

Hiring refugees is not just 'doing a good thing': Research shows it can also help businesses

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Credit: AI-generated image ([disclaimer](#))

The global refugee population is more than 26 million people, [according to some estimates](#). Such largescale movements of people affect many countries and have created significant interest among [business and management researchers](#) in recent years as companies try to work out

how to successfully integrate refugees into their workforces.

Many refugees are skilled professionals and can contribute to a [company](#)'s success. Companies should take steps to ensure that these new employees feel welcome, but managers should also be aware of the ways in which refugees can add even more value to their businesses.

In my role as a management scholar, I frequently encounter surprise from both friends and colleagues when I mention that my research focuses on the workplace integration of refugees. They often ask: Why should companies hire refugees?

Implicitly, these people are questioning the [economic benefits](#) to companies of employing refugees—beyond merely doing something good. My [research on refugee employment in Germany](#) (which is [home to more refugees](#) than any other high-income country at 1.2 million people) and close collaborations with practitioners in several other countries has helped me to identify how hiring refugees can also benefit companies.

This is particularly true in countries such as Canada, Germany, Japan, the UK and US, where demographic shifts and aging populations have led to labor shortages across industries. This leaves firms facing growth constraints and compromises their competitiveness. The British Chambers of Commerce has called the UK's labor shortage "[a ticking time bomb](#)."

Tackling labor shortages and skills gaps

During my research into this issue, the chief human resources officer of a German engineering company, told me during a face-to-face interview: "In recent years, we have witnessed a steady decline in applications for our vocational training program. Presently, we struggle to fill positions

and anticipate the situation worsening. This has resulted in severe economic consequences, forcing us to decline orders."

To tackle this issue of labor shortages, this company developed a specialized vocational training program for refugees, to encourage them to become employees. This is only one option for companies trying fill vacant positions, whether skilled or unskilled.

And it's not just about filling vacancies. Managers that I have interviewed tell me refugees have brought a diverse range of skills, experiences and perspectives from their home countries into their businesses. This diversity fosters an innovative and creative work environment within the company.

A German baker told me that when he had problems filling a vacant position in his bakery, he decided give a refugee a job through a regional employment agency scheme. The new hire was from Pakistan and wanted to experiment with recipes from his home country. Initially hesitant, the owner eventually encouraged his new employee to do so. Some of these recipes have since become the bakery's best-selling products, according to the owner, who has also learned new techniques from his new hire.

Refugees might also maintain connections with their home countries and regions. This can provide a business with insights into the unique characteristics of foreign markets. Such knowledge can open doors to investment and expansion opportunities in those areas.

Building a more diverse workforce

Within a company, the employment of refugees could make a workforce more diverse, which should compel a firm to rethink its approach to diversity and inclusion. This should include a thorough examination of

hiring practices, policies and workplace culture to ensure equal opportunities and feelings of inclusivity for all employees.

A more robust diversity and inclusion strategy should foster fairness, respect and collaboration across the organization. I interviewed a member of the executive team of a German bank about this, who said, "The employment of refugees acted as a catalyst, igniting discussions and prompting reflections on the way we want to engage with one another. It was an enlightening experience that revealed previously unseen blind spots in our approach to inclusivity."

Improving diversity and inclusion policies will obviously improve the experience of working at a company, but it can also enhance a business's reputation among groups including customers, investors and other potential employees. Executives I have interviewed say their efforts to make the workplace more integrated helped showcase the company's sense of [social responsibility](#) among the local community as well.

Supporting integration

But these economic benefits will not materialize automatically. Refugees often face integration challenges. This can include navigating [legal issues](#) relating to the asylum-seeking process and language barriers. They may also have educational and knowledge differences compared with local employees, and could also experience mental health struggles associated with past trauma.

When someone lacks the usual support networks to help them overcome the challenges of settling into a new workplace it can make these problems even worse. The family and friends that are typically sources of support may still be in their home countries or may not fully understand what it's like to try to build a new career in a new country.

Employers then become a crucial source of support beyond job-related issues. They need to identify refugees' needs and concentrate on capacity building to strengthen refugees' agency and [empower them in the workplace](#).

Of course, from a pure business perspective, most companies will weigh the support efforts needed to integrate a new employee against the potential benefits of hiring a [refugee](#). Companies have limited resources—time and capital that may need to be allocated to other important employee needs.

Finding the right balance could result in business benefits. These companies will not only make a positive social impact, but could also enjoy advantages such as growth, innovation and enhanced global competitiveness.

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