

# What companies can do to encourage labor mobility

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**With one of the lowest mobility rates for workers, here are some practical ways that Spanish companies can encourage workers to budge.**

Workers living in areas with low employment have two choices: stay put and add to unemployment numbers, or move to areas offering more jobs. If more workers moved, companies' productivity and the economy in general would increase without inflationary pressures: first, because there would be no upward pressure on salaries; and second, because more people working leads to an increase in overall demand and GDP.

If that can happen at the local level, the same thing applies on a grander scale. The globalization of business means that factories in rich countries are being relocated abroad in search of cheaper labor, which forces many workers to look for new jobs. Spanish businesses, in particular, are increasingly looking to international markets and need to move their human capital to the countries where they are becoming established.

Labor mobility presents a solution, since it is easier to find a job in a region or sector in expansion. Unfortunately, people appear reluctant to change their place of residence to look for work - particularly in Spain. How else to explain the average unemployment rate of 14 percent in Andalucia, climbing to a rate of 45 percent for temporary employment, while the rates remain much lower in Madrid (6.4 percent) and Catalonia (6.6 percent)? An even greater cause for concern is youth unemployment, which ranges between 14 percent and 25 percent depending on the region.

This is the backdrop for the study "[La movilidad geográfica en la empresa: un análisis para España](#)" ("Geographic Mobility in Companies"), which reviews the current situation in both Europe and Spain and presents the inhibitors and drivers of mobility. The IESE authors - [José Ramón Pin](#), Pilar García Lombardía, Ángela Gallifa, Miguel Quintanilla and Lourdes Susaeta - analyze how geographic mobility in companies can be improved, and they describe its potential benefits. To enhance business competitiveness, it is essential to have competent staff in all geographic areas, they say.

## **Europe: A single market?**

One in three Europeans has moved to another region in his or her lifetime. Most have done so within their own country, while 12 percent have taken part in a training program abroad. Indeed, training is a relevant factor in terms of mobility and is more common among the more highly qualified.

At the other extreme are those who are less qualified, along with older people and women. They are not the only ones reluctant to move, however, since the majority of Europeans say they have no intention of moving in the future, essentially because they are satisfied with their place of residence.

While Europeans generally support freedom of movement among E.U. countries, they also recognize there are obstacles to overcome. The most commonly cited difficulties are languages, cultural differences and the difficulty of accessing social services and getting their qualifications recognized.

## **Spain: lights and shadows**

Spain is the country with the third largest drop in unemployment in the E.U., from 15 percent in the mid-1990s to 9.2 percent in 2008, according to Eurostat. But there are other problems that, unless they are tackled, may cancel out the progress made to date. One is the rate of female unemployment: although it has improved, the number of women out of work is still double that of men.

Mobility in Spain is much less developed than in other E.U. countries. The authors report a situation becoming increasingly common: companies in certain parts of Spain cannot find the workers they need, while other regions suffer rising unemployment rates.

Consequently, within the same country, there are unemployment rates as disparate as 18.98

percent in Extremadura and 6.3 percent in Aragón. These imbalances between supply and demand do not occur only between autonomous communities, but also in local markets.

Furthermore, for the first time in five years, the rate of mobility fell slightly in 2007. Those who do decide to move travel mostly from Cádiz, Seville and Córdoba to Madrid, Barcelona and Málaga. They are usually men between the ages of 25 and 34, who either have higher education or have not completed secondary education, and many work in the agricultural and service sectors.

## **Why move?**

Mobility almost always leads to a promotion and better economic conditions for the worker. In addition to higher earnings, the company usually makes an effort to accommodate expatriates and their families in the best possible way.

Mobility is also a good personal experience for the worker. Discovering new cultures and realities broadens the mind, giving a new outlook. It is a personal gain for employees, and something companies would lose out on if they decide to let them go. But that does not mean companies have nothing to gain.

Companies that are expanding beyond their borders need workers who are able to move. Starting a project in a new region is always safer if the new venture is led by experienced employees. Mobility is also a key element in knowledge management, especially in global organizations. Having a certain proportion of employees who are willing to move makes the company much more flexible and adaptable to market conditions.

## **Inhibitors and drivers**

The advantages are clear, but companies must also take certain risks into account when offering this option. Moving may lead to the employee's cultural, family or social displacement. A transfer to another country can lead to a feeling of uprootedness and problems for the employee's family. The spouse's career may be jeopardized, and if they have children, they may have difficulties changing from one education system to another, particularly if they have to learn a new language.

The issue of language is crucial for mobility and is one of the most important inhibitors, along with a close-minded or "localist" attitude. This derives from the fact that the Spanish education system has not yet developed a universal approach.

Another basic issue is the return home. If employees are unsure when and on what terms they will return to the country or region of origin, they will be much more reluctant to move.

But apart from ensuring these terms, what else can companies do to encourage mobility?

The first step is to generate a positive attitude toward moving. This involves setting up fluid communications to avoid the sensation of being isolated in the destination country and establishing exchange programs to encourage cultural diversity.

The Spanish utility company Endesa, for example, offers an international development program for graduates with five years' experience. Sometimes it's not even necessary to go abroad: The NH Hoteles chain gives its employees 12 months' training at various hotel locations around Spain.

A company must facilitate integration by introducing expatriates into local social networks and offering support on taxation issues. Support for the family can be active: Ikea hires an outplacement service for employees' spouses, and Danone assigns an annual travel allowance for them to visit their country of origin. American Express, meanwhile, offers financial assistance for children's schooling.

The most obvious factors must also be considered: the more promotions and financial incentives associated with moving, the better. Likewise, the company must promote local language learning among its employees.

## **Governments have a role to play**

Workers and companies are the main players, but governments and trade unions also have an important role.

Local government bodies could do a lot more to support mobility. To begin with, they must solve the problem of accessing affordable housing and should work to improve language learning.

Trade unions should negotiate collective agreements that help rather than hinder mobility. In fighting to protect the right of employees to stay in their place of residence, unions can go too far the other way and actually encourage an attitude of immobility, which in the long run is against the employees' own interests.

How adeptly governments, trade unions, companies and workers are able to handle these

associated issues surrounding mobility will have a heavy bearing on the future of the Spanish employment market, insist the authors.

Unemployment rates can be improved by being more flexible and open, as much as through increased productivity. With corporate social responsibility inching its way onto everyone's business agenda, encouraging mobility is not merely a macroeconomic problem, but a social necessity, the authors conclude.

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