *“By having them, new businesses are created.”* (Director, Biotech, London, 50-60% migrants, Medium)

Second, some businesses found that employees with diverse perspectives working together developed the best ideas and business solutions. This was particularly true in sectors which generated creative products and in professional services where higher skilled employees frequently faced new technical or creative challenges. Migrants’ involvement in meetings at a communications firm changed the dynamic and generated innovative ideas for campaigns. *“Different cultures have different ways of working and attitudes... They bring different thoughts and ideas to the table and that broader culture helps us shape our campaigns.”* (Manager, Communications Agency, London, 10-20% Migrants, Large)

Lastly, in some instances migrants drove the creation of a new product, process or service. In a hygiene solutions company, migrant workers gave the company a competitive edge in its African markets (which had been opened up by migrant workers) and they also suggested introducing alcohol-free hand sanitisers for the Muslim population. Having access to these new markets increased revenue for the company. For a social enterprise aiming to help people to grow their own food, UK workers had taken migrants' research on rooftop gardens from their native Hong Kong to inspire the creation of new projects. These types of innovation were rarely planned, but drove growth in the businesses involved.



**Key impact. Migrants recruited for their knowledge; successful businesses are structured to facilitate sharing and informal co-worker relationships also enable knowledge sharing.**

Knowledge transfer from migrants to a business was a key impact for a wide range of businesses. This impacted both directly, through the upskilling of co-workers and expansion of a business's knowledge base, but also by facilitating other impacts such as training, innovation and international connections. It was brought about in three ways.

First, migrants were recruited for their knowledge and experience from other countries in highly specialised sectors. A financial services firm had transferred innovation in the South African market into their own firm by hiring South Africans and adopting their approaches. This contributed to business growth and continued competitiveness within the global market. *"We've got quite a few South African actuaries in our business...they had business experience of developing this product line over a 20-year period.... Could we do without them, yes we could. But, it would end up with a suboptimal result."* (Managing Director, Financial Services, London, 20-30% Migrants, Large)

Second, teams in some businesses were structured to ensure a mix of staff worked together, or businesses planned workshop sessions to facilitate knowledge sharing. In an educational tours firm, weekly knowledge sharing sessions were used by US and Hong Kong employees to present on their education systems – information which co-workers used directly on their tours. *"Having people from different backgrounds, not just born and bred in the UK, means you get a variety of opinions and that's really interesting to have. It helps people learn."* (Co-worker, Professional services, London, 5-10% migrants, Medium)

Most often knowledge was shared naturally, as in a retail company where a migrant suggested an approach to payment plans which allowed the business to resolve a cash flow problem. In an animation firm, migrants from New Zealand brought new rendering techniques, which improved efficiency and, in turn, brought time and cost savings for the business. *"[Migrant workers] from New Zealand changed the way we process data very significantly. ... We're saving a third of our rendering time. The faster you can do something the more profitable. It's cheaper for the client, and has a huge knock-on effect."* (Manager, Animation firm, Bristol, 30-40% Migrants, Medium) In another case, Polish workers who introduced a new electronic warehousing management system to a wholesale business also trained co-workers to "use these complicated systems", which were then used company-wide.

Knowledge sharing also extended to attitudes. In a call centre where staff were well integrated, managers paired migrants with new starters to encourage them to adopt the same ethos. *“That positive attitude does rub off on colleagues.”* (Manager, Call Centre, Manchester, 5-10% migrants, Medium)



**Low impact. Some migrants need more/less training than co-workers but often the company has a standard training offer for all employees.**

Training was an area where hiring migrants had little impact. Migrants were generally seen to have the same training needs as co-workers, usually because the business had ‘standard’ training provision in place for all employees. However, in a few instances, migrants required different or additional training, most commonly to improve English language skills or to address cultural and communications issues. This was mostly in lower skilled settings, including call centres, airports, distribution and wholesale. *“We have a local college, where we sent our migrant workers to do a 15-week English course. There’s subtleties to the language that it’s helpful to learn... We take it as a loss, but you get the value back.”* (Manager, IT Company, London, 20-30% migrants, Medium) Though this came at an additional cost, most businesses deemed it worthwhile.

In terms of the training that migrants could provide to co-workers, this was usually informal but occasionally brought clear benefits. For example, in a theatre company a Korean migrant trained co-workers on Korean lighting desks that they needed to use, saving on training costs. *“A lot of the technology we use is made in Korea... he ended up training others on it...I suspect we ended up saving money, not having to send two guys off to a course.”* (Manager, Theatre, London, 20-30% migrants, Medium)



**Key impact. Used to drive expansion in new and existing markets and improve client and customer relationships.**

Where utilised, migrants’ connections were seen as the most unique benefit of their presence. They impacted on businesses in three ways: supporting expansion and growth into new markets; strengthening client relationships in existing markets abroad; and helping with business activities using local connections within the UK.

For businesses with growth and export potential, migrants facilitated expansion and growth into new markets, creating new consumer markets for products and services, and occasionally developing the business’s supply chain. For example, in a footwear manufacturer and retail business, a Brazilian employee set the business up with a supplier he knew in Brazil, resulting in improvements to the quality of outputs.

Migrants were also able to use their language and cultural awareness to strengthen current client and customer relationships, and to forge new contacts. A Spanish speaking employee from Argentina secured a deal for a manufacturing firm by joining a pitch with a hesitant client. This increased new business opportunities, improved reputation and the business’s competitive advantage. *“One particular individual used their background, in order to be able to make a sale that looked like it was going negative on us.”* (Manager, Advanced Manufacturing, Manchester, 20-30% migrants, Medium)



Likewise, an insurance contact centre matched customers with migrant workers (e.g. Indian workers to Indian residents) after finding that it increased the quality of calls and had a positive effect on its margins. They reported that this had led to an increased success rate of 15-20% in the business' sales. In some cases, however, these benefits had to be balanced against an increased sense of competition among co-workers.

Within the UK, migrants in some businesses used their networks to reach different potential customers or clients, by marketing events or services to local migrant communities. They also supported recruitment by recommending local workers, which enhanced the businesses' capacity and flexibility.



**Can be an issue where mixing is less common and where management is not proactive in addressing divisions or competition.**

Where migrant and UK native co-workers did not integrate well within teams, some businesses experienced a decline in worker morale. *"They work very well, but they don't socialise. ... They don't talk about their families or what they're doing on the weekend. And they do have other jobs."* (Manager, Property, Blackburn, 10% migrants, Medium) At times, these communication barriers led to integration issues, where 'cliques' of workers of different nationalities did not mix.

However, where integration was successful, it had positive impacts on attitudes to work, and on wellbeing. In a transport firm, a manager felt the Indian staff had brought an order to their approach to work, and calmed the rest of the team. *"They've brought an almost Zen like calm to the place and people have started to chill out a bit more.....it is really their influence."* (Manager, Transport, London, 5-10% migrants, Medium)

Low integration often occurred in lower skilled industries, especially where management was not proactive in addressing divisions or competition. In several places this was addressed by encouraging use of English at work, facilitating team integration, organising team events and managing relationships more closely. Businesses that adopted these measures had been successful in overcoming integration issues.



# Research aims and objectives

BIS commissioned TNS BMRB to conduct a qualitative study exploring **what impacts migrants have on UK businesses at the firm level** and **how these impacts come about**. These businesses were drawn from a range of skills levels, sectors and geographical locations across the UK.

More specifically, the research explored impacts in relation to:

- Skills, innovation, knowledge sharing, training, connections and cohesion (areas identified in previous research)
- How these impacts come about and are realised
- Experiences and perspectives from different positions within the business: managers, migrants and UK co-workers
- Similarities and differences by sector, size, type of business, skill level of migrant workers and EEA<sup>2</sup>/ non-EEA migrants

**Scope of the study:** the research aimed to explore both the economic and non-economic impacts that migrants had on businesses. Many of the impacts discussed are indirectly associated with productivity. However, businesses struggled to ascribe clear profit and loss estimates, or changes to productivity, directly to the presence of migrants – they did not manage or calculate their outputs in these terms. The report therefore discusses impacts which indirectly linked to profit and productivity. The research did not cover hiring practices, wages, views on immigration policy or visa regimes.

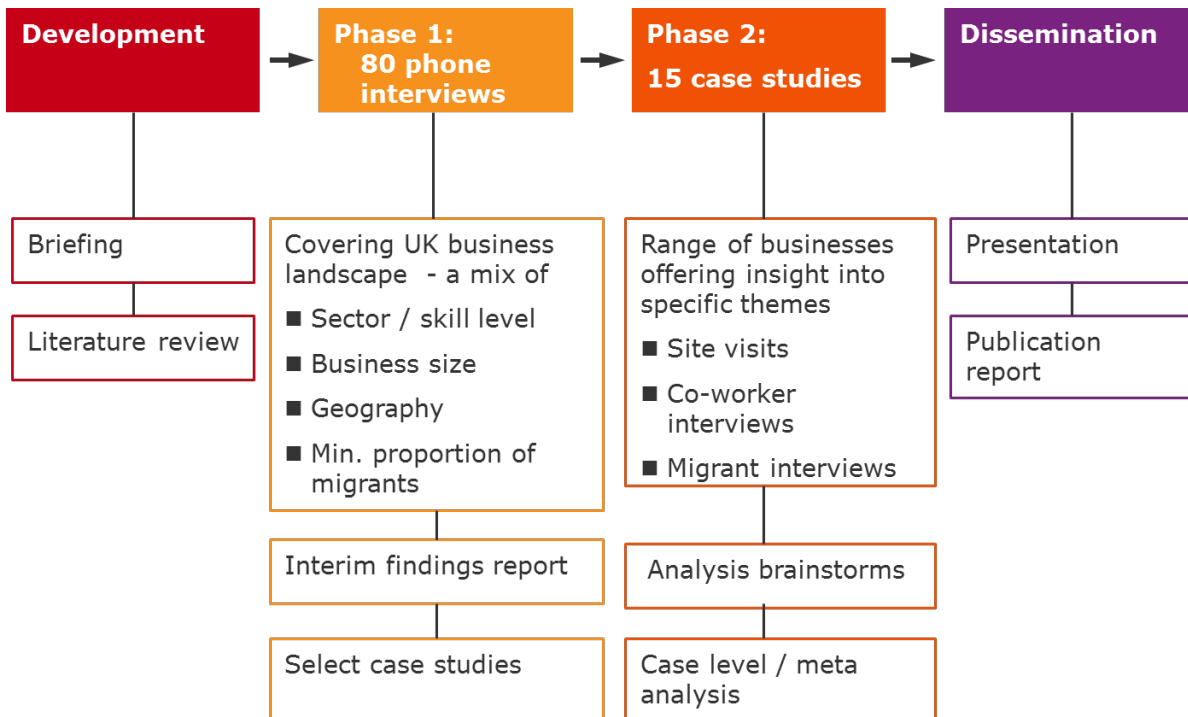
Any statements in the report refer to the experiences of the businesses interviewed for this research and should not be generalised further. The aim of qualitative research is to define and describe the range of emergent issues and explore linkages, rather than to measure their extent. Qualitative methods neither seek, nor allow, data to be given on the numbers of people holding a particular view or having a particular set of experiences.

---

<sup>2</sup> European Economic Area – European Union members plus Iceland, Liechtenstein and Norway

# Methodology

A two-phase, iterative design was adopted for this research, outlined in the diagram below.



**Phase 1** consisted of 80 in-depth interviews with businesses that employed migrants, covering spontaneous views on impacts of migrant workers. The discussion guide was informed by a brief literature review that identified impacts among the business population. Interviews were conducted over the phone with owners or managers, in 30 minute discussions covering a broad sweep of different businesses across the UK. Interviews explored their different needs and drivers in relation to labour, and the ways that migrants are impacting on the business. An interim period of analysis followed, with emerging findings used to identify businesses for Phase 2, to explore key impacts in more depth.

**Phase 2** consisted of 15 case studies with businesses, through interviews with two British workers and a migrant worker, using site visits where possible. This phase aimed to explain Phase 1 findings by exploring how impacts come about in more depth, and explore the impacts of migrant workers from different perspectives within the business.

Researchers followed a semi-structured discussion guide which explored spontaneous views on impacts, then expanded on key themes identified in previous research in more depth. Topic guides can be found in Annex A.

All interviews were audio-recorded. Written pro-formas summarizing the details and key themes emerging from each interview were produced by researchers, and were aggregated into an analysis framework by the research team. Thematic analysis was then undertaken across the data from both Phase 1 and 2.

**Sampling:** A purposive sampling approach was adopted to represent a wide spectrum of business types. A sample of 4,000 businesses was drawn from Dunn & Bradstreet and a free-find approach was also adopted. A minimum threshold was set on the proportion or number of migrants in the business, to ensure that research findings were based on a reasonable proportion of the business' workforce. This was 5% or 20+employees (for large businesses) and 10+ employees (for medium businesses). The primary quotas for the in-depth interviews included sector and skill level of migrants, the size of business, and the region in the UK. Any businesses who met these threshold criteria were invited to participate in the research.

The achieved sample table for Phase 1 interviews is shown below:

Sector/ skill level	Business size	Migrant workers' profile (typical nationality and age range)	Location
Construction: 4 Hotel/ restaurant: 2 Manufacturing: 1 Transport, storage, communications: 2 Wholesale: 3 Other sectors (including Retail, Telecoms, Bathroom Fitter, Recruitment, Real Estate, Professional business services, Food sector, Pharmaceuticals):11 <b>Total Lower Skill: 23</b>	Small (10-49): 10 Medium: (50-249): 9 Large: (250+): 4	Mostly EEA : 12 Mostly Non-EEA : 5 Even mixture: 6  Typical age range: 16-34: 7 35-44: 12 45+: 3	Greater London: 29 South East: 5 North East: 8 Scotland: 6 North West: 13 Wales: 3 South West: 5 Midlands: 7 Northern Ireland: 4
Computer/ related: 4 Financial sector: 8 Real estate: 4 Pharmaceutical: 4 Entertainment: 5 Advanced manufacturing, including aerospace and automotive engineering: 4 Professional business services: 8 Other sectors (including Utilities, Construction, Transport, Retail, Hygiene solutions, Law, Engineering, Communications, Manufacturing, Oil and Gas): 20 <b>Total Higher Skill: 57</b>	Small (10-49): 24 Medium (50-249): 16 Large (250+): 17	Mostly EEA : 21 Mostly Non-EEA : 9 Even mixture: 27  Typical age range: 16-34: 38 35-44: 15 45+: 10	

The achieved sample table for Phase 2 case studies is shown below:

Sector	Business size	Location	Migrant workers' profile (typical nationality and age range)	Key Themes
<b>Total 10 higher skill case studies</b>				
3D Animation	Large	London	Mixture; 16-44	Skills, Innovation, Knowledge Sharing
Financial Services	Large	London	Mixture; 35-44	Knowledge Sharing, Migrant Connections
IT	Small	Bristol	Mixture; 16-34	Migrant Connections
Biotechnology	Medium	London	Mixture; 16-44	Skills, Innovation, Knowledge Sharing
Financial Services	Small	Manchester	EEA; 16-34	Skills, Knowledge Sharing
Professional Services	Medium	London	Mixture; 16-34	Migrant Connections, Knowledge Sharing
Software Developer	Small	Derby	Mixture; 16-34	Skills
TV Production	Small	N. Ireland	EEA; 16-34	Skills, Innovation, Migrant Connections
Product Design/Wholesale	Medium	London	Mixture; 16-34	Innovation, Migrant Connections
Communications	Large	London	Non EEA; 16-34	Innovation
<b>Total 5 lower skill case studies</b>				
Security	Medium	Birmingham	Non EEA; 35-44	Knowledge Sharing, Integration
Care Home	Medium	Yorkshire	Mixture; 35-44	Skills, Knowledge Sharing
Wholesale	Medium	Hertfordshire	EEA; 16-34	Integration
Garage	Small	Bristol	EEA; 16-34	Applicant shortage, integration
Restaurant	Medium	Glasgow	EEA; 16-34	Integration

# Literature Review

Theory and empirical evidence suggest that skilled migrants contribute to economic growth by alleviating skill shortages and complementing existing workers. Evidence also suggests migrants allow greater innovation through the exchange of knowledge, ideas and skills. A migrant's connection with their country of origin can also encourage the development of trade and foreign investment links.

This literature review examines the available evidence on migration and productivity. Over the long run the key determinant of increasing GDP per capita will be productivity improvements, by using inputs more efficiently to produce outputs. Therefore it is important to understand how immigrants impact on productivity, in order to better understand their effect on GDP per capita growth. In this literature review we examine the evidence base of how migrants impact on businesses, through a number of channels that ultimately impact on productivity. The thematic areas identified in this literature review have been used as the basis for the interviews in this report.

## ***Theoretical impacts of immigration on productivity***

Theory suggests that the key to understanding the productivity impacts of immigration is the capital-labour ratio. Firms can utilise different combinations of capital and labour in order to produce outputs and the optimal combination of capital and labour depends on the supply and demand of these factors and their relative return. Net immigration increases the supply of labour and so reduces the relative cost of labour, but in the short run it is assumed that the capital stock cannot adjust appropriately to maintain an optimal capital-labour ratio. This divergence from an optimal capital-labour ratio would result in a fall in productivity. Over the long-run, as the relative returns to capital increase, theory suggests that the stock of capital should adjust to maintain the optimal capital-labour ratio and this will result in productivity increasing again.

However this theoretical framework assumes that immigrants merely increase the labour supply and may not necessarily reflect the way economies adjust to immigration in reality. The theoretical framework can ignore some of the dynamic effects of immigration, in particular if immigrants offer complementary skills and knowledge to native workers. Rolfe et al. (2013) identifies three main channels through which immigrants may impact on productivity and so economic growth.

Firstly, immigrants increase the human capital stock of the receiving country, by arriving with specific skills and knowledge that are shared with the native population. They may bring innovative ideas and knowledge of new processes, as well as providing connections to foreign markets that could facilitate foreign investment flows and trade. Boosting the stock of human capital through this newly acquired knowledge and skills should increase labour productivity. Secondly, immigrants may increase labour productivity if they act as a "complement", not a "substitute", to native workers. Rolfe et al. identify that this may then increase the incentives for native workers to acquire new skills, in order to compete with immigrant workers. This should result in an overall increase in labour productivity through the upskilling of native workers and an increase in aggregate skill levels in the economy.

Thirdly, immigrants can influence the way businesses operate, by affecting the relative price of production inputs and the choice of production technology.

An additional effect of immigrants on productivity can occur if, for example there is large scale low (high) skilled migration, which can lower (raise) average productivity. This compositional effect would occur through an effective increase in the labour supply of low-skilled workers, shifting the economy towards low-skilled employment. This compositional effect could reduce average productivity across the economy, aside from the effect of immigrants on the capital-labour ratio.

From the impacts identified above it is possible therefore that migrants enhance or reduce labour productivity in the short run. They may be productivity enhancing by providing complementary skills and increasing competition, forcing UK natives to acquire new skills and knowledge, both of which enhance the human capital stock in the receiving country. Migrants are often a select group of workers; through both self-selection and selective immigration policy – which may mean that migrants as a group may have particular personal attributes, knowledge and skills that could enhance productivity at the firm level. However, migrants may reduce productivity if they offer similar skills and knowledge to UK natives or lower average productivity through composition effects. Whether potential productivity gains or losses are realised will depend on a number of complex factors. These include the mix of individual workers, the skill levels of immigrants, the extent to which immigrants are complements rather than substitutes for UK natives, as well as the interaction and relationship between capital and labour at the firm and aggregate level.

It becomes important therefore to understand the processes by which migrants may provide complementary skills, as well as the ways in which they may or may not bring innovative ideas and share their knowledge with the resident population. It is these dynamic effects that will likely determine the effect of immigrants on productivity in the receiving country. Unfortunately however these dynamic effects are difficult to accurately identify and measure. As the Migration Advisory Committee (2012) summarises, “The resident population gain via any ‘dynamic’ effects of skilled immigration on productivity and innovation – these exist and may be large, but they are also elusive to measure.”

### ***Empirical evidence – aggregate impacts of immigration on productivity***

There is little existing empirical literature that examines the impacts of immigration on productivity. The literature that does exist however emphasises that the effects will vary by different types of migrants, for example by age on arrival, by skill level and by language ability (Alexsynka and Tritah, 2009 and Dadush, 2014). Kangasniemi et al. (2012) finds for the UK from 1996-2005 that although the quality of immigrants did impact positively on labour productivity, this was largely outweighed by the quantity effect of migrants. That is, while there was a growth in output this was largely because of an increase in the quantity of workers, rather than through productivity gains, and so the net effect of immigration on productivity was only marginally positive in the UK.

Rolfe et al. (2013) find a positive relationship between the proportion of immigrants in employment for region-sectors and labour productivity, from their descriptive statistics for 1997-2007. In addition their econometric study shows a positive and significant association between increases in the proportion of immigrant workers and labour productivity growth,

after controlling for changes in the skill mix of employees. However the positive effect is relatively small, with a 1% change in immigrant share of employment increasing labour productivity by only 0.06 to 0.07%.

### ***The impacts of low-skilled migrants on productivity***

The impact of migrants on productivity may differ for high-skilled and low-skilled migrants. Many of the determinants of productivity, detailed in this literature review, will be more relevant to high skilled immigrants. This includes introducing innovative practices, knowledge of new processes and international links. However although these factors are more relevant to high skilled migrants, they are not exclusive only to highly skilled immigrants. Low skilled migrants may introduce innovative new processes or have knowledge of foreign markets, for example, that enhance firm performance.

The Migration Advisory Committee's 2014 report on migrants in low-skilled employment found that the GDP per capita impacts of migration from Central and Eastern Europe is small, estimated from 0 to 0.2 per cent of GDP. They find that although the impact of low-skilled migrants on productivity is difficult to measure, the evidence available suggests the effects are small. Olney (2013) examines the large supply of low-skilled immigrant labour to the USA. He finds that immigration leads to an increase in the number of establishments, but has no impact on average employment levels within establishments. This implies that the adjustment process occurs rapidly and so the labour to capital ratio is quickly restored to its original position. In this instance low-skilled immigration leads to economic expansion, rather than a substitution of labour for capital within firms.

Qualitative evidence from the Home Office (2006) and Rolfe et al. (2009) found that employers mainly emphasised particular 'positive attributes' of low-skilled migrant workers, for example their reliability and flexibility in terms of hours willing to work, as opposed to their impacts on outputs.

### ***Impact on innovation***

Much of the literature examining immigrant impacts on innovation focuses on the US with only limited evidence available for the UK. For the US, Hunt and Gauthier-Loiselle (2010) find that highly skilled immigrants increase the number of patents registered without crowding out natives. They also suggest that as well as contributing directly to innovation through research, immigrants may provide positive spillovers to their research colleagues and by providing complementary skills. Kerr and Lincoln (2010) find that 65% of the increase in the number of scientists and engineers in the US was due to foreign born individuals, between 1995 and 2006.

For the UK, Gagliardi (2014) finds a causal link between immigration and innovation. She finds that "skilled immigration is a significant determinant of local innovative performance in Britain". Nathan (2011) uses A8 migration as a natural experiment. He finds a small but significant 'diversity bonus' for London firms, i.e. that diverse management teams are particularly important for ideas generation and accessing international markets. This echoes similar results in Lee and Nathan (2013) for the UK, Niebuhr (2010) for Germany and Ozgen et al. (2010) for the Netherlands – that a more diverse workforce is more innovative. This result is fairly intuitive, as a broader base of backgrounds and experiences



amongst employees is likely to be more conducive to innovative activity. Hiring immigrants is one possible way in which firms may introduce greater diversity to their workforce.

### ***International connections, knowledge of foreign markets and trade***

When immigrants arrive in the receiving country they may not only provide complementary skills but knowledge of, and contacts with, the foreign markets from which they came, potentially making new export markets accessible to the firm. However there is little empirical work on this point, in particular for the UK. Hatzigeorgiou and Lodefalk (2011) find that migrants' contacts have a trade-enhancing effect at the Swedish firm-level for a limited time and that their knowledge of foreign markets is the main mechanism by which they increase exports. Peri and Requena (2010) find that the trade-enhancing effect of immigrants occur on the extensive margin (increasing the number of transactions) in Spanish sectors rather than the intensive margin (little to no effect on the volume of each transaction). Moller (2011) found that hiring foreign experts raised the probability of exporting the following year from Denmark by 2.7 percentage points.

George et al. (2012) find that migrants' skills, particularly those with higher skills, may be complementary to natives. They also suggest that as skilled migrants are more likely to specialise in specific sectors such as finance and IT, that the UK is a world leader in, their knowledge and skills are of particular importance to maintain our global standing in those areas. Beaverstock and Hall (2012) also emphasise the international knowledge and expertise that migrant workers can offer in the financial sector, which is important for the UK's global position in this sector.

### ***Impact on profitability***

Another relatively unexplored area in the UK literature is the impact migrant workers have on firm-level profitability. It is likely that immigrants will have an impact on profits through many of the impacts outlined above. However there is a paucity of specific evidence on the impact of migrants on profit for the UK. For the United States, Lin (2011) explores the impact of the American Competitiveness and Workforce Improvement Act of 1998, which resulted in more than a two-fold increase in the numbers of highly-skilled migrants. He finds an average gain of 20% in 'cumulative excess returns' in industries likely to use such labour after the passage of the act.

### ***Impacts on workplace cohesion and barriers to realising gains***

There are a number of channels through which migrants may have negative impacts on productivity, which may partially or fully offset the positive impacts outlined above. For example, Rolfe et al. (2009) highlight that insufficient language skills can cause communication difficulties and increase the possibility of errors. A more diverse workforce may also bring problems in terms of team cohesion. Migrant workers may have different working approaches and expectations, which may initially reduce their productivity.

Rolfe et al. (2009) note that employers frequently highlighted the help migrants required with settling into the workplace and the country more generally. However, employers did not, in general, resent offering this assistance as its impact on the firm was small.

Whether the firm environment is conducive to the sharing of skills, knowledge and ideas amongst its employees will impact on the realisation of potential gains. For example, if

---




firms provide training to employees lacking sufficient language skills, this will help facilitate potential knowledge diffusion. Opportunities for migrant workers to provide training to native workers may also be an effective way to boost productivity. However employers may have reduced incentives to train native workers when they can employ migrants instead. There is little existing evidence for either of these arguments and it is unclear how training offers differ across firms that may or may not hire migrants. Rolfe et al. (2009) found that low skilled sector firms provided very little training in most cases. They also found that employers were unsure how to properly assess the foreign qualifications of migrant workers. This highlights that a lack of recognition of migrant skills may provide a barrier to the realisation of potential productivity gains.

# The impacts of migrant workers on UK businesses

## Introduction to the key impacts

The impact of migrant workers on UK businesses will be explored looking at six key themes outlined below, which all link indirectly to business productivity. These themes were drawn from existing research on the impacts of migration (see Literature Review), and were explored in depth with businesses during interviews and case studies.

The extent of impact in each of these areas varied, with skills, innovation, knowledge transfer and migrants' connections being the most significant to businesses. Impacts relating to training were low. The effects of migrants' integration cut across all areas. Although interviews explored any differences between EEA and non-EEA migrants, the only differences emerging were in relation to visa applications rather than involvement in the company itself. Businesses were asked whether there were clear impacts in relation to profit and loss, but unsurprisingly they lacked the data to clearly distinguish between migrants and non-migrants. Instead, reported impacts on profit came through the other effects. Wage costs were only mentioned in relation to difficulties recruiting UK workers.

<b>SKILLS</b>		The effects of the qualifications, training and experience that migrants bring
<b>INNOVATION</b>		Migrant workers' impact on the generation of novel products, processes or approaches
<b>KNOWLEDGE TRANSFER</b>		How migrants share, exchange and diffuse knowledge within businesses
<b>TRAINING</b>		Migrants' impact on training needs and provision
<b>MIGRANTS' CONNECTIONS</b>		The business effects of migrants' connections to international markets and local networks within UK
<b>INTEGRATION</b>		How migrants' level of integration and cohesion among co-workers affects the business

## Linkages between impacts

The report explores different impact themes in turn, to help distinguish the various ways that impacts come about. However, in many cases the impacts were clearly linked. While it is important to note that many businesses in this research only reported impacts on one or two of these levels, some reported multiple impacts that were linked, interdependent, and often overlapped. The examples below illustrate these connections.

### TV Production, Northern Ireland, 30-40% migrants, Small

Journalist and production staff came from the USA and Canada, hired for their skills and experience, but once in role their knowledge and connections helped them pitch successfully to those markets and influenced programming decisions. They offered shortcuts to local contacts in documentary subject areas; appraised programmes for accessibility and relevance to native audiences; and used knowledge of international programming to broaden programme outputs by suggesting new types of programming style and content. Colleagues felt this had increased the company's credibility when pitching to international commissioners. *"That can be the difference between say, 'come over to London or New York for a meeting', to - I might not even get a reply to my e-mail."* (Co-worker)

*"He showed me an example of what they did. It just looked so much better and stronger, the proposal.... [We] then looked like a company from New York pitching for the same slot... it is at the same level as other countries."* (Co-worker)

This diversified their business activity, which **increased overall job security and led to growth**, creating jobs for local Northern Ireland (NI) workers. They also **shared additional skills**. For instance, US journalists had specialist web research and data manipulation skills that were not taught in NI universities. *"What he does - there's no equivalent in Northern Ireland, there's no similar model you can learn so he actually brings extra... he can do more in depth internet research which is a difficult skill to develop here... he's able to identify trends from the data he gets and make interpretations."* (Co-worker)

*"If we get another commission, another project that means we can hire more people."* (Co-worker)

The company also actively recruited workers from the Republic of Ireland to grow their Irish broadcasting business. **Complementary skills** were a key component as they brought native Gaelic, but this was used together with **local knowledge and personal contacts** to pitch for funding, generate ideas and produce programmes. Their knowledge of local subjects and audience insight was also used to improve the quality of programming. This activity now accounts for 40-50% of the business's turnover. This growth **created jobs for other Northern Irish workers**. *'The Irish language side of it has grown the business so there are people who've been brought in from Northern Ireland so in that way it has generated...it has had a knock on effect.'* (Manager)

## Visual Effects firm, London, 80-90% migrants, Large

**Specialist skills gaps** make migrants essential to maintaining and growing the Visual Effects business, which hires artists from around the world. *“What really makes a difference is the quality of people in the facility. This programme is international, it’s not just the UK, we’re going to where the new schools are...It wouldn’t be possible for us to do our job [without migrant workers]. We would have to shrink hugely. If you took all the migrants out of the department we would be down to 10% of the current size.”* (Director)

Having been schooled in different artistic and technical environments also brought **complementary skills - migrants approach challenges in different ways.**

*“This Japanese guy we employed - when he started he had much more technical knowledge of the software than almost anyone else in the company...he brought a different level of knowledge to that problem. It must have been industry knowledge; he’d had experience of working in Japan.”* (Co-worker)

As the technology and industry changes fast, individuals are self-taught, creating new ‘tricks’ and techniques in response to new technical demands and opportunities which are quickly **diffused through knowledge sharing**: being informally passed on while working with colleagues. Teams work in a highly collaborative environment where questions and challenges get bounced around mixed teams. *“Every single day, everyone’s contributing to one another’s knowledge base. It happens all the time.”* (Director)

This helps to rapidly solve problems by taking or combining the best approaches, which in turn **drives innovations in process and style**, and the diversity of perspectives is also felt to help creative brainstorming. *“We almost always need to come up with ideas for new ways to do things, almost every single day. Most of our jobs are about problem solving. 50% is the artistic thing, and 50% is problem solving, literally just trying to make it happen. So it’s like having that wide range of different approaches is always the best way.”* (Co-worker)

**The cultural connections of migrants** help on international projects, to interpret clients, and help interactions with colleagues in other countries; and to help recruit contacts from abroad. *“I used to be on the other side of the connection when I was over there [India], and people have difficulty communicating with them... I know what it takes to communicate with them [colleagues based in India]: context is important in communication”.* (Migrant worker)

## Financial Services, London, 20-30% Migrants, Large

Reinsurance is a highly technical industry that relies on globally recruited talent. The business **actively chooses to recruit employees with experience of other countries** known to be more innovative, in order to learn from them and to help develop and test new products. The business **structures its teams to affect efficient knowledge transfer** from other markets, to change practice and influence their colleagues. The nature of working in teams and peer reviewing work means migrant workers introduce new ideas and different approaches, and these are picked up by co-workers. *“It’s certainly positive in that you gain additional knowledge from them and you can pass stuff to them as well, so everybody wins.”* (Co-worker)

The **alternative would require more investment** by the company into training British workers while trialling new products, which would be riskier and more time-consuming, and therefore less attractive. As a financial services hub London attracts top candidates. This is mutually beneficial: the business benefits from their skills, while migrant workers develop in one of the best environments in the world. *“Could we do without them, yes we could. But, it would end up with a suboptimal result.”* (Managing Director)

However, the market is competitive. Newer markets, such as South Africa and Australia, have different strengths, so hiring people from there means they bring new ideas and support the development of products that would otherwise be hard to test in Britain. *“The UK is a lot more developed but sometimes that’s a disadvantage...it’s sometimes difficult to change the status quo. So I think there’s a lot a South African can bring to this market.”* (Migrant worker)

As people continue to follow their home markets while they are working in the UK, their **connections abroad** mean they keep the business up-to-date with continued innovations and changes. As old client contacts are brought over to the UK, their connections also provide an **opportunity for new business**. Colleagues who leave the UK are **retained as contacts**. As long as contracts are negotiated at a global level, the business has clients across the world. In addition, the **migrant workers then train co-workers**, which reduces training costs. *“We spin talent out from London and I think that’s to our benefit because it means that we have massive influence around the world – how the markets are run, how they’re structured, how they’re organised.”* (Managing Director)

*“I think I’d feel a lot more isolated and that my focus would just be looking after London. As it is good to know that what I do has an impact on overseas clients...it would be a lot more difficult to tap into the other resources.”* (Co-worker)

## Security Services, Birmingham, 61-70% Migrants, Medium

Migrant workers comprise the majority of the workforce because they apply for the jobs, while few UK nationals do. Managers suggested that **without migrant workers** the company would not find enough staff to fill all the roles. They depend on migrant workers to operate at their current size. *“If I’m honest, there wouldn’t be a business [if we couldn’t employ non-UK nationals], that’s the sad thing. I asked management why there’s not more British nationals working and they said they’re just not coming through the door, the majority of people you get applying are foreign”.* (Co-worker)


They employ workers from Sudan, Somalia, Pakistan, India, Jamaica and Egypt, and have had had Polish and Czech workers in the past. Around 25% of migrant employees study while working there, and **many move into another career** once they qualified. However this was not perceived as a problem by managers, because they needed the staff and believed they were more hard-working while in role. *“I have no problem with somebody coming to work for us for 12 months, as long as he does his job, when he’s ready to move on, I’m more than happy to shake his hand and say thanks for the 12 months you’ve given us, never had an issue, and off they go.”* (Manager)

All interviewees agreed the business gained additional benefit from these staff because they have a greater willingness to work, and a more positive ethos than UK counterparts while in role. *“They come here and they want to earn a wage and they want to do certain things, so you go to work with that mindset so you tend to do a better job...some of the guys are quite happy to travel 10, 12 miles by bus and they turn up smartly presented ready to do the job.”* (Co-worker)

Standard induction **training and explanations could be slower** for the few migrants with the least English language. However, these issues were not seen to affect productivity but were a part of adapting to different staff. A co-worker felt this **gave fluent English speakers an advantage** because occasionally clients requested English staff who they already had relationships with.



## Skills

<b>SKILLS</b> 	The effects of the qualifications, training and experience that migrants bring
--	--

As the precursor to other impacts, the skills brought to the UK by migrants were often identified as the key factor driving migrants' impact on business productivity. Migrants' skills included specific expertise or experience drawn from previous roles (both in the UK and abroad), as well as academic or vocational qualifications in particular subject areas.

There were two primary ways in which migrants' skills impacted businesses:

- Filling skills gaps or shortages in the UK labour market
- Where migrants offer skills additional to the core skills required for their role

Skills held by migrant workers allowed businesses to expand their workforce, to fulfil existing contracts and also to take on more work. The larger talent pool was found to increase the quality of staff. Some also reported more unexpected benefits resulting from migrants' skills, including the winning of new business and improved performance from workers. In other instances, businesses felt migrants' higher skills could cause tensions with other workers. Occasionally migrants lacked certain skills - particularly fluency in English, which was especially prevalent for recent migrants in lower skilled sectors.

### 1.1 Filling skills gaps or applicant shortages in the UK workforce

Where migrants filled gaps in the UK workforce, this allowed businesses to fill vacancies that would otherwise have been left empty or be taken by under-qualified staff. This allowed businesses to **complete their existing contracts** and also to **take on more work**, which prevented lags in activity and avoided the costs incurred by extended recruitment.

In higher skilled sectors where few individuals held the specialist experience or qualifications required, such as IT, engineering and accountancy, migrant workers were more likely to be filling a skills gap or shortage. In these sectors, migrants were valued where they brought skills that were found to be lacking in the UK workforce. For example an IT company observed a significant skills shortage in the UK in a cloud based platform system (Microsoft Dynamic CRM); the company employed an Indian worker and this had enabled them to fill the skills gap in this area. Specialist skills included speaking multiple languages, particularly for companies with clients abroad. For example, in a professional services company dealing with legal and financial issues, recruiting migrants with language skills had improved client relationships. It also helped win new business, significantly increasing case work with foreign language speaking clients (this now comprises 25% of their workload). In some instances, these businesses needed to actively seek out migrants to fill skills gaps – occasionally directly recruiting employees from

abroad, such as in visual effects and care. This occurred primarily in highly skilled businesses needing specialist expertise or in businesses that were growing.

**Lack of skills in the UK required the business to recruit elsewhere for certain roles- this maintained business capability and outputs.**

For an aerospace consultancy employing migrants in computing and manufacturing roles, it has been necessary to recruit from outside the UK for highly specialised engineering roles. Without migrants, the business felt its capability would be significantly impacted. *“The people that we need are not available in the UK. ... There is not the capability within the UK any longer to meet our aspirations.”*

Manager, Aerospace firm, Bristol, 5-10% migrants, Medium

**Migrants with language skills important for business’ relationships with suppliers – which also reduced the need to train up UK workers.**

Business struggled to recruit UK workers with fluency in other languages, in particular Italian speakers as it was not taught or studied widely in schools. Having migrants with these language skills was crucial for the business’ operation: *“[the] ability to maintain and build the relationships with our suppliers is a key part of how we operate”*. It also meant that they did not have to train up UK workers, which they anticipated would be a challenge *“we wouldn’t be able to train them to speak Italian to a fluent level; the other side, the customer service we would, but the key skills is the spoken language.”*

Manager, Tours Company, Brighton, 5-10% migrants, Large

Although some businesses expected, and in certain cases relied upon, high numbers of migrant applicants for advertised roles, not all businesses facing a skills gap in the UK workforce actively sought out migrant labour. For other businesses where migrants had been able to fill a skills gap, the employment of migrants was not planned – their applications were received in the UK and were reviewed among other applicants.

**Migrants performed better in job-specific competency tests – which avoided extra recruitment costs and supported the business’ direction.**

UK applicants for software development roles were unable to complete the assessment tests in IT coding and programming required at interview – the only successful candidates were programmers from Spain, educated at universities in Barcelona. *“Their base level of expertise is higher. No one else was able to pass the technical test we set.”* Without migrant applicants, the role would not be filled, or extra costs would have been incurred through specialist recruitment. Migrants’ software skills also had a crucial wider role in supporting the business’ transition from a professional services company to a technology company.

Manager, Software Development, Derby, 10-20% migrants, Small

In lower skilled businesses (including care homes, wholesale businesses and those requiring intensive manual labour, or lengthy hours) use of migrants tended to reflect a lack of applicants, rather than reflecting a skills gap. A manager from a care home, for example reported a lack of UK applicants for roles, and perceived that without migrant staff the business would be unable to maintain government regulated levels and would probably have to close. Here, as in other similar businesses, the manager had become reliant on migrant labour to maintain their business and it was felt that it would be difficult or impossible for the business to continue without migrant workers.

Migrants in these roles were also often credited with a willingness to work and positive ethos that was felt to have been absent or lesser among UK co-workers. This often occurred in businesses at the lowest levels of skill which often had the highest proportions of migrant workers.

UK workers did not apply, so migrant workers were essential for the business to function.

Very few British employees have taken up work in the business – of the company's recent UK hires, only one is still employed by the business as the others have left. Without migrant labour the business would not be in operation at this scale. *"If we had to find [local workers] to replace our staff... it'd be tough. The majority of them won't start before 9, but our workers work until 8 before their first break."*

Manager, Food Processor, Birmingham, 70-80% migrants, Small

## 1.2 Competitive applications - migrants offer skills additional to what is required for their role

Businesses also described situations in which, although they were not directly filling a 'gap', migrants offered additional skills, knowledge or experience that made them more valuable than UK applicants. For example, a Glaswegian restaurant hiring migrants with management qualifications as waitresses made them more 'business minded' and profit-focused. One migrant worker's university qualifications and experience living in several countries helped their 'people' skills. The co-workers felt this helped generate repeat and new business.

More broadly, the presence of migrants allowed businesses to access a wider talent pool than would be available if they were restricted to UK only workers, which allowed them to select better candidates: *"[The difference having migrants has on the business is] getting the best candidates. We interview British candidates but not all of them will have the languages or the skillset we're after. [They're] infinitely more qualified than British candidates..."* (Manager, Law firm, London, 10-20% Migrants, Medium)

Where these extra skills or talents were used, they provided added value for businesses and resulted in a broad variety of impacts beyond filling a role adequately. These impacts included **a higher level of performance from employees**, due to additional skills such as **a foreign language**, as well as **the generation of new business and the creation of**

**cost efficiencies** (including in some cases, **reduced training needs** – see section on Training). Whether these impacts were realised depended on the business’s approach and the nature of the migrant’s role.

Where migrants tended to be higher qualified than typical UK workers, they were often more proficient and efficient at their work.

A business recruiting for skilled tradespeople and engineers found migrants tended to have degree level qualifications or high NVQ qualifications - a higher level than most UK applicants. Being better qualified to do the job made their work more efficient. *“There have been a lot of migrant workers with more hands-on skills. They’ve often worked on similar projects before. ... There’s more migrants with higher qualifications than UK applicants. ... If a machine goes down they’re able to fix it straight away, so that means we have less down time.”*

Manager, Manufacturing, Newport, 11-20% migrants, Large

Some businesses hired migrant employees with the expectation that they would ‘add’ something to the role due to additional qualifications and experience that set them apart from other candidates. A migrant from Hong Kong at an events management company used **language skills** to deal with a hotel chain there; this strengthened the business relationship and *“helped put us in a better driving seat with these contacts and providing a better impression for our clients.”* (Manager, Events company, London, 21-30% migrants, Medium) The manager felt that matching migrants with international projects in this way had helped win repeat business from clients – trading on their cultural connections and ‘soft skills’. Language skills were often crucial to migrants using their connections to help the business.

Other businesses hired migrants without knowing they held any distinguishing skills or experience that could impact the business, and only after the migrant was in place in their role were these impacts realised. For example, in a nursing home, an employee working in the kitchen had a background in computers and engineering. They surprised other staff by using these skills to do extra tasks, such as fixing electronics and setting up rotas, which improved efficiencies and saved costs.

The greatest benefits were found among businesses hiring lower skilled employees, with lower expectations of their employees’ wider skill sets. Similarly, where businesses had a more limited pool of applicants to draw from, these additional skills and expertise were more highly valued.

These types of skills and impact varied by industry and individual – but typically, the additional skill was **complementary rather than directly applicable** to the role the migrant had applied for. This led to them **performing tasks at a higher level** than had been expected. In a few cases, the skills brought by migrants were able to directly **expand the scope of their role, and change what the business expected of them.**

**Degree-level qualified migrants had soft skills beyond basic administrative experience.**

Migrants filled administrative roles, but due to degree-level qualifications they were also seen to add to the quality of customer service and bring a positive ethos to the business. *“They’re doing jobs beneath them ... They’re very switched on in their ways of working... they can work with managers... and the people on ground level and communicate to them.”* The manager also thought their skills made them more efficient, and this had impacted the business’ growth *“The business has grown since taking them on; they’re very efficient about the way they work”*

Manager, Wholesale, Birmingham, 5-10% Migrants, Small

**Incidental IT knowledge used to bring about process efficiencies**

A migrant hired for an admin role was found to have excellent IT skills; they suggested ways business could streamline processes through new IT equipment: led to efficiencies (and cost savings): *“Things are more streamlined, things are more efficient. ...I don’t have to go back and look for paperwork, now I can do it all on my phone or my iPad you know. He’s brought us into the 21st century without me even knowing it!”*

Manager, Construction, Birmingham, 21-30% Migrants, Small

Businesses needed flexibility within their procedures to allow migrants to make full use of these different skills. Where there was limitation in the role and business structure, such as rigid job tasks or management styles, these additional skills remained under-utilised (see Section 1.4, below).

### **1.3 Trade-offs and disadvantages relating to migrants’ skills**

The benefits brought to a business by migrants could be countered or offset by lower skills they held in fulfilling other parts of a job. In many cases, this meant holding valuable qualifications and additional experience but having poorer English language skills and/or cultural awareness in dealings with co-workers, clients or customers from the UK. This could affect the migrant’s integration within teams.

This issue was especially prevalent among lower skilled industries and in businesses where migrants were filling a gap caused by an absence of UK skills or applicants. Although filling vacant roles was often the business’s priority, and resulted in a benefit overall, managers in these cases sometimes found that they needed to make extra effort to communicate, which could take time.

Migrant nurses hired as carers added significant value, but faced communication challenges.

Migrant workers with backgrounds as nurses in home countries brought first aid expertise that they applied in less skilled roles. *“It supports the workforce... They can do the basics like bandages and looking out for illnesses... they're one step ahead of the staff who aren't trained.”* This raised the technical and task-based quality of care, but reduced the quality of communication in dealings with care home patients, as carers faced occasional language and cultural barriers.

Manager, Care Home, Yorkshire, 5-10% Migrants, Medium

Migrants brought IT skills – but this was traded off against lack of language/interpersonal skills.

Migrant IT workers brought in necessary skills to the business, but this was traded off against lower language skills. *“British people are much better at dealing with people and managing them... but there's a skills shortage in the UK, and migrant workers have definitely filled that gap because of their technical skills.”*

Manager, IT Company, London, 30-40% migrants, Medium

The impacts were felt most strongly in customer-facing businesses, where migrants' English language fluency had caused problems. In some cases, this had necessitated the business taking action. In one business in the transport sector, a migrant had been blamed for an error (attributed to his English skills), which resulted in poor client relations and being moved from client-facing roles to avoid further reputational and financial risk: *“I learned within the first month, especially when you have a regular client you don't want to risk losing them. It's a shame but I felt I couldn't risk it.”* (Manager, Transport Company, Birmingham, 10-20% migrants, Small)

Another trade-off, albeit less common, was balancing additional skills against migrant workers' tendency to move on more quickly than co-workers, resulting in a **higher level of employee churn**. This was recognised, for example, by the manager of a construction company: *“Quite often they're very good, but you know they're short term. Particularly with the Australians and people from New Zealand, and South Africans – you know they're here for a short time, but they fill a role and normally they're very good.”* (Manager, Construction, York, 5-10% migrants, Large)

For non EEA migrants, visa requirements meant **additional time (due to paperwork) and costs** – another offsetting factor when appraising higher skills.

Businesses which did not face skills shortages and saw higher skills as an unexpected benefit generally accepted higher churn as a foreseeable consequence. Overall, they felt they gained more through productivity than they lost through increased churn. Those with skills gaps and a greater reliance on migrants regarded churn as a more significant cost.



Migrant employees brought expertise but moved on quickly, though the business benefited overall.

Migrant employees at the company tended to move on fast, to other companies both within the UK and internationally. However, the business still benefited from migrant expertise when they were employed because they were well qualified. They accepted rapid turnover and believed there was a benefit in having 'fresh' staff for teams. *"The culture of our business was that people would come in and stay for a long time but we've had to accept that people will leave. ... But that's not a bad thing... because you can get fresh people in, fresh ideas."*

Manager, Law, Glasgow / Edinburgh , 5-10% migrants, Large

Finally, in a few instances, the hiring of migrants on the basis of their skills led to resentment from UK co-workers due to a sense of competition (explored in further detail in the section regarding Integration).

#### 1.4 Where impacts were not seen

Not all businesses reported that migrants' skills had any specific impacts on them. Businesses in sectors without skills or applicant shortages were more likely to state that they judged their migrant workers' skills just like any other employees', and saw no difference in the quality of applications or the productivity resulting from their employment. These businesses stated that an employee's contribution depended on their strengths and weaknesses as an individual, and not on their background or migrant status. Many of these businesses were in sectors such as the professional services, where all employees needed a certain level of skill in order to be employed, but where no distinctive or highly specialised skills were essential to performance of a job.

All employees needed skills to fulfil role. UK workers offered this, so migrants were not distinctive – but increased the total talent pool available to the business.

Migrant employees at the company did not bring unique skills - they required the same qualifications and expertise as any other applicant. *"They don't bring specific or unique skills above and beyond what we advertise for. ... It's a case of that job being available and filled."*

Manager, Healthcare, Newport, 20-30% migrants, Medium

Where migrants did possess higher or complementary skills, their use to the business depended on it being flexible about the kind of roles its workers could perform. In businesses with a highly structured approach to work, there was little room for migrants with additional skills or qualifications to apply these.

Structured nature of construction industry limits scope for workers to contribute through different skills.

Construction workers are employed in a very procedure-driven industry, meaning that the business was not looking for any distinctive skills – just the ability to fulfil a job. *"We're not employing them because they're foreign nationals and because they*



Structured nature of construction industry limits scope for workers to contribute through different skills.

*bring different skills in, they just happen to be the best people for the job at the time.”*

Manager, Construction, London , 20-30% migrants, Medium

## 1.5 Case Study

The following case study demonstrates how migrants brought additional skills to a business, which changed their role and enhanced their value– migrants were an integral part of the business’s employee base.

### Visual Effects Firm, London, 80-90% migrants, Large

Employees’ skills are critical to the success of this visual effects company, which creates computer graphics for films. The talent base from which employees are hired is international, and the business proactively engages with this, seeking out quality employees from abroad and travelling overseas in order to recruit. *“We hire from all over Europe indiscriminately – if there’s somebody good in France or Germany, instantly we’ll grab them – it doesn’t make a difference where they are in Europe. We go to animation festivals in France and Germany, occasionally further afield, to China – we get invited to go to talks and at the same time we can recruit.”* (Manager)

Due to the young and highly specialised nature of the industry, employees from different locations will often bring different specialties to the business depending on the country they have come from. *“You’ve got different nationalities that will tend to specialise in different areas. You tend to get animators from France because some of the schools are very based on animation, then you’ve got more generalists or technicians from Germany. And there are also different local skill sets based on the work that’s available in those areas. In Italy you don’t get many feature films, but there are lots of adverts that get commissioned so you tend to get people are more focused on advertising from Italy.”* (Manager)

Migrants saw their skills both in terms of technical ability, but also in their cultural knowledge which allowed them to bring a distinctive aesthetic to their work. *“I have certain skills that are valuable – you get known for certain things, everyone brings something to the table, and I’m very technical. My work in India then my Masters here helped me take that approach. ... But it’s also an aesthetic, that’s what you bring, a different way of looking at things. [In India] we have so many festivals where we have big, sparkling bright things –when I’m writing some code to create that, I think back to my childhood and I know what people want.”* (Migrant)

Migrants’ skills were recognised by co-workers, but this was viewed positively due to high levels of integration and knowledge sharing between employees. *“There’s constant communication going on. ... How we work in terms of tools, pipelines, render engines – definitely there’s a very good dialogue going on, in a positive way and it’s something I’ve seen a lot here.”* (Co-worker)


This expansion in the capacity of the effects industry in London was seen to

---

**Visual Effects Firm, London, 80-90% migrants, Large**

increasingly rival Hollywood. As clients turned to London, the company anticipated that the industry would only grow further in the coming years, with a direct impact on the jobs available for UK as well as migrant workers.

## Innovation

<p>INNOVATION</p> 	<p>Migrant workers' impact on businesses' generation of novel products, processes or approaches</p>
---	---

The impacts of migrants on innovation depended on the structure of a business; its culture, and the roles and remits of employees within it. Innovation as a direct result of the presence of migrants was only reported by a small proportion of businesses in this research. But, where innovation was directly or indirectly linked to migrants' activities, it often had significant impacts. Businesses valued this contribution both in settings where innovation was part of a business's model, and thus expected; and in situations where it was unexpected. The impacts of innovation included the development of new products and services, the implementation of new processes and solving business or project problems.

There were three key ways migrants facilitated innovation in businesses, explored below:

- Migrants working in businesses where innovation is core to their jobs
- Migrants as individuals, contributing ideas that generate new products and solutions
- Migrants working in mixed teams that depended on their specific contributions

Innovation depended on skills sets and knowledge sharing in all these instances.

### 2.1 Migrants working in businesses where innovation is core to their jobs

For a few businesses, innovation was a fundamental part of the product or service they provided. This included some businesses in the creative industries (see example below), and those where highly technical or scientific products were being developed which required specialist skills – which it was principally migrants providing (see Skills above). Crucially, these businesses operated in global markets, facing international competitors, and sought out highly specialised employees. Migrants were an **important** and often **integral** part of these businesses' workforce.

Employees brought unique acting and lighting techniques together to create a new multicultural technique and style to the business' work.

In a sector where workers travelled internationally, migrants brought different techniques from their countries which when brought together created a novel style and technique. *“Acting techniques, lighting design...every country has their own way of doing things so it's a very multicultural technique when you get those people together.”*

Manager, Theatre, London, 20-30% migrants, Medium

However, because innovation was so central to the model of these businesses, they tended not to attribute this directly to the presence of migrants in their workforce – instead they emphasised the hiring of the best talent regardless of background. Nevertheless, the degree of expertise and specialisation required by these businesses meant they frequently relied on a small, global pool of professionals when filling vacancies. High international mobility was therefore a necessity among the workforce within these industries.

## 2.2 Migrants as individuals, contributing ideas that generate new products and solutions

Where innovation was not fundamental to the business model, it was rarely planned for or expected. Nevertheless, particular migrant employees had in some cases driven the **creation of a new product, process or service**. While UK native individual employees were also seen to drive innovation, there were a range of instances where migrants brought knowledge or skills from other countries, which contributed to innovation. For example, migrants in an IT company introduced a 24 hour help desk. This enabled the business to expand its capability. In a hygiene solutions company, an African worker had recommended using alcohol free hand sanitisers to help service the Muslim population in the new African markets that they had accessed through migrants. The manager felt that by applying these cultural considerations to their products, (which they otherwise would not have thought about) it had given them a competitive edge over others in the market. Further new products, processes or services came about primarily as a knock-on effect of knowledge sharing, discussed below.

These kinds of innovation depended very much on the particular skillset of the individual migrant in the context of the business they were employed by. This kind of unplanned innovation was more frequent among smaller businesses, in which individual employees could play a greater role in changing and developing business practice.

Migrants' knowledge sharing inspired co-workers to innovate with new projects.

In a social enterprise encouraging people to grow their own food, UK workers took migrants' research on rooftop gardens (based on their knowledge from Hong Kong) as inspiration, prompting them to create completely new projects. *"They've been able to bring in that perspective [from Hong Kong] to help inspire us. ... They had lots of examples from Hong Kong that they knew personally and that they'd visited, and they did a research case study to show us."*

Manager, Social Enterprise, Manchester, 20% migrants, Small

Larger businesses saw this type of innovation too, but this depended on a business being flexible in its processes, and having structures in place to take on board ideas proposed by employees.

### **2.3 Migrants working as part of mixed teams, which depend on their contributions to work most innovatively**

Some businesses found that it was through employees with diverse and different perspectives working together that the best ideas and business solutions were developed. This kind of innovation was generally less tangible than contributions of specific migrants, or where this was a core aim of the business. It was seen most in sectors which generated creative products or outputs (such as theatre and communications). It was also found in businesses (such as professional services) where teams of higher skilled employees needed to work together to solve problems.

International mix of employees seen as key to driving a creative, innovative atmosphere – and shape campaign ideas.

The contribution of migrants in creative meetings changed the overall dynamic of the business and its teams. *"That diverse set of backgrounds allows us to have the right conversations. ... Different cultures have different ways of working and attitudes... They bring different thoughts and ideas to the table and that broader culture helps us shape our campaigns."*

Manager, Communications Agency, London, 10-20% Migrants, Large

Larger businesses, in which there was less scope for individual employees to significantly alter the business' products and processes, were more likely to identify this kind of team-based impact of migrants on innovation than to single out the impacts of specific migrants.

### **2.4 Drivers and barriers to innovation**

Overall, the structure and culture of a business, as well as the position of migrants within it, helped determine the settings in which migrants played a part in innovation. Smaller and younger businesses were often more flexible in their working practices, and some reported encouraging all workers to volunteer ideas for changes to practice.

Conversely, businesses that had more established procedures and practices, sometimes linked to large size, saw less innovation among migrant workers – or their co-workers of similar role. For example, a well-established oil and gas firm saw resistance to change among high-level staff, and migrant workers with new ideas often struggled at first. *“We’ve been working in this industry for 30 years. The gut-reaction of the established UK guys will often be: ‘You can’t do that here. Don’t be ridiculous.’ ... You have to engender a certain level of respect, and trust.”* (Manager, Oil and Gas, Aberdeen, 5-10% migrants, Medium)

Strict processes of legal industry did not permit room for innovation by employees.

The need to strictly follow legal processes meant that there was little room for innovation from migrants. *“We’re really bound by the strictures of the law and what the senior partners want. In that respect it’s a very English practice!”*

Manager, Law, London, 10-20% Migrants, Medium

## 2.5 Case Study

This case study illustrates the ways in which innovation comes about in a business which relies on it, and the impacts it has on the business’ ability to bring about new developments in this sector, and problem solve.

Biotech firm, London, 50-60% migrants, Medium

The business has slightly more than 50 employees, of whom the vast majority are engineers and scientists. The business is primarily knowledge based, relying on revenue from developments in microbiology and electrical engineering. The team have to innovate and come up with solutions all the time – the quality of the team skills is critical to that happening. *“Something which works in the lab, which may be leading edge science, may need to be completely different for commercial purposes. It needs to be stable, and to function reliably each time you use it. So there’s a lot of small pieces of innovation and adaptation on the way to achieving that – there are all sorts of challenges which they have to solve.”* (Manager)

Most of its employees are highly skilled, several holding Doctorates in relevant subject areas. Half of the business’s employees are from outside the UK, although most were recruited within the UK, due to connections with British universities. The company benefits from this larger talent pool. Migrants are employed on the basis that they are highly intelligent, and will be able to innovate, rather than because they have particular skills or knowledge that come from being a non-UK citizen. *“In our world we benefit strongly from having access to migrant workers, because these are highly skilled people, highly educated people. We as a company benefit and I’m sure the country benefits also from having them. It’s not like they’re taking up a job that could have gone to a local person, by having them, new businesses are created. ... That’s certainly the case in our world, of very skilled labour.”* (Manager)

Developing and keeping this highly skilled group of specialists in the UK is important to the ‘cluster’ of businesses in the biotech industry regionally, as knowledge gets shared across companies to help them all.

Biotech firm, London, 50-60% migrants, Medium

*“Other companies can then start and flourish because of the availability of skilled people around them...successful companies create other successful companies around them. Cross-fertilisation is important and then training for experienced people, they can move on after a few years, so when they have training in this specific field, it then helps other companies within the same sector to flourish”.*  
(Manager)

Where migrants have also been able to make a distinctive contribution is through the creation (once they have left the company) of an international network of former employees, who are able to lend support when accessing other markets. *“That’s the advantage when you have foreign students coming, studying here and working then going back and getting a job. It creates a fantastically good network.”*  
(Manager)



## Knowledge transfer

### KNOWLEDGE TRANSFER



How migrants share, exchange and diffuse knowledge within businesses, and the effects of this

Knowledge transfer from migrants into a business was a key impact identified in the research. Unlike innovation, which related to migrants and UK co-workers creating something new together, knowledge transfer refers to migrants' knowledge being used by a business, or directly applied by migrants to their work. However, these two themes are closely linked. Knowledge sharing impacted on businesses both directly, through the upskilling of co-workers and expansion of a business's knowledge base, but also by forming the base for, and acting as an enabler of, other key impacts such as training, innovation and international connections.

There were two primary ways in which knowledge transfer by migrants occurred:

- Transferring knowledge about specific processes or products from other settings – as complementary skills get utilised and passed on
- Sharing different insights and perspectives with co-workers

### 3.1 Migrants transferring knowledge about specific processes or products from other settings

The direct transfer of knowledge regarding a specific product or process was associated with the **improvement** of a business' existing **products** or **processes**; and **increased knowledge and capability** among co-workers. On a practical level, this allowed businesses to **do more work**, or in a **more effective** or **more efficient** way – which in some cases had improved business' profits. Businesses also reported **increased team morale** and bonding. In some instances, knowledge sharing resulted in **cost savings** for businesses, when migrants informally trained other staff for free.

Migrants brought specialist knowledge and international experience to develop new, more efficient processes – which increased profit.

In a creative environment within an '*international market that demands international players*' migrants brought specialist knowledge and experience that helped them develop new processes and offered a different way of approaching problems. They translated some practices and shared knowledge with co-workers, but also created process efficiencies that brought time and cost savings to the business. "[Migrant workers] from New Zealand changed the way we process data very significantly. ... We're saving a third of our rendering time. The faster you can do something the more profitable. It's cheaper for the client, and has a huge knock-on effect."

Manager, Animation, Bristol, 30-40% Migrants, Small

Migrants brought specialist knowledge and international experience to develop new, more efficient processes – which increased profit.

Migrants introduced software used abroad, which improved efficiencies.

Migrant workers from Korea were aware of specific software which the business was able to use to more efficiently share files and software between departments.  
*“A lot of the Korean staff bring a lot to the table... They have a particular file-sharing system they use which we gave a trial run – and it’s so much more efficient.”*

Manager, IT Company, Northern Ireland, 10-20% Migrants, Medium

Direct knowledge sharing was in some instances driven by a broader business strategy and process. Where managers were aware of a specific knowledge gap in their workforce, they could make tactical hiring choices, bringing in migrants with the necessary knowledge to enhance their practice. In other cases, structures were put in place to facilitate knowledge sharing between migrants and co-workers, either by spreading migrants into teams across the business, or by scheduling knowledge sharing meetings and workshops. These planned impacts occurred where managers were aware of the expertise and skills held by their migrant workers, and in which there was sufficient business flexibility in procedures and processes to take migrants’ contributions on board. For example, an insurance call centre had action groups and suggestion boxes, to which migrants were ‘very vocal’ in their contributions, including sharing experiences from previous roles. The company also held weekly team meetings where employees shared knowledge / best practice and highs and lows of the week– this spread knowledge between colleagues and encouraged strong working relationships within the business.

Teams structured to facilitate knowledge sharing – business knowledge base expanded.

Teams at a global executive search firm, with a large higher education practice, were structured to ensure researchers from different countries work together. At weekly knowledge sharing sessions, employees presented on areas of expertise: e.g. US and Hong Kong employees presenting on education systems and culture in those countries – resulting in an expanded knowledge base and team-building.  
*“Having people from different backgrounds, not just born and bred in the UK, means you get a variety of opinions and that’s really interesting to have. It helps people learn.”*

Manager, Professional services, London, 5-10% migrants, Medium

Direct knowledge sharing about products and processes also occurred in more spontaneous and informal ways, driven by migrants themselves. For example, in a retail company, the migrant brought in useful ideas on payment plans that he had come across previously, which meant the business could resolve a cash flow problem that they had been experiencing. Here, migrants applied knowledge or expertise from elsewhere in order to make changes in a business and spread knowledge to co-workers. *“He came up with some really good ideas on payment plans and delaying our VAT payments just because*

*he'd seen it before. For the level he's on or the salary he's on he's got really really good experience, beyond what you'd expect.*" (Manager, Retail, Leeds, 5-10% migrants, Large)

This kind of spontaneous knowledge sharing also resulted in less direct impacts. A migrant employee working in electronics, for example, explained to co-workers how particular power systems worked, which changed their practice and enabled them to share this with international colleagues overseas. Although these kinds of knowledge sharing were driven by migrants, they still relied on businesses for their success. Businesses which saw effective unplanned knowledge sharing were again those with flexibility of processes, and where staff were willing to learn from migrants' alternative approaches to work. The impact of migrants' knowledge therefore depended on their integration within teams.

Higher skilled industries reported a greater degree of knowledge sharing. This reflected situations where more complex and differentiated roles required adaptation and learning - for example in industries that relied on regularly changing technology, such as IT and manufacturing. In one IT company, for example, migrants used knowledge from experiences in Pakistan to propose a suitable tool for a brief, which involved a kind of stress testing for mobile devices. This was uncommon in the UK, and the knowledge won the project for the business. The manager also saw the migrants as a way of accessing countries with the latest technologies, which enabled them to be more competitive: *"We...can go to clients and show that we are better than our competitors because we know things which they have not yet adopted."* (Manager, IT company, London, 30-40% migrants, Small)

Knowledge sharing was common in industries where up-to-date expertise changed fast, such as law and financial services, or creative sectors. In lower skilled businesses, this tended to be more ad hoc.

**Migrants used knowledge of other systems to help improve business processes, resulting in financial benefit.**

Migrants with knowledge of warehousing brought in a new electronic management system, helping business efficiencies and specifically saved the business £0.5 million on goods in/out, *"They brought in new computer systems that work and are cost effective... before we had paper trails all over. One warehouse manager left us and we didn't know what was going on, it was just chaos....we didn't know what we had on certain pallets... [Their knowledge] was totally a life saver for our business."*

Manager, Wholesale, Manchester, 20-30% migrants, Medium

**Migrants in lower skilled roles valued when able to add expertise.**

Migrant employees have been able to use experience from previous roles to improve processes at the business. Migrants were seen as adding value by doing so, in a way not expected from staff. *"They're quite happy to raise their ideas and give inspiration. ... One of them was working on a document, and they said 'oh I would do it like that', and we said 'oh yes, brilliant'. Sometimes their way is a lot*

Migrants in lower skilled roles valued when able to add expertise.

*more clear, and better laid out.”*

Manager, Temp Agency, Manchester, 5-10% Migrants, Medium

### 3.2 Migrants sharing different insights and perspectives with co-workers

In addition to specific pieces of ‘knowledge’, migrants’ attitudes and approaches to work could also be exchanged, often through more informal routes. This depended on interactions between migrants and co-workers, and the resulting impacts were often less tangible. In a care home, for example, migrants sharing stories of their experiences in less economically developed countries with poor facilities and equipment, gave reassurance to colleagues regarding the standard of care they were giving, which **boosted team morale** and **enhanced the performance of** workers. On the other hand, different attitudes to work also increased tensions driven by **increased competition** between co-workers.

Enthusiastic migrants spread good attitudes to co-workers.

The number and enthusiasm of migrant workers being hired into roles has helped inspire co-workers, and has increased competition within the business, improving staff attitudes. *“It adds competition to the roles...as an attractive industry to get into – catering’s not necessarily seen as that good, so having people come over who are keen to work in this industry adds competition to it.”*

Manager, Catering, London, 20-30% Migrants, Medium

Migrants’ knowledge and attitudes could be diffused through conversation, as well as through casual or incidental ‘demonstrations’ of a different approach or way of working. Where they held positions of responsibility, or were in a more senior role than co-workers, distinctive management styles were also reported as examples of knowledge sharing – as management approaches were seen to vary by culture as well as by individual personality.

Senior level US managers brought different management styles to motivate employees.

Migrant workers from the USA at Director level have brought different management styles, which have helped motivate UK employees and ‘give them something they’re inspired by’ especially in relation to their career path. *“I think it helps build that diverse employee resource across the business. Just because we’ve always done things a certain way – it’s great to have people come in with maybe a different viewpoint on how things are done. And it can give that inspiration and lift to the business when you have someone new coming in, seeing things differently.”*

Manager, Utilities, Manchester, 5-10% Migrants, Large

This less formal transfer of attitudes and approaches was found among businesses from a range of sectors and skill levels. The key factor that enabled these kinds of impacts was a

high level of integration between migrants and other staff, without which it was difficult for these processes of knowledge transfer to occur. There were also businesses in which sharing of attitudes was encouraged by senior management, and structures were provided in order to facilitate and encourage the spread of good behaviours.

**Buddying system was put in place so experienced migrant staff could mentor new starters.**

Several of the more experienced staff at the call centre were migrants, and managers have paired these employees up with new starters to try and encourage others to take up their ethos. *“That positive attitude does rub off on colleagues.”*

Manager, Call Centre, Manchester, 5-10% migrants, Medium

### 3.3 Co-worker perspectives on knowledge sharing

Co-workers interviewed during case studies were largely positive or at the least neutral about the incidence and effect of knowledge sharing with migrants. They observed that knowledge sharing was common to all workers, not exclusive or necessarily more impactful when from migrant employees, as people from a wide variety of backgrounds were able to bring new knowledge to a business. However, many recalled that migrants had brought distinctive knowledge about a particular topic, which was viewed as a potential asset for the company.

**Co-workers welcomed migrant expertise on foreign markets, and felt that all employees learn from each other.**

Co-workers feel that insurance is a global market so it's only to be expected that the business wants to learn from other people and other markets. Working with migrants gives them an opportunity to learn, as migrants could from UK workers too. *“It's certainly positive in that you gain additional knowledge from them and you can pass stuff to them as well, so everybody wins.”*

Co-worker, Financial Services, London, 20-30% Migrants, Large

There were some instances in which managers perceived co-workers to be less accepting of migrants' approaches to work. This was generally in situations of lower interaction and team work (discussed further in the section on Integration).

### 3.4 Where impacts were not seen

Migrants needed to bring some kind of distinctive knowledge, expertise or attitude in order to generate impacts through knowledge sharing. There were businesses from both higher and lower skilled sectors where this was not the case, and migrants were found to have little or no distinguishing knowledge that could be imparted to co-workers.

This was most common in sectors such as the professional services, bookkeeping, retail, and those where migrants were filling administrative roles. In these businesses it was less likely for migrants to have distinctive specialist knowledge, and also less likely to find migrants who were significantly overqualified, or with a distinctively different attitude to work.

Finally, only those businesses operating in global markets could benefit from migrants sharing knowledge about how to interact with overseas clients.

### 3.5 Case Study

The following case study exemplifies the way in which unplanned knowledge transfer came about in a small company – leading to improved processes and cost efficiencies.

#### Financial Services, Manchester, 10-20% migrants, Small

The business is a small accountancy firm which helps large companies with their bookkeeping. In recent years they have hired a number of migrant employees, many of whom have arrived at the business with graduate-level qualifications. *“[The migrants] are definitely overqualified. We’re recruiting for run-of-the-mill accounting jobs and we’ve got a group of graduates. Lovely!”* (Manager)

Migrant employees from Poland brought with them knowledge of alternative processes which would enable the business to handle their accounts receivable more efficiently. The business trialled this system and found that it reduced costs, so adopted it permanently. *“You move from one company to another and you draw on that experience. I’ve definitely taken processes that I learnt in my previous role in Germany and used those here. We trialled that and found out that it worked great here.”* (Migrant)

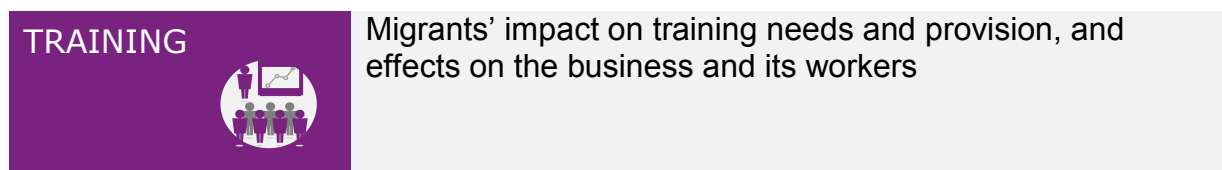
In addition, a Spanish employee at the company was able to share knowledge from previous work experience about how particular documents were handled from the client-side in Spain, knowledge that the business would not otherwise have acquired. *“We inherited that procedure... without understanding exactly what happens when that country receives the goods. The girl from Spain understood from the other side, and was able to explain it to us. The team then understood the end-to-end process off the back of her knowledge, and it helped day-to-day.”* (Manager)

Both of these instances arose spontaneously following the employment of these migrants. When they were hired, managers at the business knew that the migrants were overqualified for their roles, but did not realise that their new employees would be able to bring them specific new practices based on their experience.

Co-workers were not aware that new systems were a result of migrants’ efforts – although they did associate the migrants with success in handling particular clients due to their language skills, and acknowledged their overall contribution to the business. *“It shows you can see things from a different perspective, and it puts them ahead of someone who couldn’t speak another language.”* (Co-worker)



## Training



Overall, businesses perceived migrants' impacts as limited in relation to training. This was because there tended to be a 'standard' training provision in place for all employees, often aligned with HR policies – especially in larger companies. In terms of the training provided by migrants, informal knowledge sharing (discussed in the section above) often substituted formal training.

The impacts in this area related to:

- migrants providing training to co-workers
- migrants requiring different training amounts or types to UK co-workers

### 4.1 Migrants providing training to others

As seen previously (see section on Skills), in some businesses migrants offered skills additional to what was required for their role. One of the impacts this resulted in, where structures were in place to support it, was that migrants were able to use these skills to offer new training to co-workers. This resulted in migrants **up-skilling teams** and **reducing the need to send employees on external training** - which, in turn, had **financial benefits** for the business. For example, an oil and gas company which specifically brought in offshore installation managers from the USA and Canada to train the UK workforce about oil rig procedures. Here, migrants, who were in roles where there was a shortage of skills in the UK workforce, brought the experience needed to up-skill UK workers, increasing the business' capability overall.

These impacts were relatively uncommon, however, because in many businesses there was a general preference for, or tendency towards, less structured learning and sharing of knowledge. In some cases, this had been driven by resistance, whether perceived or actual, from co-workers towards 'being told what to do'. For example, in an events management company, migrant employees felt co-workers were 'reluctant' to learn from them, so were careful to ensure their practice-sharing was informally delivered.

Businesses found ways to use these extra skills, once they saw the value. Migrants who had brought new processes and approaches, supporting knowledge sharing and innovation, also trained up their co-workers where this required more formal teaching. For example, Polish workers who introduced a new electronic warehousing management system to a wholesale business also trained co-workers to "*use these complicated systems*", which enabled the process to be implemented and used company-wide.



Migrant with incidental knowledge of relevant technology trained co-workers and saved business additional training costs.

A migrant employee with knowledge of Korean lighting desks was able to train co-workers, saving the business training costs. *“A lot of the technology we use is made in Korea... ..I think he even worked in a factory where they were built [the technology]...He was incredibly useful because he ended up training others on it... As a business, I suspect we ended up saving money, not having to send two guys off to a course somewhere for a fortnight, because [migrant employee] just happened to know how to do that.”*

Manager, Theatre, London, 20-30% migrants, Medium

As well as training sessions, businesses also maximised the benefits of additional knowledge and skills by documenting them.

Migrant knowledge resulted in a better process - and through inclusion in the business's training manual became part of company's knowledge base.

Migrant knowledge of electric equipment helped improve the process in place for electrical installations, and was included in manuals for all workers as part of training process. *“We've incorporated some of their ways in our training. We've written them down so that they're now a process that we can train UK employees in... For example, with electrical installations their approach is more in depth, and it's a better process.”*

Manager, Construction, London, 10-20% migrants, Small

Here, migrants' knowledge was embedded into the business' training processes and knowledge base, meaning the benefits of this knowledge could be sustained longer term.

#### 4.2 Migrants requiring different training amounts or types to UK co-workers

Some businesses reported instances in which migrants had different training needs to UK co-workers, or needed training in different areas, which the business had chosen to provide. This was not especially common, and most businesses did not distinguish between workers' training needs on the basis of migrant status.

Where migrants received different or additional training, this was most commonly to improve English language skills, or to address cultural or communications awareness issues. In a car rental company, for example, migrants were given formal training in UK customs, to *'iron out'* cultural differences. This, in turn, enabled staff to deal with customers appropriately and **helped their communication skills**. As in this example, this kind of additional training was particularly prevalent in lower skilled settings, including call centres, airports, distribution and wholesale.

This kind of training often came at an **additional cost** to the business, as in the example of a wholesale business which had brought in a TEFL trained teacher and put up signs with lists of key words of relevance to the role in multiple languages. However, workers

were *'all too happy to learn'* and enabled them **do their job more effectively**, so the business felt the overall benefits of hiring migrants outweighed these costs.

Whilst more common among lower skilled roles, there were instances where this applied to higher skilled businesses also, as in the case example below.

Language training for migrant workers was needed to help client handling – which was an initial cost to the business but seen as worthwhile

Migrant employees were provided with training in English in order to handle client relationships better. *"We have a local college, where we sent our migrant workers to do a 15-week English course. There's subtleties to the language that it's helpful to learn... We take it as a loss, but you get the value back."*

Manager, IT Company, London, 20-30% migrants, Small

There were also instances in which migrants required less additional training than co-workers, thanks to additional skills they brought to the role. This did not preclude the need for additional training in other areas. A manager in an airport, for example, provided less training to a Russian employee as they already had extensive switchboard and information desk skills, but needed to provide extra language training to several migrants. In such situations where migrants' extra skills were combined with a need for supplementary training in other areas, this was viewed as a trade-off of benefits and disadvantages.

Migrants hold greater expertise than co-workers, but experience language issues.

Migrant with extensive software experience did not require training in IT skills, saving the business training costs – but this was traded off against language difficulties. *"His English isn't brilliant, so people had to be understanding of that. ... But he's got every software package covered... and we spent less on training."*

Manager, Retail, Leeds, 5-10% migrants, Large

Businesses tended not to perceive much impact either from the need to provide migrants with additional training, or from the fact that they needed less than other co-workers. This was reflective of the low impact migrants had on businesses' training overall.

## Migrants' connections



The business effects of migrants' connections to international markets and local networks within UK

Migrants' international and local connections were highly valued by businesses in the multiple and diverse impacts they brought about. Whilst these were mostly due to current employees, migrants who were former employees also created networks and facilitated expansion and growth for the business. In these situations, migrants' contributions to the business had had a lasting effect, which counteracted some of the disadvantages of high staff turnover. These impacts were often crucial to business growth, and were emphasised as unique to migrants' own attributes. Expansion into new markets through migrants' knowledge and contacts had changed businesses' entire offering and outlook. Enhanced customer relationships led directly to new or repeat business, which increased profit. Similarly, using UK connections, migrants played a unique role in helping local businesses to engage with a new target market or to meet their recruitment needs. Many businesses felt they could not otherwise have identified or capitalised on these opportunities, due to migrants' unique access through their knowledge, people or language skills.

These impacts related to:

- supporting business expansion and growth into new markets overseas
- strengthening current and building new customer and client relationships in existing markets abroad
- helping with business activities and recruitment using local connections within the UK

### 5.1 Export and expansion into new markets

These activities and impacts came about in a number of ways. In some cases, migrants themselves suggested and then implemented expansion to a new market using their links and knowledge. Migrants also introduced suppliers and other contacts from within their native markets. For example in a footwear manufacturer and retail business, a Brazilian employee had set the business up with a supplier he knew in Brazil. The business found the supplier to be very good, and it resulted in high quality footwear being produced there.

For businesses with growth and export potential, one of the key ways migrants contributed was by helping to **facilitate business expansion and growth into new markets**. This could have impacts across all aspects of a business: both by creating new consumer markets for products and services, and by developing the business's supply chain. In some instances, these changes had transformed the **business's offer and model**.

Connections in West Africa led to expansion to a new market and export model.

Migrant workers suggested expanding their hygiene solutions business to West Africa, and implemented this. This was timely in the context of the recent Ebola outbreak, and for the business itself it was a significant shift moving from a UK only to an export model, which in turn had a substantial impact on the company's turnover. *"We hadn't considered the export side of things...third world countries...our business was very much in the UK"* The migrant workers had additionally developed a new marketing strategy, raising the business' profile outside the UK, and was liaising with one of their core suppliers with a view to them building a factory in Africa to service the market there. Migrants thus expanded the company's consumer base into a new market, but also built its supply chain: both of which increased business turnover and competitiveness.

Manager, Wholesale, London, 40-50% migrants, Small

Lastly, businesses also proactively sought migrants' connections and their understanding of a particular market, in order to inform decision making around a planned growth activity. For example, in a financial services company, migrants helped the business analyse the likely movement of share prices and potential for a product's appeal in an unfamiliar market, by applying their geographical and cultural knowledge.

Where businesses had maintained contact with migrants who had emigrated from the UK, this gave them access to a network of international contacts. In some cases, these networks led to business opportunities, including the setting up of new operations abroad.

Business harnessed opportunities where workers have gone home or elsewhere abroad, for its global expansion.

Where migrant workers have wanted to return to their home countries or elsewhere, the business has taken the opportunity to set up new offices overseas (in Canada and America). *"The reason they've gone there is wanting to move back but we've also seen that as an opportunity for us to set up the business there. It's been quite opportunistic, setting up new offices."*

Manager, Professional Services company, London, 5-10% migrants, Medium

Migrants' international connections were not always utilised or sought after by businesses in these ways. The realisation of the impacts discussed above depended on several factors.

Firstly, the extent to which businesses made use of their migrant employees' connections depended closely on the business's growth potential and intent. The greatest impact was felt among smaller businesses looking to grow. On the other hand, the scope for migrants' contributions in this area was limited where businesses were solely UK focused (and not looking to be otherwise). Equally, the opportunities for migrants to help the business to expand to new markets were limited in large multinational companies with a fully established network of offices around the world. Migrants in these businesses were more highly valued in supporting client interactions in existing markets (see section 5.2 below).

Secondly, businesses' and migrants' capabilities played a role. Expansion into a new market or development of the supply chain was seen to require a certain level of commitment and business intelligence. Therefore, impacts were strongest where migrants were in positions of influence, and where the business itself had sufficient capacity to facilitate and support expansion.

These factors were all influenced by timing. Those who anticipated future growth saw having migrants in their workforce as an advantage for these potential future plans.

#### Smaller business lacking capacity to capitalise on migrant connections

A Nigerian co-worker tried to use contacts to develop business expansion "*but it didn't really come off*". The company lacked capacity to take on this work as at the time, the business was focused on a particular large contract. The migrant subsequently left for another company offering a higher salary.

Manager, Software Devt, Derby, 10-20% migrants, Small

## 5.2 Interactions in existing markets

In addition to supporting expansion to new markets, migrants' connections were also highly valued in businesses with an existing international client or customer base. As well as personal connections to people in those markets, businesses saw migrants' market knowledge, cultural understanding and language skills as important for maintaining relationships. This was found to help instil confidence among current and potential clients.

Where successfully applied, this led to migrants **strengthening the business' current client and customer relationships, increasing its new business opportunities, and increasing the business' reputation and competitive advantage**. In some cases, however, these had to be balanced against an increased **sense of competition among co-workers**, which these situations could also bring about (see section on Integration).

In businesses with international clients and customers, migrants were sometimes able to use their language, connections and cultural knowledge to provide ad-hoc support where the need arose, either to resolve specific issues or to support on a specific task. This was usually unplanned and incidental, such as in the case of a law firm whose migrant workers translated documents for a Spanish client, which met the clients' needs more quickly and efficiently – strengthening the relationship.

There were also instances in which businesses benefited from new clients which migrants brought with them from their native country, or from previous roles. In a financial services company, for example, a high-ranking Australian employee had been "*pulling on her contacts from Australia*" which had led to meetings being set up and an expanded client base.

Other businesses were more proactive in utilising migrant employees' language skills, connections and market knowledge, such as an insurance contact centre which matched customers with migrant workers. The manager found this had led to an increased success rate of 15-20% in the business' sales. This more strategic approach was also seen, for

example, where businesses ensured that particular migrants worked on projects with clients or customers from their own country or which would allow them to best use their links to gain market knowledge and apply these to business proposals.

Migrant's presence at a pitch was able to reassure a hesitant client and convert a new sale for the business.

A Spanish speaking employee from Argentina secured a business deal by joining pitch with a hesitant client. *"One particular individual used their background, in order to be able to make a sale that looked like it was going negative on us."*

Manager, Advanced Manufacturing, Manchester, 20-30% migrants, Medium

Not all impacts of migrants' international connections were positive. For example, where businesses placed migrants in roles to with foreign clients and customers, this could create a greater sense of competition among co-workers, who were less likely to be given those opportunities, e.g. to go on international business trips or work with those global clients or customers.

There were also instances in which the advantages migrants brought to the business's interactions with foreign clients and customers were balanced against a disadvantage to the business' UK facing interactions. This came about in situations where migrants' communication skills in English were less proficient compared to UK co-workers.

On the whole, businesses either saw these potential negative impacts as negligible, or were able to work around them, limiting their effect on co-workers or the business' other interactions. An example of this is below:

Migrants support interactions with international clients and business takes active measures to avoid issues caused by English language skills.

Migrants' cultural knowledge and language skills were seen as benefiting customer-facing role, interacting with international clients: *"They can build the relationships up better if they speak the language...some of our suppliers are quite local, independent, sort of hotels or a coach company or something and they like that they have that one main point of contact they can ring up, that they know, that they build a relationship up with which is a benefit for us"*. However, migrants' language barriers had caused misunderstandings with UK clients in the past. The business addressed this by implementing an English test on recruitment to ensure fluency and consequently was now getting a 'better calibre' of staff.

Manager, Educational Tours, Brighton, 5-10% migrants, Medium

### 5.3 UK connections

Migrants were also able to make use of connections they had within the UK. This enabled businesses to **reach new potential customers or clients** who were otherwise

inaccessible, leading to **increased business activity and success**. Migrants also **supported businesses' recruitment activities** through their recommendation of local workers where firms were struggling to hire, such as packaging factories. This in turn **enhanced these businesses' capacity and ability to be flexible**, although where migrants employed in large numbers there was an increased risk of integration issues.

The businesses that benefited most were those who were providing a service or product of relevance or interest to those living locally, including businesses such as estate agents and local event organisations. The impact was most significant for small businesses, who noticed the expanded or new customer base.

Migrants helped increase attendance to events and improved customer experience.

Spanish employees successfully marketed events to the local Spanish community. At the events themselves, these migrants helped these customers, improving the experience for them. *"Some customers come to an event and their English isn't great ... and in that situation it's definitely helpful to have Spanish people in there."*

Manager, Event Management, London, 20-30% migrants, Large

Migrants' impacts supporting recruitment were most strongly felt in businesses with a need for large numbers of employees, with the flexibility to work locally – this was most common among low wage or seasonal work roles.

Connections with local migrant community allowed quick recruitment of ad hoc workforce.

Migrant employees distributed leaflets for estate agents, and in busy periods were able to recruit teams to assist. This flexibility enabled the business to meet the demand of seasonal fluctuations. *"When we have a lot of jobs on, like in January and December when we flood the market, they've managed to get teams together very quickly. Other people would struggle with that."* This was traded off against social 'insularity'.

Manager, Estate Agents, Manchester, 5-10% migrants, Small



## 5.4 Case study

The following case study demonstrates how migrants' connections impacted on the business, in relation to business expansion to new markets and client interactions in an existing market.

### IT Recruitment, Bristol, 20-30% migrants, Small

This is a small company handling recruitment for temporary vacancies in specialised IT roles. Market demand has caused the business to expand internationally. The business does about 40% of their work internationally. *"Half of our assignments are in the UK but increasingly need to get more supply of high skilled IT staff to place them on short assignments abroad. The Middle East is the biggest market in terms of demand and where we see the business growing in the coming years."* (Manager)

The migrant workers in the business, from countries including Denmark, Saudi Arabia and Pakistan, have all helped the business with its expansion efforts. The Saudi Arabian employee had been specifically hired because he could speak fluent Arabic and he has brought over contacts and experience of the region which has helped the business with expansion there.

Saudi Arabia was a market which the business had previously tried but had been unable to access. This migrant had been part of a business trip to Saudi Arabia which then led to the acquisition of a new client, in part due to the migrant employee's awareness of local culture and business practice. *"That personal impact he has made, and what resulted from that was immense to us and has contributed a lot of revenue to the business over the last few years. It's about familiarity and I think people in Saudi were greatly comforted that they've got a local man on board who fully understands their culture and local environment."* (Manager)

The UK co-worker also recognised migrants' impacts in this area, but was less clear about the benefits of the migrant's connections than the manager; she felt more that *"having an Arabic speaker helps breaks the ice, helps us get our foot in the door...but ultimately to win business we have to put the best CVs together."* (Co-worker)

The business has also been able to expand into Scandinavia thanks to a Danish migrant. As their Danish clients preferred to have contracts written in Danish and contact in their own language, she was able to develop these relationships and win repeat business as well as enhance the company's ability to compete with bigger companies. *"I think it makes a difference when we call them and they know the person they're speaking to is a Dane. I think it helps break down those barriers and it has made a difference in terms of the level of repeat business and number of requirements we get from them. Even though we're a relatively small consultancy we can go in and compete with the big boys because of our staff's familiarity with the country where the job is."* (Migrant)

## Integration

### INTEGRATION



How migrants' level of integration and cohesion among co-workers affects the business

The level of integration was closely linked to other impacts described above, and was necessary for the realisation of other positive impacts. Integration issues were more common in lower skilled sectors due to migrants having less English language skills, but in some cases were addressed by the business.

The key areas to explore relate to:

- Where integration works well or less well, and the factors influencing this
- How businesses respond to integration issues

### 6.1 Factors influencing integration and cohesion

The extent to which migrants integrated with co-workers and achieved social cohesion depended on many elements, primarily: the **level and nature of interaction between migrant and UK co-workers**, the **business' culture and values**, and **co-workers' perceptions of migrants' effects on them and the business**.

Other factors, such as the number of migrants, migrants' status in the UK, length of time migrants had been in the business, and business sector also played a role.

#### Level and nature of interaction between migrant and UK co-workers:

Where migrants and UK co-workers had a high level of interaction, in most cases this was matched by strong working relationships, given the time and opportunities workers had to 'bond'. This applied, for example, to roles where migrants and co-workers were working late hours or in 'intense' settings together, e.g. in hospitality.

Migrants and co-workers accustomed to working long hours together – formed strong working relationships and good morale.

Migrant and UK co-workers worked together closely in their role, but were also encouraged to interact by the business itself. *"In every hotel I've ever worked in, there's always been an element of migrant workers. We work long hours and unsociable hours and hard hours... we had a staff family fun day yesterday and everybody was there from a wide range of nations and backgrounds, all digging in and working together to have a good time."*

Manager, Hotel, Hertfordshire, 21-30% migrants, Medium

On the other hand, where there were low levels of interaction between employees, or where a large number of migrant workers chose to engage primarily with each other, businesses reported lower levels of cohesion and more instances of issues arising. This tended to happen more in lower skilled businesses, especially where migrants did not speak English very well (this created an additional communication barrier).

Few opportunities for migrants and co-workers to interact due to nature of role; all stayed within native groups.

There was little integration between migrants and co-workers in the business. Workers saw each other fleetingly as they were out on the road most of the time. Migrant workers tended to bond with each other rather than with British workers - but this was not seen to impact negatively on the business. *“Migrant workers tend to form closer relations with each other than with British workers. There’s pleasantness all round, but they talk about home and don’t really integrate. But there’s no animosity or enmity between them.”*

Manager, Food sector, London, 11-20% migrants, Medium

### **Business culture and values:**

A business’s culture and values also played a key role. In businesses where diversity was an important asset to the company, integration was actively promoted and positively reinforced. In a global investment bank, for example, the business saw it as *“part and parcel of the role...that you understand it is global... we have telephone systems with video screens so that when you’re speaking to someone you can actually see them so that helps with integrating across the business, across the globe.”* (Manager, Financial Sector, London, 5-10% migrants, Large)

The business structure could help integrate international colleagues, by planning mixed teams, organising social events, and including diversity and inclusion in the business’ corporate values. These measures increased the level of interaction between workers, which as outlined previously, tended to result in stronger social cohesion. This was most commonly seen among global businesses and sectors. For these businesses, diversity was important for reputational reasons, both for clients and potential employees.

Among smaller or medium sized businesses, managers sometimes compared the business culture to being ‘like a family’. Businesses of this kind tended to foster a close-knit workforce, and high levels of integration were observed.

Where social cohesion and diversity was less of a business priority or not actively promoted as part of the business’ identity, levels of integration were lower.

Global organization promoting an inclusive and collaborative environment for both migrant and UK co-workers.

In a global organisation with business culture to work collaboratively, migrants and co-workers integrated well. *“It’s an inclusive organisation; we pride ourselves on being an inclusive place to work.”* Business ensured everyone had a set of objectives to achieve, and they had to work collaboratively to get their bonus; it was frowned upon to not work collaboratively.

Manager, Retail, London, 5-10% migrants, Large

### Co-workers’ perceptions and ‘acceptance’ of migrants:

Integration was also affected by the level of acceptance among co-workers, which depended on how they felt about the effect of migrants’ presence. Integration issues were reported by managers where they saw UK workers feeling disadvantaged by migrants’ presence. This ranged from minor issues, such as the amount or timings of migrants taking annual leave, to a sense of competition or even ‘threat’ by migrant workers. Some felt that migrant workers’ performance was showing them up, and were resistant to being ‘told what to do’ by those coming from outside the UK. In some cases, migrants’ presence was seen as a threat on a wider level - either to the business identity as a whole (based on a fear of change) or even the UK workforce generally.

Increased competition lead to tensions with UK co-workers.

At an employment agency where there was competition for roles, migrants with ‘better’ attitudes to work have caused tensions. *“Unfortunately I think if anything, when you do bring somebody in to a job from another country, it gets on people’s nerves because they probably do the job a little quicker, and show them up a bit.”*

Manager, Employment Agency, Birmingham, 30-40% Migrants, Large

The length of time the business had been hiring migrants also affected co-workers’ views. Where migrants’ presence was seen as normal, co-workers were more accepting - but this sometimes took time.

Resentment towards migrant workers in the initial stages of hiring led to tensions.

A manager previously had problems with low skilled workers, builders and labourers who felt resentment from the UK workers when he first took on Russian migrants. *“A few of the lads weren’t very happy about me taking on migrant workers as labourers, because ... they wanted to pass their trade on to British kids.”* At present this was more accepted, as migrants have been working at the business for some time.

Manager, Construction, Birmingham, 21-30% migrants, Small

Where migrants were accepted by co-workers, their presence was seen to have a positive effect. Managers reported migrants fostering a 'multicultural attitude' within the business, bringing different perspectives. Especially among younger migrants, they were seen to contribute to an active social life within the company. Furthermore, some managers saw migrants' work ethic and approach as inspiring, having a positive influence or encouraging co-workers to work harder or in a better way. Co-workers generally confirmed this more positive view of working with migrants.

Migrants' calm approach to work seen as 'rubbing off' on UK co-workers.

Indians in this business were perceived as having 'very very' high standards and being 'full of order', and managers have observed that UK co-workers have adopted these and applied to their own practices, with positive effect. *"They've brought an almost Zen like calm to the place and people have started to chill out a bit more.....it is really their influence."*

Manager, Transport, London, 5-10% migrants, Medium

English language skills were raised as an issue in some situations, but this was not common.

Migrants' language skills led to some communication issues, but admiration for co-workers' work ethic.

Co-worker felt that *"there can sometimes be a language barrier"* which arose when taking over shifts with a migrant worker; usually it meant he would have to spend more time in the handover. Also noted that this affected client relationships (who sometimes complained) and as a UK worker, he might get more work as clients would prefer to work with him rather than migrant colleagues because he could communicate without issues. But, generally positive towards migrant colleagues' work ethic: *"I think it's great what he's doing, he's come here, knowing where he's come from and is not prepared to sit on the dole and let people pay for him, he's actually trying to do something with his life."*

Co-worker, Security company, Birmingham , 60-70% migrants, Medium

Co-workers cited several different benefits of working with migrants and having diverse teams: for example, they found it interesting (both personally and for work) to have different viewpoints, and cultures to talk about and draw on.

They also recognised the contributions migrants were able to make to business success – for example using their language skills or connections to help strengthen client relationships, which they saw as having a positive effect on their own job security, as it made the company more successful. Whilst some co-workers acknowledged migrants' presence in the businesses impacted their opportunities e.g. they would not be 'first

choice' for working with international clients, they recognised that migrants' skills were best used in those contexts and so did not object.

Migrant workers brought increased 'vibrancy' to the business. Some communication issues but easily overcome.

In this medium-sized company which saw itself 'like a family', migrants were seen by co-workers as increasing the 'vibrancy' of the business: "*it breaks the day up to hear something different*". Migrants and co-workers enjoyed activities such as eating food together. At first, some language barriers occurred between co-workers and Spanish migrants but these were overcome by speaking face to face.

Co-worker, Software Development, Derby, 10-20% migrants, Small

## 6.2 Learning journeys: how businesses responded to the impacts of integration

The first key impact of integration on businesses was on **worker morale**. Where integration worked well businesses reported positive effects on workers' attitudes to work, which not only had impacts on workers' wellbeing but also, indirectly, on **business productivity**. On the other hand, where there was little cohesion, it could cause ill-feeling between workers and confrontation. In some cases, this had to be actively managed by businesses - which meant **added time and cost** to the business.

Global business encouraging cohesion, bringing about positive worker morale and productivity, for both individual and business.

Migrants and co-workers were encouraged to interact in this global business by organised socials, 'lunch and learn' sessions and mixed teams. Migrant workers were seen as bringing about opportunities to learn from other people and about other markets. This improved worker morale and productivity, which the business felt supported greater productivity overall. "*I think [a more integrated workplace] results in people being happier in the workplace and then obviously if you're happy at work, you're more productive, so that's more productive for the business*" (Co-worker)

Co-worker, Financial Services, London, 20-30% Migrants, Large

The relationships between migrants and their co-workers also affected **the realisation of other impacts** discussed previously, **such as knowledge transfer, innovation and training** – which relied on exchange, co-creation and openness to learning from one other. Tensions between workers had created barriers to these happening in some businesses.

Resistance to change relating to business identity led to tension between workers and resistance to training.

A Norwegian business was bought by a British company; which resulted in some resistance to change from Norwegian workers, causing a culture 'clash' between workers: *"The Norwegians think it should just be Norwegians and that's it. ... Sometimes they play dumb and pretend they can't speak English, which makes it very difficult when we're booking training for them... because in their opinion everything should be coming from the Norway office."*

Manager, Oil and Gas, Glasgow, 21-30% migrants, Large

On the other hand, high levels of integration enabled positive impacts. Businesses which relied on innovative practice or knowledge transfer tended to set up their business structure in such a way to facilitate good integration, such as through mixed teams and a culture of sharing.

Finally, where integration worked well and was part of the business culture and values, it was seen as having a positive **impact on the image of the company**. For certain types of business, having and being seen to have diversity was crucial for its **reputation externally** and also **for recruitment**, to be able to draw in global talent.

Integration and cohesion were not often considered relevant to migrants in senior positions, or in highly skilled teams, and did not need to be actively addressed as they generally presented no issues. Global businesses who saw diversity as a value actively sought to strengthen cohesion e.g. through social events and mixing teams up.

Low levels of integration tended to be more common among migrants and co-workers in roles which required less interaction and fluency in English. This was not always considered a problem, as it did not always impact on productivity.

Migrants filled a worker gap, but only socialised with other migrants

Migrants' work efficiency meant greater business productivity (they hand out more leaflets vs UK workers) but the trade-off was lack of integration, *"They work very well, but they don't socialise. ... They don't talk about their families or what they're doing on the weekend. And they do have other jobs."* The manager thought that the increased number of migrants could lead to integration issues

Manager, Property, Blackburn, 5-10% migrants, Small

However, there were situations where integration issues were more pertinent and problematic, where **tensions had arisen which needed to be addressed**. These tended to be in early stages of businesses hiring migrant workers.

Several businesses had experienced such integration issues which they had taken constructive actions to resolve, for example instigating rules of only speaking English,



requiring migrants and UK-co-workers to work more closely, organising team events and managing migrant – UK co-worker relationships more closely. Where attention and active management were applied, these had been successful in overcoming integration issues.

**Business addressed tensions through actively promoting team building.**

Initially the business experienced a “*feeling of an ‘us’ and ‘them’ culture*”, which created tension between workers. Management organised team building exercises to facilitate mixing, which was an added business cost but considered worthwhile. It helped integration, resulting in better team morale. “*It helped integration very much...it helped non migrant workers get to know each other better as well as migrants and non-migrants*”.

Manager, IT, London, 11-20% migrants, Medium

**Misunderstandings and tensions between co-workers resolved through careful management.**

Tensions between migrants and co-workers came about because of language issues which had led to misunderstandings. Manager had to micro-manage the relationship between the two, acting as intermediary, over a period of time. This had taken up additional time on his part, but had led to fewer worker tensions over time and less need for his input. “*They’ve manage to resolve issues now. Before, I had to always get involved.*”

Manager, Transport, Birmingham, 10-19%, Small

### 6.3. Case study

The following case study demonstrates how a business experienced difficulties within migrants’ cohesion in the business, but was able to make adjustments to policies and team composition that successfully addressed most of these issues, where migrant workers could speak fluent English.

**Wholesale and distribution company, St Albans, 20-30% migrants, Medium**

Migrant employees, mainly from Eastern European but also African countries, now make up around a quarter of the business’s warehouse operative roles. The Head of HR explained they have to keep a close eye on integration to ensure that no cliques of migrant workers form amongst individuals from particular countries. To encourage integration, the company had put policies in place, such as avoiding teams made up of only one nationality, and encouraging use of English during work. “*In the early shift, there’s about 7 people in that team, 6 of them were Polish...they were speaking their language and would go for a cigarette together...that’s just exclusion for that other person, so we had to mix the teams up.*” (Manager)

An initial lack of communication between migrant workers and UK workers had a negative impact on their efficiency, effectiveness and health and safety in the

Wholesale and distribution company, St Albans, 20-30% migrants, Medium

workplace: *"We've got one team in which 4 out of 6 of them are Polish so they tend to speak in their own language which means that the couple of UK guys miss out on things, so they don't know what's been done or discussed..."* (Manager)

Once policies were put in place to ensure English speaking, both migrants and co-workers felt that integration had improved. *"The atmosphere here, they are really willing to see us as a family...my colleagues are welcoming and friendly and they want to know more about you and where you come from and what growing up was like"* (Migrant)

The migrant worker identified several initiatives taken by the company to aid integration, such as the Christmas party and football matches the company organised against teams from other companies in the area. The migrant worker felt that this integration encouraged all workers to see themselves as a team, which in turn made them feel more committed to their job and to working towards achieving company targets.

Co-workers were also of the view that UK workers mixed well with migrant colleagues: *"some of them you can mix with really well, go and have a drink with after work and you get on with really well...it depends on the personality really"* (Co-worker)

However, co-workers highlighted that the exception to this were migrant workers who did not have good English language skills, as they were less likely to communicate with colleagues other than those from their own nationality, and so were less able to understand instructions or mix socially with UK workers outside of work. The UK co-workers were not aware of any policy initiative taken by the company to overcome this problem with a language barrier.

# Conclusions

For many businesses the primary impact of migrants was providing additional or complementary skills and filling roles with a shortage of applicants. In many instances the skills and experience migrants possessed were over and above what was required to fill the role. Therefore having access to migrants allowed the business to select the best candidate from a wider talent pool. Amongst a significant number of the businesses interviewed, having access to migrant workers had led to improvements in business performance and productivity. Particularly in the highest and lowest skilled sectors in the research, migrants were often seen as essential to maintain and grow the business.

The findings also add to evidence on the indirect, dynamic effects that migrants bring through increasing the talent pool to draw from, providing complementary skills and innovative ideas and sharing knowledge with co-workers. The findings support evidence of lower productivity effects in lower skilled sectors, mainly due to the narrower scope for contributions within roles.

Impacts can be business-led or migrant-led. Some businesses have structures designed to facilitate migrant contribution, and impacts are clearly valued. Here, mixed teams improved the quality of thinking and outputs, when migrants' experience offered complementary insight, in businesses where collaboration and change are welcomed. This offers some evidence of a 'diversity bonus'. Impacts also arise spontaneously in other businesses, with greatest additional benefits when they are open to suggestions for change. In particular, significant benefits arose where migrants assisted business' expansion by sharing insights and connections to new markets, suppliers and client relationships.

The areas of impact identified are linked; complementary skills can lead to changes to a practice or approach and sometimes to innovative activity. By transferring knowledge and skills from other settings to offer alternative approaches, migrants change the way products are used and processes run and upskill co-workers in the process.

Migrants' integration within teams was necessary for many of these productivity gains. Where integration tended to be most effective, mixed teams worked together and shared skills, whether by default or by careful management. Integration was more of an issue in lower skilled settings when migrants had little English and formed groups. This resulted in 'silo' effects and competitive dynamics which could occasionally offset gains in higher skills.

By providing larger talent pools, using additional and complementary skills and sharing these with co-workers, businesses were clear that migrants made specific contributions to their productivity – in many cases with significantly positive impacts

# References

- Aleksynska, M. and Tritah, A.** (2009) 'Immigration, income and productivity of host country: a channel accounting approach', *CEPII*.
- Beaverstock, J. and Hall, S.** (2012) 'Competing for talent: global mobility, immigration and the City of London's labour market', *Cambridge Journal of Regions, Economy and Society*.
- Dadush, U.** (2014) 'The Effect of Low-Skilled Labor Migration on the Host Economy', *Knomad Working Papers*.
- Dench, S. et al.** (2006) 'Employers' use of migrant labour', *Home Office*.
- Gagliardi, L.** (2014) 'Does skilled migration foster innovative performance? Evidence from British local areas', *Papers in Regional Science*.
- Giovanni, P. and Requena, F.** (2009) 'The Trade Creation Effect of Immigrants: Evidence from the Remarkable Case of Spain', *NBER Working Papers*.
- George, A. et al.** (2012) 'Skilled immigration and strategically important skills in the UK economy', *NIESR*.
- Hatzigeorgiou, A. and Lodefalk, M.** (2011) 'Trade and Migration: Firm-Level Evidence', *Örebro University Working Paper*.
- Hunt, J. and Gauthier-Loiselle, M.** (2010) 'How much does immigration boost innovation?', *NBER Working Paper*.
- Kangasniemi, M. et al.** (2012) 'The Economic Impact of Migration - Productivity Analysis for Spain and the UK', *Journal of Productivity Analysis*.
- Kerr, W. and Lincoln, W.** (2010) 'The Supply Side of Innovation: H-1B Visa Reforms and U.S. Ethnic Invention', *NBER Working Paper*.
- Lee, N. and Nathan, M.** (2011) 'Does cultural diversity help innovation in cities: evidence from London firms', *SERC Discussion Papers*.
- Lin, C.** (2011) 'Get Me Your Wired and Your Highly Skilled: Measuring the Impact of Immigration Policy on Employers and Shareholders', *Discussion paper series Forschungsinstitut zur Zukunft der Arbeit*.
- Malchow-Møller, N. et al.** (2011) 'Do foreign experts increase the productivity of domestic firms?', *Discussion paper series Forschungsinstitut zur Zukunft der Arbeit*.
- Migration Advisory Committee.** (2014) 'Migrants in low-skilled work: The growth of EU and non-EU labour in low-skilled jobs and its impact on the UK'.
- Migration Advisory Committee.** (2012) 'Analysis of the Impacts of Migration'.

---

**Nathan, M.** (2013) 'Top Team Demographics, Innovation and Business Performance: Findings from English Firms and Cities 2008-9', *SERC Discussion Papers*.

**Olney, W.** (2013) 'Immigration and Firm Expansion', *Journal of Regional Science*.

**Ozgen, C. et al.** (2011) 'The Impact of Cultural Diversity on Innovation: Evidence from Dutch Firm-Level Data', *Discussion paper series Forschungsinstitut zur Zukunft der Arbeit*.

**Rolfe, H. et al.** (2013) 'Migration and Productivity: employers' practices, public attitudes and statistical evidence', *NIESR*.

**Rolfe, H. et al.** (2009) 'Employment of migrant workers: case studies of selected employers in Wales and Scotland', *NIESR*.

**Schlitte, F. et al.** (2010) 'The determinants of regional disparities in skill segregation: Evidence from a cross section of German regions', *HWWI Research Papers*.



© Crown copyright 2015

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](http://nationalarchives.gov.uk/doc/open-government-licence/version/3) or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk).

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication available from [www.gov.uk/bis](http://www.gov.uk/bis)

Contact us if you have any enquiries about this publication, including requests for alternative formats, at:

Department for Business, Innovation and Skills  
1 Victoria Street  
London SW1H 0ET  
Tel: 020 7215 5000  
Email: [enquiries@bis.gsi.gov.uk](mailto:enquiries@bis.gsi.gov.uk)

**BIS/15/153**