

HOW GLOBAL BUSINESSES CAN IMPROVE REFUGEE LABOR MARKET ACCESS—AND WHY THEY SHOULD



Many of the world's 25 million refugees spend years struggling to provide for themselves or contribute fully to their host economies because they are legally barred from working or owning businesses.¹ Granting refugees formal labor market access unlocks a range of benefits—for refugees, hosts, and global businesses.

GRANTING REFUGEES FORMAL LABOR MARKET ACCESS BENEFITS BOTH REFUGEES AND THEIR HOSTS

For **refugees**, formal labor market access and the freedom to leave camps would lead to:

Higher rates of employment, as they would be able to search for work outside camps

Higher incomes, as they would be able to work in higher-paying formal jobs and better apply their skills

More productive refugee businesses, as they would no longer have to remain small to avoid detection and could take advantage of services that facilitate growth

Increased investment in skills and education, given a greater likelihood of using their skills

Greater workplace protections, as they could benefit from labor laws

A lower risk of deportation or harassment for working without the right to do so

A lower prevalence of prostitution, child marriage, and child labor—activities that some refugees engage in as a result of economic hardship

For **host communities**, providing refugees with formal labor market access and freedom to leave camps would lead to:

Less competition in the informal sector, as some refugees would shift to formal work. This could lead to employment opportunities for low-skilled hosts in the informal sector

More productive formal businesses, as refugees could fill labor shortages and expand the labor supply

More formal employment opportunities as the result of the increase in productivity

Hosts upgrading to higher-paying positions over the medium term. With refugees filling manual-intensive jobs, hosts would be encouraged to “upskill” and fill more skill-intensive jobs

A fiscal stimulus, as refugees would earn more and thus spend more in the economy

An increase in tax revenues, as refugees would earn/spend more and thus pay more in taxes

It is crucial that labor market access is accompanied by **policies that amplify benefits while mitigating potential costs**, such as programs to support vulnerable host community members at risk of job displacement.

WHEN REFUGEES HAVE FORMAL LABOR MARKET ACCESS, GLOBAL BUSINESSES ALSO BENEFIT

By working with refugees, **companies can gain reputational benefits and build brand loyalty by:**²

▲ Demonstrating a **direct, visible impact** in working with refugees

▲ Addressing the refugee crisis with **innovative solutions**

▲ **Stepping in to support refugees** at a time when governments are reducing support

By hiring refugees and sourcing from refugee-owned or -employing businesses, **businesses can have social impact while also strengthening their bottom line:**³

▲ Refugees can **expand firms' productivity** by filling labor shortages and bringing a different set of skills

▲ Refugees have proven to be **especially good employees in terms of retention, willingness to work flexible schedules, and general motivation**

▲ Refugees **bring foreign language skills** to companies, which can be valuable in reaching new markets

▲ **Many businesses would be well-positioned geographically** to hire and supply from refugees: nearly 40 percent of working-age refugees in developing countries are in major urban areas, where global businesses are most likely to be located⁴

HOW BUSINESSES CAN CAPITALIZE ON WINDOWS OF OPPORTUNITY

In 2016, UN Member States unanimously adopted a declaration encouraging host governments to consider opening their labor markets to refugees. The declaration laid out plans for a Comprehensive Refugee Response Framework that aims to ease pressure on host countries through increased support while also expanding employment opportunities for refugees. Some countries, such as Ethiopia, have already embraced the CRRF.

New opportunities for businesses to enact change are emerging:

1 In countries that are more open to reform, global businesses can **advocate for granting greater labor market access for refugees, highlighting the benefits for refugees and society**

2 Because of their unique role as market leaders, drivers of trade, and major investors, global businesses have an **especially powerful voice in shaping government policy**

3 In supporting policy reform, **businesses can partner** with multilateral development banks, international NGOs, civil society leaders in host countries, and other key stakeholders

1. Zetter, R., & Ruaudel, H. (2016). Refugees' right to work and access to labor markets—An assessment Country Case Studies. *KNOMAD Working Paper*.
2. Huang, C. (2017). *Global Business and Refugee Crises: A Framework for Sustainable Engagement*. Washington, D.C.: Center for Global Development.
3. Lutheran Immigration and Refugee Service and the Tent Foundation (2017). U.S. employers' guide to hiring refugees.
4. Huang, C., & Graham, J. (2018). Are Refugees Located Near Urban Job Opportunities? Washington, D.C.: Center for Global Development.