

Migrant-ready? The benefit of the Recognition Act for companies

► According to the 2011 labour-market report from the German Association of Chambers of Industry and Commerce (DIHK Arbeitsmarktreport 2011), the number of companies seeing a skills shortage as one of the greatest economic risks has doubled since 2010. To tackle this problem, companies are weighing up a variety of strategies including stepping up the recruitment of skilled migrants already resident in Germany as well as potential future immigrants. The questions pursued in this article are to what extent human resources management in companies is attuned to this group of employees, and how the new Recognition Act can help companies in the recruitment, employment and individual support of qualified skilled workers with biographies involving migration.

Migrants as a new recruitment pool

It has been well known since the 2008 Labour Force Survey that out of over 3 million people living in Germany and holding foreign qualifications, only around 15 per cent have succeeded in obtaining formal recognition of their qualification (cf. Statistisches Bundesamt 2010, p. 297 ff.). This cannot be blamed on any imagined shortcomings of the foreign qualifications in relation to German qualifications, however; negative outcomes to recognition procedures were much more of a rarity than positive ones. Rather more pertinently, the distinct majority of qualification holders had never applied for recognition.

The idea that Germany's far higher-than-average rate of overqualification among migrants might be due to gaps in its recognition legislation was one rationale for the German government's Recognition Act. The entitlements for holders of foreign qualifications to apply for equivalency procedures were broadened substantially. Moreover, as from April 1, 2012 for the first time, it has been possible to submit applications to German recognition authorities from migrants' home countries. As a result of these two factors, an upsurge in the transfer of foreign qualifications into the German education and employment system could occur. The expected beneficiaries will not just be migrants themselves but also German companies, which are increasingly perceiving skill shortages due to demographic change. If the addition of foreign qualification holders enlarges the recruitment pool, German companies stand to gain. Recognition research over the past few years has shown that human resources managers are often unfamiliar with foreign qualifications and consequently overlook them in selection procedures. In some cases, recognition statements have been misunderstood or adjudged not to be meaningful enough (cf. ENGLMANN/MÜLLER-WACKER 2010, p. 91 ff.). A comprehensive new provision was therefore included in the Recognition Act concerning the issuing of statements: Section 7 of the "Professional Qualifications Assessment Act" (§ 7 *Berufsqualifikationsfeststellungsgesetz*, BQFG) stipulated the requirements for competence-oriented recognition statements. This means that evaluation looks at



DR. BETTINA ENGLMANN

Recognition expert and managing director at
Global Competences UG, Augsburg

more than the foreign certificate awarded at the end of education or training; the informally and non-formally acquired competences gained through professional practice or continuing education courses are also appraised, which enables the applicant's individual competence profile to be described.

The new provision on recognition statements was specifically tailored to the needs of companies. To investigate what information would meet their interests, the Federal Ministry of Economics and Technology (Bundesministerium für Wirtschaft und Technologie, BMWi) had commissioned the Institut für Entwicklungsplanung und Strukturforschung (IES) to carry out a company survey in 2010. Previously no empirical data was available on the use of recognition statements by German companies. Small and medium-sized companies were therefore asked to state what written forms of evidence enabled them to assess the competences of migrants in the application process or could enable them to do so in future. In this light, the reference to a theoretical situation somewhat limits the applicability and generalisability of the results (cf. information box). Nevertheless, they will be tested in reality since the "planned certification" was fundamental for the reform of recognition statements. Data on whether the new statements are recognised de facto by human resources managers can be collected in future on the basis of recruitment statistics.

Relevant information for the assessment of foreign qualifications from the viewpoint of companies

"Most frequently, more in-depth information on the training programme completed abroad is deemed important. For example, the duration and contents of training and the title of the qualification come into this category of information. 92.2 per cent of respondents consider this information important. For companies, as might be expected, the German education system and occupational profiles are the reference framework from which they take their orientation. They are familiar with the qualifications acquired here and the associated contents and tasks, and make reference to these in their hiring decisions. With this in mind, it is helpful for them to find out which German occupation the professional experience and/or qualification can be matched up to (89%). Also of great interest is information on the sphere of responsibility in which work experience and qualifications were gained (86.6%)" (IES 2010, p. 51, own trans.).

Out of approximately 5,000 companies contacted, just one-fifth took part in the survey. Among other suggestions, the authors of the study recommend extensive public relations work aimed at making SMEs better informed (IES 2010, p. 11), thereby highlighting a problem that will continue to require attention: most companies are not well-informed about the Recognition Act. As the Act's wording shows, the German government assumes that having qualifications recognised should result in more hiring. However, companies have been left to fulfil this expectation on their own. The Danish recognition law, which was one

of the models for Germany's reform, offers companies an advantage: there, employers as well as migrants have the right to submit recognition applications, which turns companies into active advocates of their employees' interests.

How demographically aware is personnel planning in German companies?

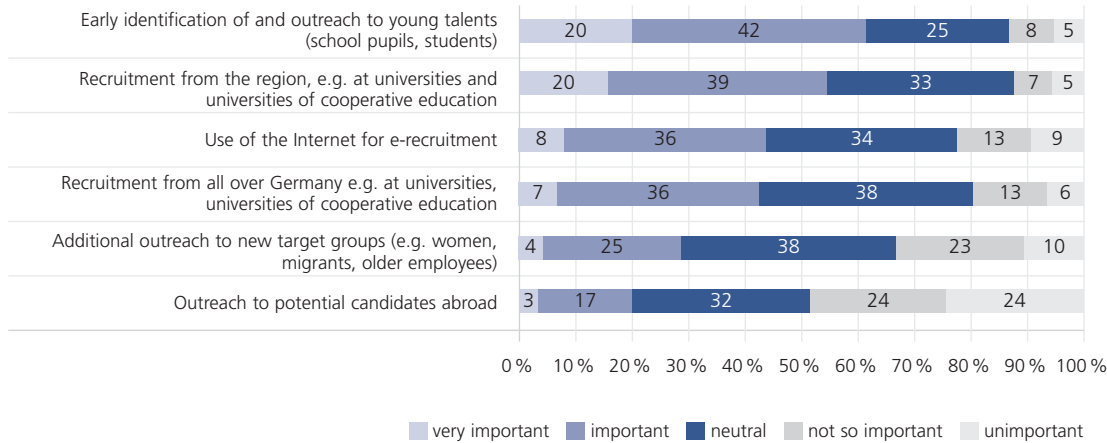
As yet there is no data for Germany recording whether migrants are employed in work matching their qualifications. In the context of the Recognition Act, what matters is how many holders of foreign qualifications are working in their own occupations – and, for correlation purposes, whether or not they are in possession of recognition statements. Equally, there are no statistics on which vocational qualifications from which countries are receiving recognition and being accepted by companies. In order to evaluate companies' recruitment of economically active persons with foreign qualifications, questions that need to be asked are:

- How many companies employ migrants in skilled jobs?
- Are there differences between small, medium-sized and large companies?

If the focus of research is whether human resources managers are developing strategies for successful use of the Recognition Act, both of those questions need to be answered. In the context of concern about skills shortages, various company surveys have been conducted since 2010, some parts of which also investigated personnel management in relation to migrants. In order to evaluate whether migrants can form a "new" pool of skilled labour, what matters is to obtain responses from human resources managers who can draw on relevant knowledge of recruitment and employment practices. This cannot be taken for granted in Germany. Migrants are underrepresented in the majority of companies, particularly once the discussion turns to the proportion of managers from a non-German background. In large companies they may account for 10 per cent of management personnel but not in SMEs, where the percentage is not even half that high (cf. Institut für Demoskopie Allensbach 2011).

Ernst & Young's "SME barometer" (Mittelstandsbarometer) is a regular survey of German small and medium-sized enterprises. In January 2011 the majority of the 3,000 respondents reported that the recruitment of skilled workers had become more difficult. To follow this up, Ernst & Young carried out an additional survey on the theme of recruitment. The results show that SMEs rely on traditional measures by concentrating on the young and regional talent pool (cf. Figure 1).

Figure 1
If you recruit externally, how important are the following measures to you?



* multiple responses possible
Source: Ernst & Young 2011 b, p. 22

Although the demographic forecasts are known, the growing scarcity of young and regional talents is not yet feeding through into human resources planning. The evaluation also reveals a dearth of good practice with regard to the so-called “new target groups”: only 29 per cent of human resources managers are intent on making targeted approaches to women, older people and migrants, and only 20 per cent want to recruit abroad. These are by no means new groups of applicants but have been underrepresented for many years when it comes to employment. It is interesting in this context that companies are well aware of the absence of innovation in their personnel selection practices. 45 per cent of companies stated that a “lack of tolerance” towards migrants “caused or exacerbated” the skills shortage, and 65 per cent perceived a “lack of willingness” to employ older people in skilled roles (ERNST & YOUNG 2011a, p. 19).

The findings make it clear that a longstanding pattern of structural discrimination against underrepresented groups calls for new measures. Without targeted programmes, individual companies can only meet this societal challenge with difficulty. In autumn 2011, more than 20,000 companies were surveyed by the DIHK on the theme of securing their skilled workforce needs. On that evidence, the skills shortage among doctors, nurses, childcare workers and engineers is generating a new interest in migrants that is not yet apparent in other branches. Companies and organisations with problems filling vacancies – for example in health and social services (28%) and in vehicle manufacturing (23%) – are looking to hire more foreign experts (DIHK 2011, p.3). Currently, however, the majority of branches – and small companies in particular – are not yet strategically recruiting migrants. Large and mid-sized

enterprises can deploy their resources in a targeted way. They not only use more differentiated methods of personnel selection but also manage their human resources development. Moreover, in many cases they have built up experience in the field of international personnel management and could extend the relevant tools internally to all members of staff whose biographies involve migration.

International personnel management

The German government plans to use the Recognition Act to make Germany more attractive for immigrants. Inspiration can be taken from the migration policies of successful immigration destinations like Australia and Canada, where side-by-side with the demands of business that immigrants must be employment-ready, companies are increasingly expected to make themselves migrant-ready. For good long-term employment outcomes, how well foreign skilled workers “integrate” is not the only relevant factor; management and staff bodies face challenges, too. German industry has experience in international personnel management, namely in the field of personnel selection for cooperative international teams or in the practical support of expatriates. The latter are members of staff who are carefully selected for a finite term of secondment abroad, where their internal knowledge will advance the company’s business success. Since the adaptation requirements faced by expatriates in a foreign environment are understood to be complex, various instruments such as language courses and intercultural training are used to ensure that they succeed. Among other benefits provided are additional payments, support with orientation questions like finding an apartment and dealing with official-

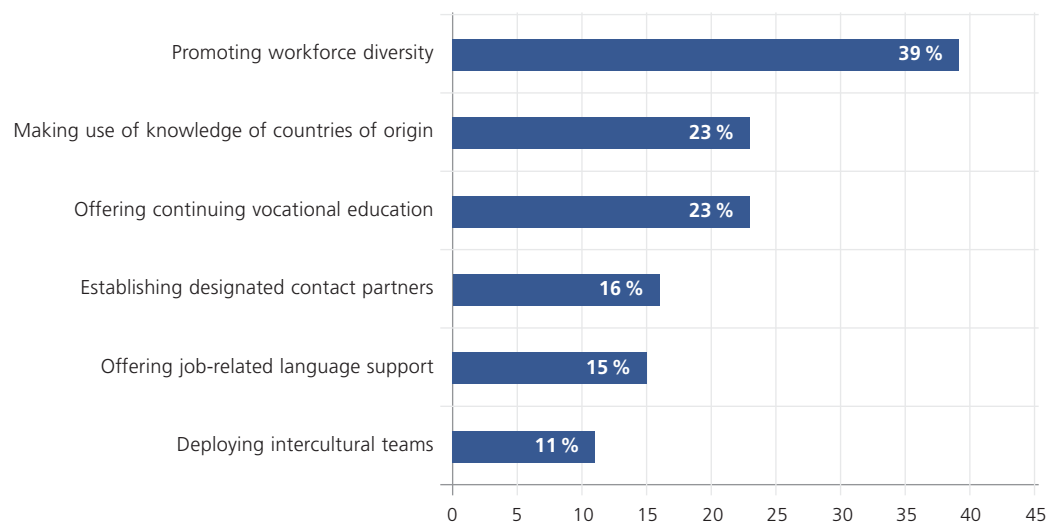
dom, assisting spouses and partners with finding employment, help with contacts abroad and with readjusting after returning home (e.g. FESTING et al. 2011).

The adaptation efforts of migrants who possess foreign qualifications are, in practice, comparable. They, too, face the challenge of transferring their specialist knowledge and competencies as effectively as possible into a foreign environment. The new entitlements to recognition procedures and the improved recognition statements are helpful in ensuring that German human resources managers recognise them as qualified skilled workers. The enabling conditions for successful employment outcomes could be improved even more if skilled migrants could access language courses, acclimatisation support and help with making contacts in the same way as expatriates. Although business-owners' associations increasingly proclaim a "welcoming culture", currently the necessary tools are only available to the minority. This is shown by data from the Chambers of Industry and Commerce "Company barometer" (IHK Unternehmensbarometer), which surveyed the "integration" of immigrants in companies in 2011. 1,500 companies participated. From the framing of the questions the participants can be presumed to have some experience of hiring expatriates or having migrants on the payroll. This is of key relevance in methodological terms, because statements about strategies are only reliable if they have actually been applied. In the evaluation, it emerges clearly that a divide exists (cf. Figure 2), on which a few supple-

mentary remarks can be added. While 85 per cent of companies with more than 1,000 employees make use of at least one strategy, the figure tapers off as company-size decreases; but even among companies with fewer than ten employees, 18 per cent are making deliberate efforts to promote workforce diversity (DIHK 2012, p. 5). Another pointer for interpreting the results is that not all the responses consistently match the research question. The actual question was about "company strategies and instruments for the integration of employees with a migrant background". Three of the response variables do represent instruments of integration: individuals can be helped greatly by continuing education and the offer of language courses, and by having a designated contact partner within a trainee or mentoring programme. Fewer than one-quarter of companies are using these instruments, so this is an area with major development potential. Promoting the diversity of the workforce, on the other hand, which is mentioned by 39 per cent of respondents, is only an abstract means of integrating new members of staff. Just like "making use of knowledge about countries of origin" and "deploying intercultural teams", these strategies are relevant to business efficiency and are aimed at accessing new sales markets or client groups and ensuring that decision-making is innovative. Companies that are migrant-ready distinguish between these strategic aspects.

The DIHK also asked for any useful political suggestions on the matter of migration. Simplifying recognition practice

Figure 2
Company strategies and instruments for the integration of employees with migrant backgrounds*



* multiple responses possible
 Source: DIHK 2012, p. 5

was the second most frequent response by companies, directly behind easing the immigration regulations. For a proportion of German companies, the recruitment of migrants is a reality, and they are aware of the hurdles of recognition legislation.

How the Recognition Act allows for internal human resources development

In the sphere of human resources development, which will expand in response to the shrinkage of the skilled labour pool in the coming years, the Recognition Act offers new opportunities. Now that professional practice or continuing education qualifications will be relevant to equivalency assessments in future, recognition applications can be resumed or resubmitted when competencies have been developed with regard to German occupational standards. So far, little discussion has been devoted to this aspect of the Act, which relates to qualifications initially assessed as not fully equivalent. Essentially there is an opportunity to use methods of human resources development so that holders of foreign qualifications can correct the shortcomings specified in the statement by following a personalised programme of competence development within the company. As soon as an equivalent competence profile has been achieved by means of on-the-job training, and confirmed by the employer, skilled status in Germany can be obtained by means of the recognition procedure once again. SMEs in particular could benefit from an effect of this new provision. Although few small companies have the resources to use additional methods to enhance their strategic personnel selection, they do have experience in human resources development within the company, and are well versed in both individualised employee support and training on the job.

Consequences for ongoing implementation of the recognition legislation

The goals of the Recognition Act are only achievable in practice when all relevant stakeholders are involved. The administrative act of assessing equivalence is a first step in the recognition process. If companies will reassess their traditional forms of personnel management, the Recognition Act offers new opportunities for personnel selection, staff retention and employer branding.

So far, no programmes exist in Germany which encourage companies to improve their human resources management with specific reference to migration. These can be created in the course of implementing the recognition laws of the German federal government and the German Länder, if political players and industry associations cooperate.

Unfortunately, the German government's Recognition Act has not created a uniform mechanism for all qualifications: the diverse sectoral legal provisions are a continuing impediment to transparency for companies. It remains to be seen whether the new recognition laws are capable of supporting the reorientation of personnel strategies in practice. ■

Literature

- DIHK: *Der Arbeitsmarkt im Zeichen der Fachkräftesicherung. DIHK-Arbeitsmarktreport 2011*. Berlin 2011
- DIHK.: *Integration sichert Zukunft! Ergebnisse IHK-Unternehmensbarometer*. Berlin 2012
- ENGLMANN, B./MÜLLER-WACKER, M.: *Analyse der bundesweiten Anerkennungsberatung im Modellprojekt Global Competences. Dokumentation 2008 – 2009, Augsburg 2010*
- ERNST & YOUNG: *Mittelstandsbarometer – January 2011. Befragungsergebnisse*. Stuttgart 2011 a
- ERNST & YOUNG: *Agenda Mittelstand. Talent Management im Mittelstand – mit innovativen Strategien gegen den Fachkräftemangel*. Stuttgart 2011b
- FESTING, M. et al.: *Internationales Personalmanagement*. 3rd edn, Wiesbaden 2011
- IES: *Deutschlandweite Unternehmensbefragung von KMU zu ihrer Einschätzung von Potenzialen und Kompetenzen von Migrantinnen und Migranten. Projektbericht*. Hannover 2010
- INSTITUT FÜR DEMOSKOPIE ALLENSBACH: *Unternehmensbefragung 1. Quartal 2011*. Cited in: *Migazin: Kaum Ausländer in den Chefetagen deutscher Unternehmen*. URL: <http://www.migazin.de/2011/08/25/kaum-auslander-in-den-chefetagen-deutscher-unternehmen/> (retrieved 1.6.2012)
- STATISTISCHES BUNDESAMT: *Bevölkerung und Erwerbstätigkeit. Bevölkerung mit Migrationshintergrund. Ergebnisse des Mikrozensus 2008. Fachserie 1, Reihe 2.2*. Wiesbaden 2010