

For the good of the global economy

Social protection for the migrant worker

Social protection schemes have traditionally focused on the needs of domestic populations and are not designed to handle the demands of temporary and permanent worker migration and competition for talent within a globalizing workforce. As the world “flattens” and more people live and work in multiple countries during their lifetimes, governments want to provide continuous protection against social risks such as aging, labor accidents and health problems. This can be achieved through new collaborative social security approaches enabled by technology.

Over the past five years, the number of foreign-born workers has increased by more than 10 percent in almost all member countries of the Organisation for Economic Co-operation and Development (OECD).¹ The expanding population of foreign-born workers has become a major component of the labor force in many countries. Worldwide, more than 100 million individuals are working outside their countries of origin.²

Given the movement toward globalization and increased worker mobility, the IBM Institute for Business Value recently undertook a study to analyze the impact of these trends on government programs.³ We were interested in social protection, the pensions and healthcare benefits governments provide for workers and retirees – in this case, for those that have worked or are working legally in multiple countries. We found that governments

were struggling to get ahead of the curve; they were aware of the growing challenge, but they were not yet fully prepared for large-scale international worker mobility.

Even in countries where formal social protection is in place for the domestic population, there may be little to no social protection for migrant workers. And when a program is available, it has usually been designed based on historical immigration patterns, where workers take up permanent residency. Most social protection schemes are not suited to the newer migratory patterns of the 21st century that involve short stints of employment in multiple countries.

Some countries have established bilateral and multilateral social security agreements in an effort to protect migrant workers. However, operationalizing these agreements is difficult because of fundamental differences in social

protection concepts, terminology and practices among nations and the sheer number of organizations involved in administering these programs. And according to many of the government leaders we interviewed as part of our research, this growing complexity has led to service quality problems and higher administration costs.

Ultimately, we believe the long-term answer lies in an international clearinghouse of sorts, one designed to service the social protection needs of the internationally mobile 21st century worker. The emergence of Internet-based communication protocols and standards makes it possible for social security organizations to begin to manage globally based business processes. An international clearinghouse could eliminate the need for country-to-country (point-to-point) communication and processes, improving the quality of service for migrants. The visibility and efficiency of such an operation could even encourage countries that currently offer no protection for migrants to step up and meet the minimum standards.

But a clearinghouse type of solution may take several years to establish and will require significant international collaboration. We expect nations will evolve over time, from national approaches to bilateral and multilateral ones and, eventually, to a supranational solution (see Figure).



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Social protection models.

Number of involved countries	National	Optimization within one country – Automation of claiming and other operational processes
	Bilateral	Electronic data exchange and integration between two countries – standards based
	Multilateral	Group of countries define common standards and procedures for collaboration – standards based
	Supranational	Global standards and procedures concentrated in a "supranational clearinghouse"

Source: IBM Institute for Business Value.

In the interim, governments can take steps now that improve social protection within their own nations and work with other countries on multinational approaches that lay the groundwork for an eventual supranational solution. The relevance of each action depends on each individual nation's current state and its overall international social agreement strategy. These actions include:

- Increase the degree of automation.
- Align domestic labor market, immigration and social protection policies.
- Integrate with partner countries.
- Focus on managing risk, fraud and compliance.

- Adopt data, document and processing standards.

Conclusion

Social protection of the migrant worker is by definition an international challenge. However, nations can take action on their own to improve the efficiency of present-day program administration and provide a foundation for establishing a supranational solution in the future. Governments that do so are positioning their countries for greater success in our globally integrated economy – and at the same time protecting one of the most vulnerable groups in society, migrant workers.

How can IBM help?

- The IBM Global Social Segment practice specializes in the key social services functions of governments, including the role of migrant workers. It understands how to increase automation, alignment of processes with missions, about managing fraud and compliance, and the role of information. Additionally, it has global competences in Integrated Case Management (ICM) and Shared Services.

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- ² World Migration 2005: Costs and benefits of international migration. International Organization for Migration, World Migration Report Series, Vol. 3. Geneva: United Nations Publications, 2005.
- ³ Interviews with social protection agencies were conducted in Germany, France, the United Kingdom, Japan, Canada and Australia. Secondary research was conducted across a broad range of countries.