

# How does immigration affect global business?

(<https://www.forbesindia.com/article/yale/how-does-immigration-affect-global-business/47489/1>)

By Yale | Jul 10, 2017

Immigration can help economies become more dynamic and efficient, and research shows that inclusive policies create a net benefit, but they are increasingly a politically difficult sell. How are countries and regions around the world handling the challenge?



*Refugees show their skills in metal processing works during a media tour at a workshop for refugees organised by German industrial group Siemens in Berlin, Germany*

*Image: Reuters*

Voters concerned about immigration helped swing both the Brexit vote and the election of Donald Trump, but the anxiety doesn't end with Britain and the United States. Workers in many countries are putting pressure on their lawmakers to counter perceived threats from immigration. While there are common drivers of such anxiety, immigration in each nation operates within a very different legal, historical, and sociological context. *Global Network Perspectives* (<http://gnp.advancedmanagement.net/article/2017/03/how-does-immigration-affect-global-business>) asked faculty members from schools around the Global Network for Advanced Management to provide local context.

In recent decades, Brazil—long a net exporter of workers—has also seen small inflows of both unskilled and skilled workers. In his *Global Network Perspectives* contribution, Professor Guilherme Stolle Paixão e Casarões of the Sao Paulo School of Business Administration notes that recession, bureaucracy, and an inward-looking business culture have delayed a reckoning over the need for dramatic opening of Brazil's borders. He adds, "If Brazil keeps opening up at a slow rate for foreign workers, it will most certainly lag behind more dynamic emerging economies in the future."

Some Western European countries are questioning the free of flow goods, people, and services at the core of the European Union's common market. The low wages of Eastern European workers have devastated many trucking and construction companies in the West. "This has hurt the low-skilled workers previously employed in that sector—and their wages could not fall, given mandated minimum-wage floors," writes Tomasz Michalski of HEC Paris. "This resulted in unemployment and fueled anti-EU, anti-immigrant sentiment that profited populist political parties."

For Sub-Saharan Africa, South Africa has been an economic hub as well as a refuge for asylum seekers. Nceku Nyathi, senior lecturer at the University of Cape Town Graduate School of Business, points out that, from 2006 to 2012, South Africa took in more refugees than any other country in the world. Despite studies showing their net positive contributions to the country's economy, protests and violence against immigrants are on the rise. High crime rates and unemployment (now at 30%) drive much of this resentment, Nyathi writes: "And it is boiling over into misplaced anger against immigrants."

These anti-immigrant flare-ups have, in turn, led other African countries to boycott South African products. "This kind of division and animosity spells disaster for a continent that desperately needs to increase inter-regional trade," Nyathi explains. "Aside from the need for South Africa to uphold its image as a champion of human rights, there is a strong need for Africa as a whole to do what many of its leaders claim they want to do—create African solutions to African challenges."

While Asian countries face some of the same political challenges around immigration, says Albert Park of the HKUST Business School, "There are a lot of benefits from more immigration in East Asian countries, especially because many of these countries are aging at a very rapid pace, so that they are increasingly facing a scarcity of workers, especially low-skilled younger workers." He predicts good outcomes from potential regional agreements that would allow for an easier back-and-forth flow of migrants and guest workers, especially if constituents understand the benefits. Tools that lower barriers to movement are also helpful—for example, regional job qualification systems and standardised employment contracts and visa procedures.

Meanwhile, "Switzerland is a remarkable success story," says Jean-Pierre Lehmann, professor of international political economy at IMD. He points to the numerous corporations, universities, and NGOs based in the country, in part because it is so open. Indeed, he says, "All of this would be absolutely impossible without immigrants," who occupy every level of those organisations.