Ensuring the Triple Win of Labor Migration in Asia

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Key points
- Labor migration reduces structural imbalances in regional and global labor markets.
- Migrants find jobs not available at home or earn higher wages.
- Receiving countries fill vacancies and reduce skill deficits.
- Institutions in origin and destination countries are designed to facilitate efficient job matching and to protect workers.
- However, inadequate enforcement of worker protection results in the abuse of workers in some destinations.

Labor migration is a large and growing phenomenon in Asia as workers in origin countries seek better paying jobs and employers in destination countries endeavor to fill employment gaps. Domestic policies and bilateral agreements are necessary to support efficient job matching, eliminate abuses in the recruitment process, and protect the rights of workers abroad.

Labor migration in Asia

Nearly 1.4 million Filipinos migrated abroad for work in 2013. The outflow from other Asian countries is lower but still substantial: over 0.6 million from both India and Pakistan and over 0.5 million from Nepal (Hervé 2015).1 These workers move from poorer labor-surplus countries to wealthier labor-deficit economies. They are motivated by better job opportunities and higher wages and, for some, the chance to begin a new life as citizens of a new country. Wealthier countries, for their part, seek to attract workers to fill employment gaps—either high-skilled workers who add to the human capital pool or low-skilled workers who fill jobs that are unattractive to local workers. When the remittances sent back are factored in, labor migration creates the so-called “triple win” with benefits for sending countries, receiving countries, and the workers themselves.

The policies needed to generate benefits were discussed at the 5th ADBI–OECD–ILO Roundtable on Labor Migration: Building Effective Structures and Institutions for Migration Governance. The event took place on 28–30 January 2015 in Shanghai, People’s Republic of China (PRC), with participants from 15 economies. Key issues and policy suggestions arising from the discussion form the basis of the analysis below.

Temporary nature of migration

Most Asian labor migration is temporary, lasting from a few months to several years. Migrants do not settle and become citizens, but work as foreigners and leave when their contracts are completed. Governments in sending and receiving countries have designed a range of policies, institutions, and bilateral agreements in an attempt to protect their citizens both in the process of migration and at the foreign workplace. Despite these arrangements, many problems and abuses continue to occur and require renewed policy action.

5th ADBI-OECD-ILO Roundtable on Labor Migration in Asia: Building Effective Structures and Institutions for Migration Governance

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Migration from Asia to high-income economies such as the United States and Europe is less likely to be temporary and is more likely to involve permanent settlement. In such cases, the arrangements are less complex because immigrants become new citizens who are fully protected by domestic labor laws and are no longer the responsibility of the origin country.

“Despite arrangements between sending and receiving countries, many problems and abuses continue to occur and require renewed policy action”

The key policy roles for government focus on (i) the recruitment function of organizing a fair and efficient system to transfer workers between countries; and (ii) the protection function of ensuring that migrants are able to work in the jobs they were offered, with decent wages and working conditions.

Recruitment: Ensuring an efficient flow of workers

Workers migrate through a variety of channels and institutional arrangements. Governments may take a commanding role in both the sending and receiving country, but migration often occurs through private recruitment agencies (and subagencies, brokers, or sponsors) or with the aid of social networks of family and friends (ILO 2015). In Asia, recruitment tends to take place through one of the following channels: (i) direct government-to-government (G2G) schemes; (ii) private agencies or agents that are regulated and offer a legal channel; (iii) illegal channels that often involve unlicensed recruiters, sponsors, or brokers; (iv) directly by employers or through internet portals; or (v) government programs promoting the recruitment of foreign students and national returnees. Those who identify a job vacancy through social networks then often migrate through one of these channels.

G2G approach: Governments in sending and receiving countries can manage the migration process themselves and avoid the use of private recruiters. A worker applies to a government agency in his or her country for a job that an employer has registered with a government agency in another country. Working under a bilateral agreement, the two agencies match the worker to the vacancy. The intermediary is cut out of the process.

The Republic of Korea has a well-managed Employment Permit System (EPS) based on the G2G model. It was set up in 2004 and gradually replaced the Industrial Trainee System of 1993 which had resulted in irregularities in the sending process and many illegal stays. Illegal stays dropped from 80% in 2003 under the old system to 16% in 2014 under the new system. The Republic of Korea has 15 bilateral agreements with sending countries based on this system (Government of the Republic of Korea 2015).

Use of private recruiters: More commonly, private recruiters provide the channel through which workers are matched to vacancies. Some are large companies with a good track record of ethical recruitment practices. Others are small or medium-sized enterprises that are also formally licensed. In addition, a range of unlicensed or unregistered recruitment agencies, operators, subagents, and brokers also exist. As profit-making businesses, some
recruitment companies cannot resist the temptation to engage in abusive practices, notably in charging high fees and not delivering the worker to the promised job. These practices can be tackled through effective regulation of recruiters. Governments may also decide to shift to a G2G model and reduce the use of recruiters.

The Philippines is a major origin country and has developed an effective system to manage recruiters (Fig. 1). The Philippines Overseas Employment Administration (POEA) is responsible for registering and licensing recruitment agencies (Lanto 2015). Unlicensed recruiters cannot participate in the migration process. POEA screens the qualifications of the agency’s owners and operators, ensures the agency is adequately capitalized, and assesses the agency’s performance. An agency not abiding by regulations or engaging in unscrupulous practices can be penalized and ultimately disqualified through the suspension or cancellation of its license. POEA also monitors the charging of placement fees on workers. The Philippines prohibits the charging of a placement fee for domestic (i.e., household) workers and for workers bound for countries in which placement fees are officially prohibited. However, effective enforcement of these regulations remains a challenge.

Illegal channels and unlicensed recruiters: Undocumented migration poses a more difficult problem for policymakers. By its very nature, it involves the illegal migration and employment of workers. These migrants are not protected by labor law and their recruiters are unregulated. Combating illegal migration is not easy, especially between adjacent countries with porous borders. There are three main policy interventions that can help. First, workers can be educated in sending countries on the benefits of legal migration and the dangers of going the illegal route. Government agencies in sending countries can—and do—provide such instruction in predeparture seminars, although by this stage workers have normally already decided to use the legal route. However, it may prevent them from using illegal recruiters or remaining illegally in the country after contract expiry. Second, governments can provide migration procedures that are clear, straightforward, and affordable, thus increasing the benefit of taking the legal route. And third, receiving countries can undertake periodic regularization or amnesty campaigns to legalize the status of illegal workers. Thailand began such a “national verification” program in 2010. The number of illegal migrants was officially estimated at 1.27 million in 2011, with all but 2% from the three neighboring countries of Cambodia, the Lao People’s Democratic Republic, and Myanmar. That number dropped substantially as workers entered the verification process. In late 2014, an estimated 1.6 million workers and 92,000 dependents were undergoing verification (Rojananan and Bamrungsuk 2015).

Fig. 1 Flows of workers to ASEAN countries by origin and destination, 2012–2013

And third, receiving countries can...
Private employers and internet portals: Employers can also recruit directly themselves without the use of recruiters. Once a worker is identified, arrangements can be made for the worker to obtain the necessary employment visa. The internet has become a powerful tool for recruitment as vacancies can be advertised and viewed around the globe. To ensure that workers are being recruited by reputable employers, the latter can be accredited by the labor attaché at the embassy of the sending country.

Recruiting skilled talent (students, professionals, and returnees): Many countries seek to attract high-skilled talent, including foreign students already living in the country (Fig. 2) and its own citizens who have gone abroad and are encouraged to return. These groups have good skills and knowledge and can contribute to the talent of the receiving country. In the case of returning nationals, their move back is an effort to reverse the brain drain. Foreign students are a good source of talent because they know the country already and may have acquired local language skills. There is no travel cost for them to stay and the migration procedure may be simpler in that it only involves changing their status from student to worker.

Governments actively encourage migration from these talent pools. In recent years, Japan has sought to attract more foreign students and encourage them, along with other foreign professionals, to stay and find work in Japan. The Plan for 300,000 Exchange Students was launched in 2008 with the goal of reaching its target by 2020. There has been some success in the early stages with the number of foreign university students increasing from 124,000 when the plan was launched to 136,000 by 2013. Students are encouraged to apply for jobs near the time of graduation. To help them, the government has established Employment Service Centers for Foreigners which list vacancies and provide assistance in applying for jobs. The centers are linked with the national network of public employment offices. The government has also appointed international student coordinators, each of whom focuses on attracting students from a specific region of the world. Center officials also make frequent visits to campuses in Japan to discuss job prospects and procedures with foreigners (Government of Japan 2015).

Taipei, China is also keen to attract and retain highly-skilled foreigners (Lin 2015). Its three-pronged strategy includes relaxing salary restrictions for foreigners, providing access to high-level research and development (R&D) opportunities, and targeting foreign students at its universities. There were 33,000 foreign students in 2013, more than half of whom were overseas Chinese and many of the others were studying at Mandarin centers. A points system was introduced in mid-2014, along with eased documentation requirements, to encourage foreign students to stay. A total of 70 points are needed to qualify for work and already 30 points are given for those who hold a doctorate and 20 points for those with a master’s degree.

**Fig. 2 Number of foreign students enrolled in the world and Asia**

**Worldwide (million)**

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The PRC is encouraging the return of citizens who have gone overseas to study and work. This effort to reverse the perceived brain drain was begun with the Thousand Talents Program in 2008, which targeted highly educated scientists, academicians, and businesspeople with job offers and incentives. Subsequent programs have sought to also attract young people and non-Chinese, such as the Thousand Young Talents Program (2010), the Thousand Foreign Experts Program (2011), the Special Talent Zone (2011), and the enlarged Ten Thousand Talent Plan (2012). Many senior academicians are returnees from overseas study, including 81% of those at the Chinese Academy of Sciences and 54% at the Chinese Academy of Engineering (Wang 2013). The majority of heads of medical schools and top quality hospitals are returnees.

**Ensuring decent working conditions**

Poor working conditions are not uncommon for migrants and are highlighted by two recent high-profile cases. One involves migrants constructing stadiums for the 2022 FIFA World Cup, an international football tournament to be held in Qatar. Nepalese workers were reported to be dying at the rate of one every 2 days in 2014, mostly as a result of cardiac arrest that some attribute to working long hours in 50-degree heat (Guardian 2014). Indian and Bangladeshi workers have also suffered from these conditions. Many workers are also not paid on a monthly basis. The other case concerns Erwiana Sulistyaningsih, an Indonesian domestic worker in Hong Kong, China who was severely beaten by her employer. The employer was subsequently convicted on 18 charges including causing grievous bodily harm, criminal intimidation, and nonpayment of wages (Guardian 2015). While this is an extreme case, it has highlighted the plight of other domestic workers in Asia.

The maltreatment of workers can take various forms. One problem is the withholding of documents, notably passports, by the employer. This gives the employer the opportunity to mistreat the worker in other ways because the worker does not have the option to flee. Other common problems are excessive length of the workday, lack of a weekly rest day, lack of movement outside the home on nonwork days, lower wages than promised (and below the official minimum wage), verbal and physical abuse, and no or restricted trade union rights. In many cases, the practices infringe domestic labor laws. Regulation and enforcement in the country of employment and bilateral agreements can reduce the occurrence of these transgressions.

**Predeparture preparation:** Given the large number of Asians migrating abroad (Fig. 3), several measures can be taken prior to departure to increase the likelihood that workers will have a good work experience. Information seminars, provided by the government in sending countries, inform workers of their rights and how to seek redress. In addition, employment contracts...
can be screened by the government’s overseas migrant employment agency to ensure that it contains the full protections in the employer–employee relationship. Some governments provide model contracts and encourage their use. Finally, government agencies in sending countries can track employers who are the subject of major complaints by returning workers. And potential migrants can be discouraged from accepting employment with them. The worst offenders can be blacklisted.

Adequate labor laws in receiving countries: Workers are best protected by adequate labor laws and regulations in receiving countries. It is necessary that these laws apply to foreign workers. While legal migrants are generally protected by domestic laws, this is not always the case. Some countries have made specific efforts to ensure that all workers receive protection. For example, Thailand has made it clear that its minimum wage, which has increased significantly in recent years, applies to all workers, including migrants. Even when labor laws are in place, however, abuses can go undetected. This is especially true for domestic work, in which the workplace is the employer’s home and not monitored through regular labor inspection, and the workers may be explicitly excluded from regulations on wages and working hours.

Bilateral agreements: Sending countries can reinforce labor law by negotiating and agreeing memorandums of understanding (MOUs) or, better yet, bilateral labor agreements (BLAs).

Labor attachés: Governments of sending countries can assign labor attachés to the embassies or consulates in countries to which they send a large number of migrants. These attachés can help migrants with information and advise them of their rights and options for recourse.

Temporary ban: If labor regulations are frequently violated, a sending country may take the ultimate step of banning migration to a specific country. This extreme recourse should only be taken after adequate bilateral discussion and possible revision of the MOU or BLA. This tactic should not be employed lightly, as a ban can penalize the many migrants that want to work in these countries and are able to secure good working conditions. A ban might be temporary and used to encourage a receiving country to address and correct problems. For example, in 2011 Cambodia banned domestic workers from working in one of its neighboring countries. Since then, the two countries have been negotiating a new MOU to offer stronger migrant protection.

“Foreign students are a good source of talent because they know the country already and may have acquired language skills”
Conclusion

Labor migration can play a beneficial role in reducing the structural imbalances in regional and global labor markets. Sending countries benefit from remittances while receiving countries can fill job vacancies and skill deficits. The migrants themselves can find jobs that are not available at home or earn higher wages. While these push and pull factors create strong market pressures for migration, governments on both sides have important roles to play in matching workers with jobs and ensuring decent working conditions.

Notes

1. The figures are based on national sources. Migration flows and stocks are difficult to estimate. The total stock of Asian migrants in other countries (Asian and non-Asian) is estimated at 64 million in 2010 (author’s calculation based on World Bank 2015).
2. The cost of migration can equal between 2 and 10 months of wages on average, meaning that much of a migrant’s initial wages are spent on recovering the cost of migrating (ILO, n.d.).
3. These statistics refer not just to those who returned under the various programs cited.
4. There are also regional and international initiatives. These include the ILO’s Private Employment Agencies Convention (No. 181) which was agreed in 1997. It bans private employment agencies from charging fees or costs to workers. However, it has been ratified by only 28 countries, including only two from Asia (Fiji and Japan).
References


* The Asian Development Bank refers to China by the name People’s Republic of China.