



International Organization for Migration (IOM)  
The UN Migration Agency



International  
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# Risks and rewards: Outcomes of labour migration in South-East Asia

## Key findings in Viet Nam



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## Introduction

During the last two decades, labour migration has emerged as a significant driver of economic growth and development in both countries of origin and destination within ASEAN. There are now estimated to be 20.2 million migrants originating from ASEAN countries, among whom nearly 6.9 million have migrated to other countries within the region.

Due to the high costs, long duration, and considerable complexity of navigating the existing bilateral channels for migration, many intra-ASEAN migrants are precariously employed in an irregular status. Most of the workers involved in intra-ASEAN labour migration are employed in low-skilled, labour-intensive jobs. Regardless of the legal documents they hold, migrants employed in low-skilled work often face exploitation.

While assumptions are often made about the end result of migration in ASEAN and how best to ensure a safe and rewarding experience for migrant workers, the collection and analysis of empirical data has been very limited. Due to the temporary and irregular nature of much of the migration occurring within the region, the realities faced by migrant workers are often hidden from view. This study aims to help fill the knowledge gap on the socio-economic outcomes of migration into low-skilled work within the region.

## Research approach

During July – August 2016, a total of 1,808 return migrant workers were surveyed in Cambodia, the Lao People's Democratic Republic, Myanmar, and Viet Nam, evenly distributed across the four countries. In addition, 96 qualitative interviews were conducted with return migrant workers and stakeholders. The research was designed to examine migration from a regional perspective, providing comparable data between countries of origin, countries of destination, and migration corridors in South-East Asia.

The survey was conducted jointly by the International Labour Organization's (ILO) TRIANGLE in ASEAN programme and the International Organization for Migration's (IOM) 'Poverty Reduction through Safe Migration, Skills Development and Enhanced Job Placement project' (PROMISE), working in partnership with the management consulting firm Rapid Asia.

## Research findings

### Migration outcomes

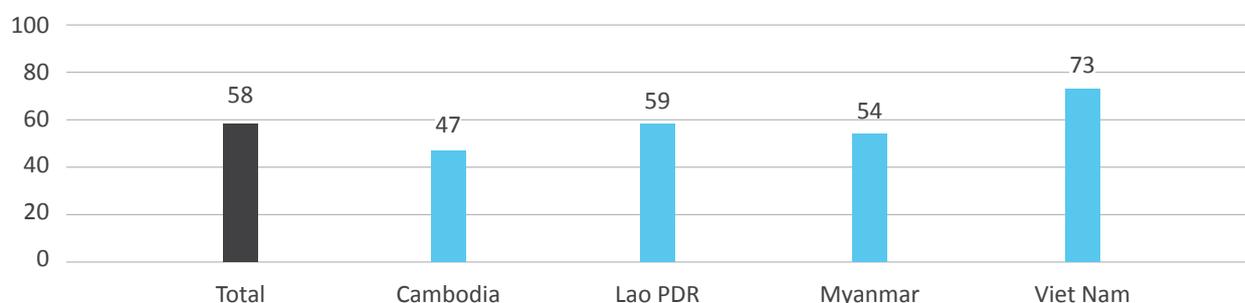
Financial remittances are undoubtedly a significant outcome of labour migration among the four countries of origin studied. However, the heavy emphasis placed on the macroeconomic importance of remittances within migration and development discourse can come at the expense of a more balanced and migrant-centred understanding of labour migration outcomes.

The study developed a key analytical tool: the Migration Outcomes Index (MOI). The MOI provides a shortcut to assessing migration outcomes by generating a single number score, combining four financial indicators and four social indicators to measure changes from before migration to after. MOI scores are calculated at the individual respondent level and indexed on a range of 0–100 to provide an accessible benchmark against which to measure progress.

The aggregate MOI score regionally was 58, which can be used as a point of reference in examining the differences among subgroups (figure 1). Migrant workers from Viet Nam had notably better outcomes (index score of 73) than migrant workers from Cambodia (47), Myanmar (54), and the Lao People's

Democratic Republic (59). This was supported by the qualitative findings of the study, which suggested that Vietnamese migrants have better outcomes due to incrementally higher skill-levels.

Figure 1. Index scores by country of origin



### Pre-migration preparations

Reliable information about how to migrate safely is generally unavailable to Vietnamese migrant workers, with only one in three (34 per cent) receiving information to support informed decision-making before going abroad. Likewise, just 7 per cent of Vietnamese migrant workers surveyed attended pre-departure orientation to prepare them for migration and employment in destination countries. In most cases, migrants are highly dependent on friends and family or brokers for advice about migration, as they are more trusted even if not official sources of information.

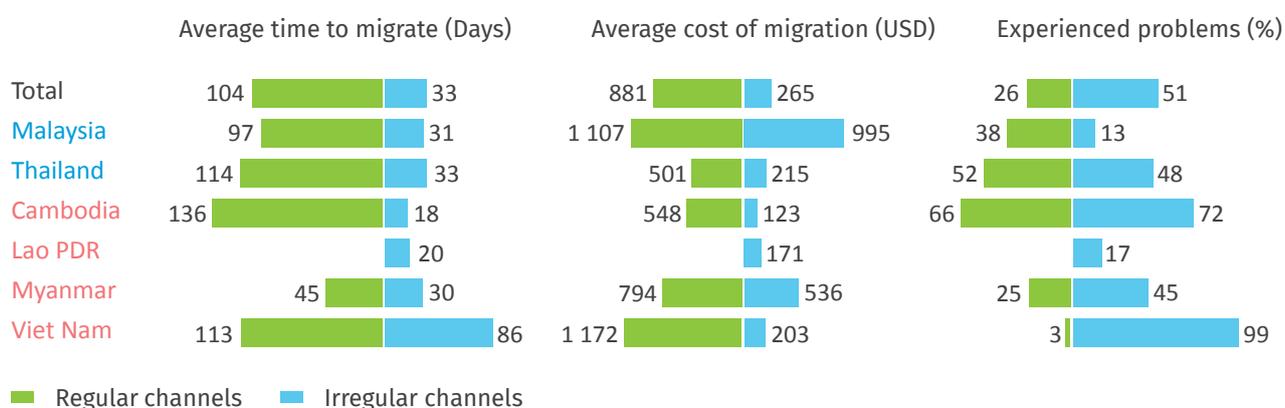
On-the-job training in destination countries is currently a more strategic modality for delivering skills trainings to Vietnamese migrant workers than during pre-departure, reaching over 15 times as many workers as training delivered before migration (69 per cent vs 4 per cent). Given the substantial time and money required for pre-migration training, and no clear guarantee of obtaining a better job afterwards, the indications are that upskilling is better provided through direct arrangements with employers in destination countries.

### Migration process

Just over half of Vietnamese migrant workers used regular channels (52 per cent), which were more expensive (by an average of US\$969) and slower (by an average of 27 days) than irregular channels, but were much less likely to lead to problems (figure 2). Although this finding suggests that migrants have the opportunity to weigh the costs and benefits of all of the options and sometimes decide to take greater risks in exchange for ease and affordability, the reality is more complex. With limited access to information, training, and regular migration channels as well as scarce resources – all of which are even more restricted for women – migrant workers must make use of the migration channels available to them.

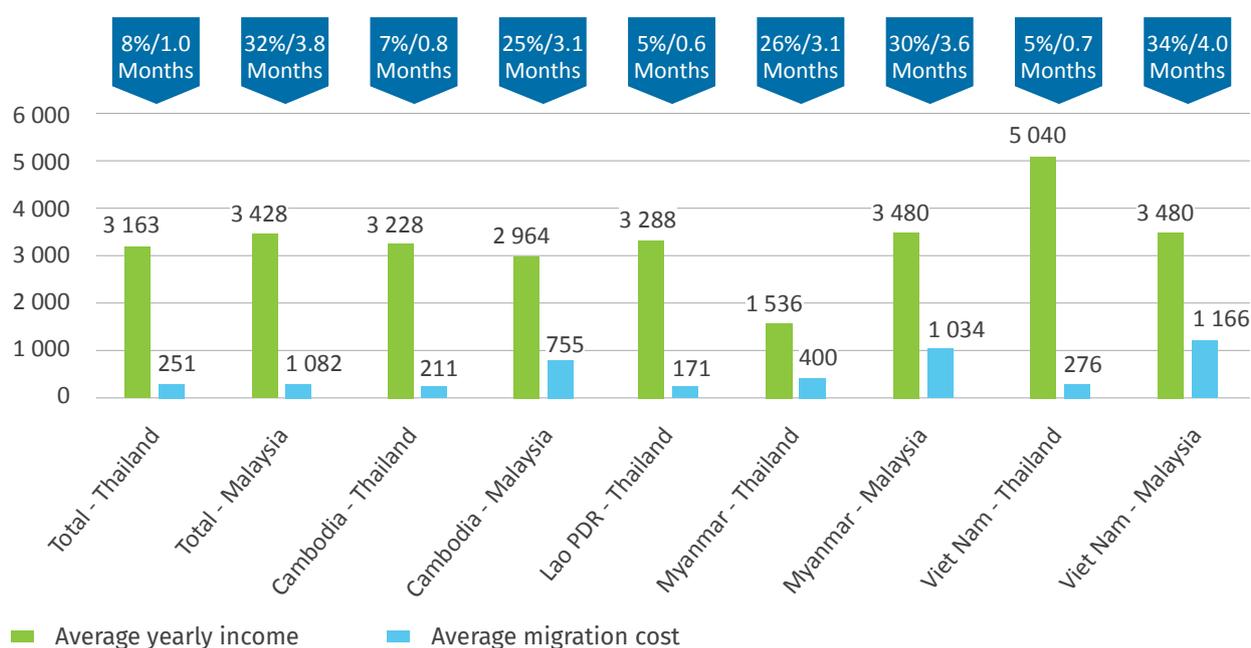
While many of these migration patterns are well-entrenched, there have been noteworthy changes in Viet Nam. In recent years, the means by which Vietnamese workers migrate has become more varied and complex as the number moving abroad has increased and the destinations in which they are employed have multiplied. A survey of over 23,000 migrants in Thanh Hoa and Ha Tinh provinces of Viet Nam found that Thailand had become the most common destination for both women and men, making use of overland routes through Lao People’s Democratic Republic. These migration flows are almost entirely irregular, as the memorandum of understanding (MOU) signed between Viet Nam and Thailand has yet to be implemented and only permits employment in the fishing and construction sectors, where a relatively small number of Vietnamese migrants are employed.

Figure 2. Effectiveness of regular and irregular migration channels



Vietnamese migrant workers who had migrated to Thailand paid a smaller proportion of their salary in recruitment costs, covering their expenses with less than one month of wages (figure 3). Overall, however, Vietnamese paid the most in migration costs (US\$709), had to borrow the largest amounts (US\$1,044) and took the longest time to pay back their loans (11 months). Much of the larger cost can be attributed to a higher portion of Vietnamese workers migrating regularly to Malaysia through recruitment agencies.

Figure 3. Recruitment Cost as a Proportion of Yearly Income



### Employment and working conditions

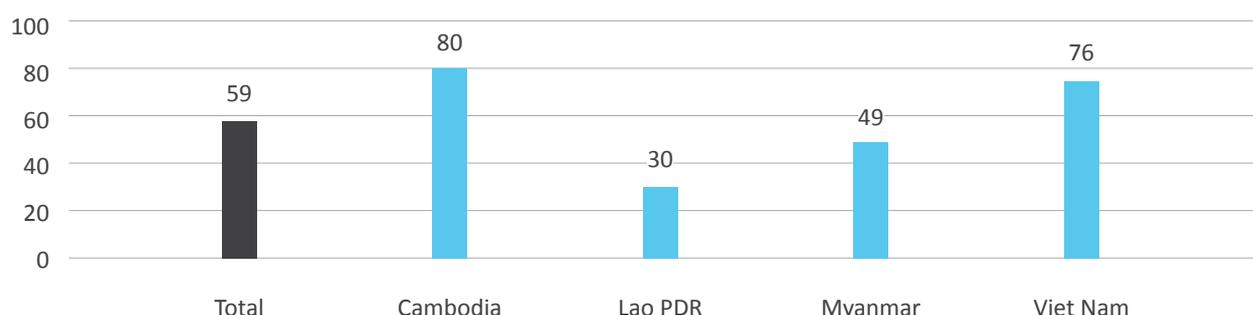
Few Vietnamese migrant workers were matched with jobs for which they said they had relevant skills (1 per cent). Currently, job matching for migrant workers is limited in Thailand and Malaysia. They are typically recruited to fill the need for low-wage workers in labour intensive industries rather than because they are assessed as having experience or formal training that is relevant to the work.

Conditions in destination workplaces are highly demanding and the wages provided are not commensurate. The average Vietnamese migrant works long hours (10 hours/day), nearly every day (6.3 days/week) for US\$357 in pay per month. However, this amount was significantly higher than the wages received by other nationalities of migrants.

About one in five migrants from Viet Nam (21 per cent) said that they did not receive any labour rights, which was significantly higher than the percentages reported by migrants from the other countries of origin. The high number of Vietnamese migrants reporting a lack of labour rights protection appears to be closely linked to high levels of irregular legal status in Thailand, where 40 per cent received no protection.

During their employment, most Vietnamese migrant workers experienced some form of labour rights violation (76 per cent) and had very limited access to legal remedies (figure 3). Only 4 per cent of Vietnamese migrants even attempted to seek redress for the abuses they faced, with employers and managers or family and friends the main sources of assistance provided.

Figure 4. Experienced labour rights abuses during employment by country of origin (%)



### Remittances and financial inclusion

All Vietnamese migrants remitted funds back to Viet Nam, with the average remittance amount being US\$245 from Thailand and US\$162 from Malaysia (figure 4). Overall, the common use of remittances by migrant workers from Viet Nam was to support family members (60 per cent).

Although financial inclusion of migrants was very low overall, Vietnamese migrants were the lone exception within the region. In Viet Nam, 28 per cent of migrants had a bank account, and 42 per cent opened a bank account while abroad. This is likely due to a more formalized remittance market in Viet Nam than in other countries of origin.

### Return and reintegration

Although many Vietnamese migrant workers brought back new skills from their time abroad (70 per cent), only a small share were able to apply them upon returning home (3 per cent). The challenges faced and lack of support available for return migrants to successfully reintegrate can limit their ability to contribute to the long-term social and economic development of their home country.

Within the region, migration was found to have a significant impact on poverty reduction, reducing those living below the poverty line by double digits (11 per cent) from before to after migration. The results were particularly striking in Viet Nam, where poverty was reduced by 17 per cent. While it should be

noted that Viet Nam experienced rapid economic growth during the time period researched, the results demonstrate that labour migration has significant potential to contribute to alleviation of poverty.

The majority of migrants were employed in agriculture before migration (52 per cent) and working abroad proved more effective in facilitating industrialization of the work force in some countries than in others. Viet Nam was by far the most successful in this regard, with a total of 27 per cent of migrants shifting out of agriculture into manufacturing and other sectors upon return.

## Conclusion

The findings of this study show that although the socio-economic benefits of labour migration have not been maximized within the ASEAN region, positive outcomes can be achieved when migrant workers are provided with opportunities to enhance their job skills, avoid debt, receive the minimum wage, and find gainful employment upon return. To support greater realization of positive results, a shift in approach to migration is required within development policies. The goal needs to be reframed to an increased number of migrant workers who have a holistically beneficial labour migration experience, rather than simply expanding national remittance accounts.

Labour rights protection in destination countries was the most consistently important factor in facilitating more positive outcomes for migrant workers, particularly in the form of receiving the minimum wage. This suggests that formalizing the working conditions of migrant workers who are commonly excluded from statutory minimum wage requirements is a critical step to ensuring they benefit from their migration experiences.

Lack of assurance of labour protections contributes to a situation where migration within ASEAN is often a considerable gamble for migrant workers and their family members. Migrants currently have limited ability to control whether they have a positive or negative migration experience, regardless of the decisions they make. To a great extent, improving the odds of a positive outcome requires changes to policy and practice by duty bearers – governments, employers, and recruitment agencies – rather than to the behaviour of migrant workers.

## Recommendations

- 1. Develop regular migration channels that are less costly, time consuming and complex:** Although regular migration can reduce the likelihood of facing problems during the migration process, the protection benefits are currently over matched by high costs, slow processes, and confusing requirements. Countries of origin and destination with the ASEAN region must work collaboratively on simplified processes for labour migration that are more efficient and affordable for migrant workers, providing clear incentives for the use of regular channels.
- 2. Shift the costs paid for recruitment from workers to employers:** Migrant workers provide a valuable service to their employers that should be paid for by the beneficiaries of that service. The substantial debt that migrant workers take on to pay for recruitment reduces their returns on migration and can even put them at risk for losing their homes and land. In-line with the international standards outlined in the ILO Private Employment Agencies Convention, 1997 (No. 181), ILO General Principles & Operational Guidelines for Fair Recruitment, and the IOM-led multi-stakeholder International Recruitment Integrity System (IRIS), worker-borne recruitment costs should be eliminated in both countries of origin and destination.

- 3. Provide skills training that matches with employer requirements and does not create an additional burden on the time and resources of migrant workers:** Most migrant workers are currently recruited based upon the need for low-wage workers rather than their skills match with job openings. Closer matching of migrant workers' skills with employment opportunities could benefit both employers and migrants, contributing to increased productivity and better wages and working conditions. However, it is important that skills training be provided through modalities that do not add to the costs and time required for migrant workers to go abroad, such as on-the-job training programmes and paid apprenticeships. Building partnerships between employers and technical and vocational education and training (TVET) institutions could promote national TVET systems that are more inclusive of women and men migrant workers and responsive to labour market needs.
- 4. Expand access to justice for migrant workers:** The ability of migrant workers to seek redress when faced with abuses during recruitment and employment remains very limited. Improving complaint mechanisms for migrant workers requires holistic interventions, including establishing clear legal and institutional frameworks; providing capacity building training to service providers; working collaboratively between government, trade unions, employers and NGOs; conducting effective outreach to migrants; and providing fair and responsive remedies. This should include joint and several liability clauses in legislation to address offenses such as contract substitution, so that recruitment agencies can be held responsible for working conditions in destination countries that do not adhere to the terms of their employment contracts.
- 5. Expand the services provided to migrant workers to assist with return and reintegration:** In most countries of origin within the region, with the notable exception of the Philippines, the assistance available to migrants upon return is limited to supporting trafficked persons. However, many of the same challenges faced in finding employment, starting an enterprise and re-joining their communities are shared by migrant workers. Programmes must be developed that support successful economic and social reintegration for the benefits of migration to be more fully realized.

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