



Doctoral School of Regional and Business  
Administration Sciences

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**Integration of labour migrants into SMEs**

Doctoral dissertation

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Győr, 2021

## **1. Introduction**

I come from the industrial background; I am leading a multinational SME size family business working in the engineering consultancy sector. As a manager I successfully integrated labour migrants into my own firm. I was speculating if the concepts I applied in my firm can be conceptualized in order for others to benefit from.

### **Background**

The starting point for my research was originated from the idea that in a globalized world the integration of employees from different cultural origin is a must. Based on my own experience as an employer I knew that it carries significant challenges. Globalization enables mobility. Mobility of the labour market is in positive correlation with competitiveness both for employees and employers (Kollár et al, 2017). Translated into the discipline of entrepreneurship for an employer, foreign employees could be more effective in the fulfilment of certain tasks. For the employees this means a) great selection of opportunities to earn more or b) apply for jobs that are not available at home. I am aware, that

recent shocks countered globalization. I however see that despite the recent COVID pandemic globalization has not tumbled only the playing field has transformed.

Labour migrant is an employee, who is working outside of the country he or she was born. This research focuses only on voluntary migration based on economic considerations of the subjects. The research does not consider migration caused by political, humanitarian or any other non-voluntary aspects.

Demographic stability is a crucial pillar for labor markets. Europe is stricken by a decline respectively: the native population is aging, and the median age is rising (Eurostat, 2020). The result is labour shortage. However, parallel to the shortage in quantity, employers demand for higher level of qualifications is going to rise as well due to automation and robotization. Old generations hardly meet this criterion. Central and Eastern Europe (CEE) suffers as qualified labour force moves to the west driven by higher income prospective and supported by the free movement within the Schengen Area, frequently referred as brain drain (Hazans, 2013). The gap in labour force in the sending countries will be filled by labour

migrant workers coming from the developing-industrializing world, basically Asia and Africa (Bite et al, 2020).

My dissertation focuses on small- and medium-sized enterprises (SME) as they are essential pillars for domestic economies in Europe, especially in CEE. (Ocloo et al, 2014). One of the benefits of globalization on businesses is open foreign markets, free movement and integration of highly skilled labour force. Unfortunately, SMEs are extremely vulnerable to that process. (Wafa et al, 2005). Wade (2003) claimed that globalization is greatly dependent on the practice of large multinational companies.

Globalization for SMEs comes together with the development of strategic level networks and the composition of these structures is more spread geographically and more variable through diversity. Diversity in business in this regard means integration of employees from different origin, culture, religion etc. This dissertation adds to proper integration-oriented plans as the anticipated newcomers are likely to originate

from outside the European-Christian civilization and culture.

### **Literature review**

Reviewing the literature is a learning process on its own however it has a further vital function that is the separation of issues into two groups (vom Brocke et al, 2009). First, already answered questions– what we know so far – to avoid redundancy and superfluous work (Rowe, 2014). Second, discovering and asking unanswered questions, flashing lights to gaps.

During literature review the first task is the definition of the scope (Vom Brockre et al, 2009). My research scope is labour migration. The second task is the definition of the “mindset”, which in cross-cultural discipline, sociology, or other human studies is choosing a paradigm or taking a philosophical stance (Romani et al, 2018). Both the paradigm and the scope designate a framework for the data collection procedure and analysis. In my dissertation the paradigm is the inclusion, integration of labour migrants.

The main problem I faced during the research is, that existing data about labour migration in CEE is rare

compared to regions, like Western-Europe, USA or China. A further difficulty is the absence of longitudinal focused researches. Derived further from history of this region: human studies were greatly neglected – prohibited to practice – during the socialist era (Szokolszky, 2016). The number of qualitative researches has started to increase only around the millennium (Rennie et al, 2000). Qualitative researches are subjective, therefore self-reflexivity of the actor – declaration of the paradigm – is a guiding framework when it comes to the interpretation of the purposes, questions and findings as well (Morrow, 2005; Gale, 1993). Clarification of the paradigmatic approach is missing from many papers yet as pointed out by Ponterotto (2005). In cross-cultural management the positivist paradigm is dominating the contemporary research agenda.

## **Problem areas**

The main scope of my research was to gain insight over the subjects of migrant labour force integration and

cross-cultural management and build a thesis on the integration of labour migrants into SMEs.

I narrowed down the research into three main fields. First is the observation of the problem on organizational level. The organizational level is the root of the problem and the starting point. The whole research started with an observation in my own multinational SME. The goal was to conceptualize the research.

The second problem area is the observation on social level. I was curious if the problem I discovered in my organization is valid for a greater extent of the working population. I arrived to my first assumption (thesis): labour migration effect every business in CEE.

I knew that it was not possible (time and money constrain) to conduct data collection on social level. Furthermore, during the literature review process, I became aware, that there is a significant gap in the literature on this topic and CEE as a region. How to overcome this? I decided to search for existing global statistical data on migration and look for existing literature in the field of cross-cultural management and integration. Then interpreted the results for CEE.

The third problem and the second research question arose on the personal level. To further justify the research, we carried out a personal-level inquiry. The scope of this research was to find out, what makes a good employer, what factors, value proposition seems appealing for a specific type of employee, what makes them apply to the sample firm and how can this be translated from native to labour migrant employees. Based on the literature review I formulated the following main research question:

**RQ<sub>0</sub>: Is inclusiveness the main task in the integration of labour migrants into SMEs?**

The research questions, the methods and the findings are grouped into five pillars and sub-questions and examined in detail in the dissertation.

The **first pillar** is based on an organizational survey and contains **sub-questions (RQ<sub>1</sub>)** in the research field of **integration: Why do employees decide to leave the company? What steps and procedures have to be taken towards a successful integration? How to measure the success of integration?** The research of the first pillar can be found in the first paper (Chapter 2): “A



possible tool to integrate employees of different origins into a Small Family Business”.

The **second pillar** is based on a broader social level and contains **sub-question (RQ<sub>2</sub>)** in the research field of **migration: What are the main notions and results of European migration along with potential future trends?** The research of the second pillar can be found in the second paper (Chapter 3): “The concept of labour migration from the perspective of Central and Eastern Europe”.

The **third pillar** is based on a personal level study and contains **sub-questions (RQ<sub>3</sub>)** in the field of the **employer: How SFFs are perceived by the public? What exclusive characteristics feature them in order to differentiate them from their competitors in the eyes’ of the potential workers?** The research of the third pillar is found in the third paper (Chapter 4): “Employer branding concept for small- and medium-sized family firms” (SFF).

The **fourth pillar** is based on a personal level study and contains **sub-question (RQ<sub>4</sub>)** in the field of **expectations: What expectations and desires are posed**

**by our benchmarked employee toward his chosen workplace and employer?** The research of the fourth pillar can be found in the third paper (Chapter 4), too: “Employer branding concept for small- and medium-sized family firms” (SFF).

The **fifth** and the most complex pillar in terms of publications are based on three inter-personal level studies. The fifth pillar provides the final link, and consists of **sub-questions (RQ<sub>5</sub>)** in the field of **relationship: How to achieve cognitive trust in an SME size family business between family member and labour migrant employee? Do inclusive workplaces correlate with lower employee turnover intentions, greater job satisfaction and higher performance? Can “action-based” integration-oriented models be developed? How can we test these theories in practice? How can people balance between the feeling of uniqueness – distinctiveness from their community – and that of belongingness – being recognized by the community as a member?** The complexity of the fifth pillar is given by the fact that it is built up by three different publications. Paper 4 (Chapter 5) “The concept

of trust when integrating labour migrants into small family businesses”. Paper 5 (Chapter 6) “The attributes and elements of the integration of labour migrants in practice”. Paper 6 (Chapter 7) “Diversity in business with the integration of labour migrants”

The papers themselves may contain other questions as well, however, the scope of my dissertation is to address the main research question  $RQ_0$  by presenting and highlighting the connections among the answers to  $RQ_1$  to  $RQ_5$ . The research questions are answered within the articles in chapter 2 – 7. I present recommendations for research methodology to analyse the aspects of labour integration, organizational culture and inclusiveness in CEE.

## **2. Approach and methodology**

The research as described in this dissertation was conducted in Hungary. I selected a method to fulfil the following criteria: a) fit to the scope of the research b) achieve the greatest possible contribution to the current knowledge.

I have proven that the grounded theory building (Strauss & Corbin, 1990) method is applicable for this research. “Grounded theory is a systematic methodology in the social sciences involving the construction of theories through methodical gathering and analysis of data.” According to the grounded theory the research begins with a question, and the collection of qualitative data. Based on the evaluation, the collected data is grouped into concepts, and then into categories. Concluding the categories will be the basis for the new theory.

Grounded theory furthermore is an interpretivist or postmodern methodology. Why is it then called “grounded” theory? As the name of the paradigm suggests, this method is heavily dependent on the individual sense-making of the subject. The ground is the prior knowledge of the researcher, which is usually more than a literature review; this ground is usually built up by a long track record in the designated discipline. In my case it was my own experience as entrepreneur.

In social researches, where humans are the subjects there is no false or true. Properly observing and understanding humans is difficult and theories are never 100% valid, the

“it depends” effect is always considerable. One has to accept, that humans and circumstances change constantly and could (re)act differently in various situations. Circumstances have crucial impact on the item under scrutiny; therefore testing theories requires the establishment of nearly the same conditions they were built upon. This difficulty in building theories in human sciences suggests that theories must be handled with reservations and regularly reinvestigated.

In order to scientifically analyse labour migrant integration in CEE, a mixed methodological approach is adequate. I defined as suitable method meta-data analysis and in-depth literature review to justify the research scope; the RQs are examined with semi-structured interviews according to the grounded theory building method.

### **3. Papers included and contribution**

The research journey took me from an organizational discovery to global perspective, first defining the research question on the social and organizational level and building and proving a hypothesis with very personal and subtle investigation, involving even the individuals’

subconscious. We are talking about multiple methods, when we draw data from more than one source and apply more types of analysis (Creswell & Clark, 2007).

In the paper “A possible tool to integrate employees of different origins into a Small Family Business: Case-based conceptual paper” (Bite & Konczos-Szombathelyi, 2020b) we conducted an observational study on the organizational level, using quantitative tools. An index – the yearly voluntarily employee turnover (YVET) – was developed in order to measure the success of the employee integration efforts. My organization serves with insights into the nature, possible instruments, methods and the outcomes of successful labor migrant integration. The analysis concluded hard figures and deducted, that the proposed differentiated career development plan, the company had implemented, successfully facilitated the integration both native and labour migrant employees. This was the starting point of the research, the findings were justified with qualitative interviews, which confirmed the conclusion, that the career development is a successful tool if integration. This publication laid down the basics, and the research

continued with meta-data analysis and more profound qualitative investigations.

The paper “The concept of labour migration from the perspective of Central and Eastern Europe” (Bite, Konczos-Szombathelyi & Vasa, 2020) was straight to the point: the problem (integration of labour migrants) is a general one, which affects others. The study was continued on a broader social level.

We derived from the collected statistical data, that Hungary is one of the most excessively affected countries by labour migration among the Central and Eastern European ones. We concluded that former migratory patterns and their explanations cannot explain the current trend to a sufficient extent (e. g. Dustman et al, 2003).

The answer to the first research question was a) labour migration in its current form is a general phenomenon, that affects or will soon affect almost every business in the region b) the topic is under-researched and its worth further detailed investigation.

In the paper “Employer branding concept for small- and medium-sized family firms” (Bite & Konczos-Szombathelyi, 2020a) we carried out a personal-level

inquiry. A secondary conclusion from the previous research on social level was; that in contemporary labour market conditions employees are in a more favourable position than the employers. We explained this fact with the aging population and the large number of emigrated workforces. The scope of this research was to find out, what makes a good employer, what factors, value proposition seems appealing for a specific type of employee, what makes them apply to the sample firm and how can this be translated from native to labor migrant employees. The method applied was qualitative secondary data evaluation; the result was an employer branding concept. The concept is founded on two pillars: motivational factors of the model employee and public associations –anticipated value propositions - about the model firm. The model was derived from an SME in the technology sector and the model employee was a young adult person (we called him Jaden). The second research question was what makes Jaden go to work for this company and how can we make use of the results on a wider range.



At personal level, regarding motivational factors, we basically talk about economic drives that are easy to grasp and articulate. But neither integration, job satisfaction (Acquavita et al, 2009), culture (Wasserman et al, 2008), neither feeling of inclusion or exclusion are (Mor Barak, 2015) one of them. The research continued with three conference paper publications. I collected existing knowledge supplemented with up-to-date statistical data regarding general migration, integration and cross-cultural management and presented it on the 52<sup>nd</sup> International Scientific Conference on Economic and Social Development in Porto.

Labour migration has to be under constant and close scrutiny now and in the near future. The method was first published in a conference paper in 2020 (51<sup>st</sup> International Scientific Conference on Economic and Social Development in Budapest). The articles published present the concepts of trust and inclusiveness transformed into the cross-cultural management field they define the answer for the third and fourth research question. The literature is prolific, yet qualitative and subjective researches are underrepresented in the field of

diversity and the associated cross-cultural management discipline (Primecz et al, 2009). The method based on the grounded theory approach we used was an own-developed questionnaire. During in-depth interviews the researcher has room for unconscious non-verbal communication beyond mere speaking. The method selection justified hypothesis 3 and 4. I did conclude from a wider pool of information. The ten questions as published in the conference paper in 2020 (58<sup>th</sup> International Scientific Conference on Economic and Social Development in Budapest) where the same for all interviews. Each question indirectly asks on a cited integration theory. The results are contextualized in the interviewees' cultural mind-sets. The used theories provide practical insights into the attributes and elements of integration through the eyes of employees, who are from diverse cultural background. Each interview served with unique findings; our final and general consequence is that, more "included" workers, that is to say successfully integrated ones, are more satisfied, committed and hard-working. This justifies hypothesis 2.

#### **4. Concluding remarks**

During my years of research, I have studied **labour migration and cross-cultural management**. Labour migration is a complex phenomenon, with many aspects. In my dissertation - as one of the main novelties - I have proven **that the notions related to labour migration are persistent and the integration of labour migrants is a challenge which every business in the CEE countries, especially in Hungary, sooner or later will face.**

For human studies, qualitative tools are more suitable, they provide more room for individual sense-makings. Furthermore, if we lack theories regarding a specific field, first we must invent them, that can be achieved by theory development, qualitative induction.

I have proven grounded theory as suitable that fulfils the requirements of application respectively. In my research I was dealing with the personal feelings, experiences, perceptions and attitudes of the affected people (involved in labour migration and participating in the research), and how it contributes to the comprehension of integration for the outsiders.

In my research I applied - as best practice in this sense – of in-depth interviewing. During the conversations, I was looking for similarities and patterns in the answers of the subjects. I considered similarities or repetition of “codes”, as not accidental, therefore, confirmation of the “results”. In grounded theory the empirical data is always superior to the abstract, theoretical basis.

I concluded that the success of integration is not just about work performance and turnover, but job satisfaction and emotional wellbeing as well. “Understanding what is going on” is not imaginable under the present circumstances without examining personal impressions and collecting first-hand knowledge.

I concluded that the success of integration is not just about work performance and turnover, but job satisfaction and emotional wellbeing as well. “Understanding what is going on” is not imaginable under the present circumstances without examining personal impressions and collecting first-hand knowledge. **My research ended with the novelty of the**

**definition of inclusion being the main task in the integration of labour migrant employees.**

Based on my research, inclusiveness is a subtler and more complete level of integration. While reviewing the related literature, I further concluded that inclusiveness is an under researched tenet.

Inclusiveness per definition is a softer more emotion-based integration where not only agreement but an open-minded attitude is needed. This gives the connection between RQ<sub>1</sub>-RQ<sub>3</sub>-RQ<sub>4</sub>-RQ<sub>5</sub>. This open-minded attitude is what JADEN is looking for and one of the attitudes of SMEs. Whereas RQ<sub>2</sub> reflects on the whole phenomenon of labour migration and justifies the actuality of the research.

Future research could add on to this work with extending the interviews in a more specific cultural background. The questionnaire and the detailed description of the research were published and are open for the followers to repeat. My research considered every labour migrant as foreigner, however when increasing the number of subjects, conclusion and generalization could be given in regard of their origin. I will close my dissertation and

open the question: is there a difference in the attitude towards inclusion between different labour migrants based on country of birth, culture or religion?

### **Author's publication on the topic**

1. Bite, P., & Konczos-Szombathelyi, M. A possible tool to integrate employees of different origins into a Small Family Business: Case-based conceptual paper Working paper (Bite & Konczos-Szombathelyi, 2020b)
2. Bite, P., Konczos-Szombathelyi, M., & Vasa, L. (2020). The concept of labour migration from the perspective of Central and Eastern Europe. *Economics and Sociology*, 13(1), 197-216. doi: 10.14254/2071-789X.2020/13-1/13 (Bite, Konczos-Szombathelyi & Vasa, 2020)
3. Bite, P., & Konczos-Szombathelyi, M. (2020a). Employer branding concept for small- and medium-sized family firms. *Journal of International Studies*, 13(3), 143-160. doi:10.14254/2071-8330.2020/13-3/10 (Bite & Konczos-Szombathelyi, 2020a)
4. Bite P., Konczos-Szombathelyi M., & Baracska Z. (2020). The concept of trust when integrating labour migrants into small family businesses. 51st International Scientific Conference on Economic and Social Development: Book of Proceedings Rabat,

Morocco, pp. 357-364. (Bite, Konczos-Szombathelyi & Baracska, 2020)

5. Bite P., Konczos-Szombathelyi M., & Gálos K. (2020a). The attributes and elements of the integration of labour migrants in practice. 52nd International Scientific Conference on Economic and Social Development Porto, Portugal: Book of Proceedings pp. 441-449. (Bite, Konczos-Szombathelyi & Gálos 2020a)
6. Bite P., Konczos-Szombathelyi M., & Gálos K. (2020b). Diversity in business with the integration of labour migrants. 58th International Scientific Conference on Economic and Social Development Budapest, Hungary: Book of Proceedings pp. 222-237. (Bite, Konczos-Szombathelyi & Gálos 2020b)

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