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The UN Migration Agency



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

Key findings in Malaysia

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Benjamin Harkins; Daniel Lindgren; and Tarinee Suravoranon



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RAPID ASIA
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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 who had worked in Thailand (n=1,419) or Malaysia (n=389) were surveyed in Cambodia, the Lao People’s Democratic Republic, Myanmar, and Viet Nam. 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

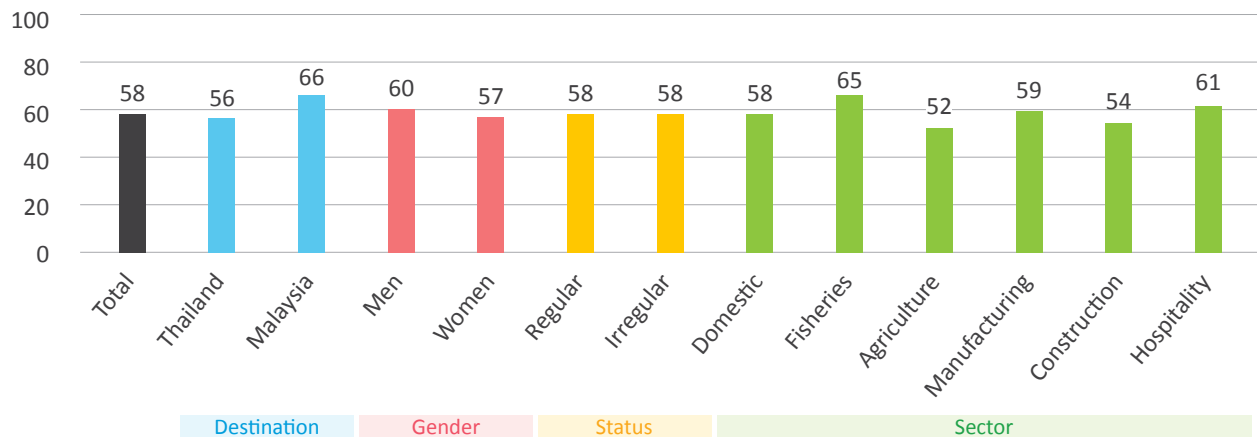
Migration outcomes

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 Migration Outcomes Index (MOI) to measure the social and economic outcomes of migration. 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 compare differences and 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). Migrants working in Malaysia (index score of 66) had better results than those employed in Thailand (56), with longer stays and slightly higher wages possible contributing factors. However, the survey findings also suggest that working in Malaysia entails much larger migration costs in comparison to Thailand, which can significantly reduce the financial returns of migration.

Figure 1. Index score by destination, gender, legal status, and sector of work (n=1,808)



Pre-migration preparations

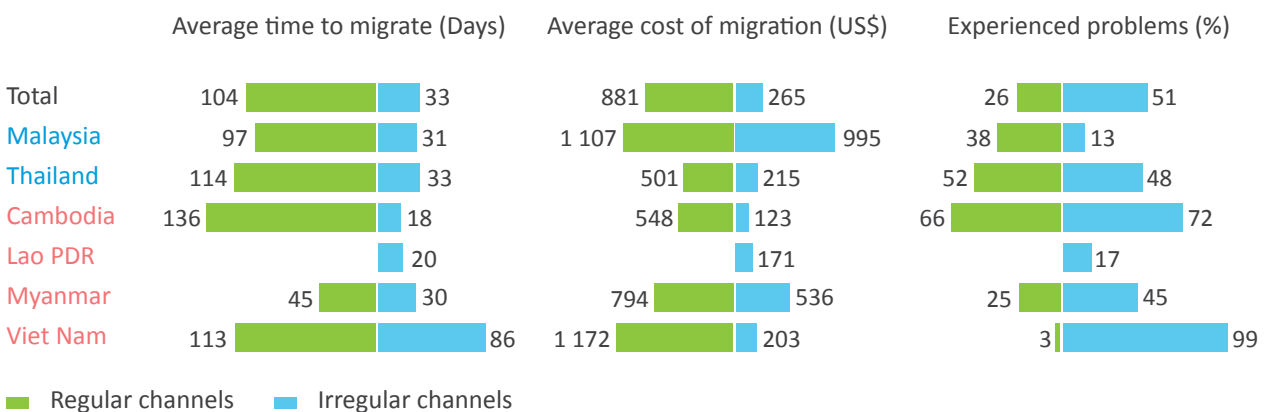
Reliable information about how to migrate safely is generally unavailable to migrant workers, with only one in six (14 per cent) receiving information to support informed decision-making before going abroad. However, it was notable that those journeying to Malaysia did have more access to information (47 per cent), which is likely the result of higher levels of regular migration through recruitment agencies.

On-the-job training in destination countries is currently a more strategic modality for delivering skills trainings to migrants than during pre-departure, reaching over five times as many workers as training delivered before migration (50 per cent vs 9 per cent). Given the substantial time and money required for skill training prior to departure, 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

The majority of migrant workers to Malaysia used regular channels (78 per cent), which were slower (by an average of 66 days) and more expensive (by an average of US\$112) than irregular migration, and more frequently led to problems (figure 2). Migrating through regular channels does not always reduce the risks involved for migrant workers due to unethical recruitment practices, even for licensed agencies. In Malaysia, formal recruitment of migrant workers is generally undertaken through labour outsourcing companies. Even though this recruitment system benefits employers by creating a ready pool of workers to draw from, migrant workers sometimes experience prolonged periods without work or remuneration upon arrival.

Figure 2. Effectiveness of regular and irregular migration channels



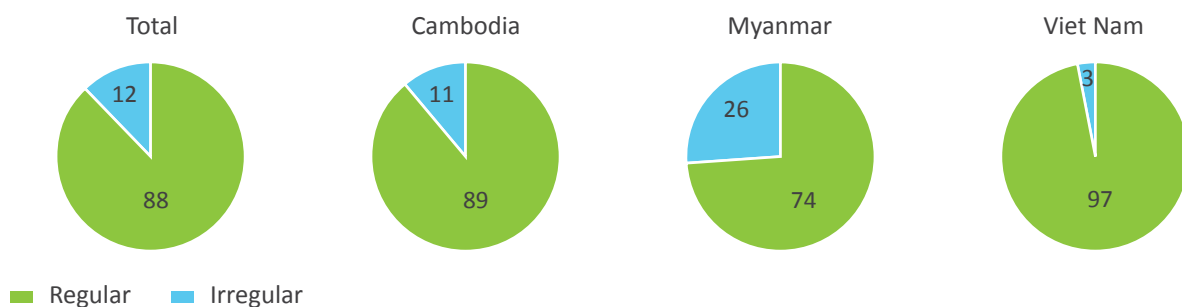
The cost of migration was higher to migrate to Malaysia (US\$1,082/3.8 months of wages) than it was to migrate to Thailand (US\$251/1 month of wages), which likely results from higher levels of regular migration and the greater travel costs involved. High migration costs require many migrants to take out loans, and the long period needed to pay off this debt can force migrants to remain in exploitative employment situations.

Employment and working conditions

The majority of migrant workers who worked in Malaysia held regular legal status (88 per cent) (figure 3). Both Malaysia and Thailand have aggressively cracked down on irregular migrant workers in recent years, which has served to highlight the problems with stringent enforcement efforts to reduce irregular migration. Implementation of such policies contributes to a heightened risk of human rights abuses and prolonged detention of migrant workers.

It should be noted that legal status is far from static for migrant workers in Malaysia. Some migrants may initially migrate via regular channels and possess all of the required documents to work but become irregular later due to overstay or changes of employment. Others may have migrated irregularly but acquire documentation later through an amnesty or regularisation process. The precarious nature of permission to stay and work creates vulnerabilities for migrant workers, as it is tied to the inclination of their employer. Consequently, if a worker changes their employment without permission, they can lose their legal status not only to work but to remain in the country.

Figure 3. Legal status during employment in Malaysia (%)

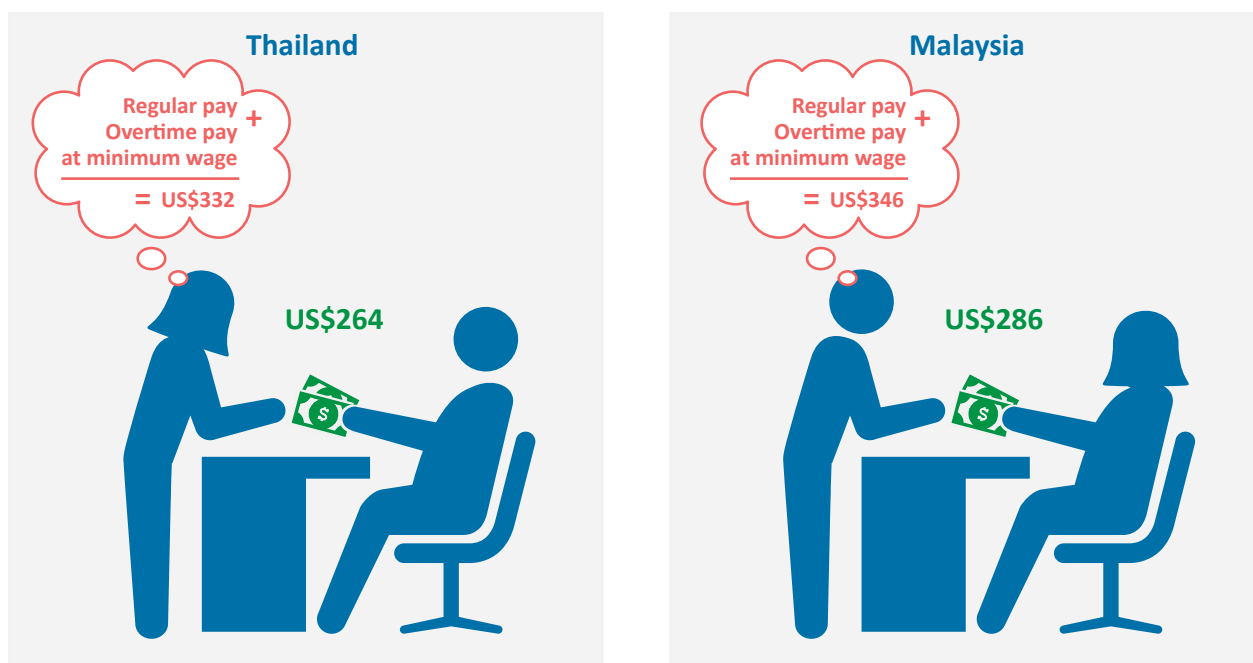


Conditions in destination workplaces are highly demanding and the wages provided are not commensurate. The average migrant in Malaysia works long hours (10 hours/day), nearly every day (6.2 days/week) for pay that is below the minimum wage (US\$286) when overtime is considered (figure 4). Many migrant workers are employed in informal sectors of work that are not covered by minimum wage requirements, such as in domestic work, or are otherwise not paid a legal wage due to non-compliance by employers.

During their employment, most migrant workers in Malaysia experienced some form of labour rights violation (61 per cent) and had very limited access to legal remedies. Coercive employment practices such as retention of legal documents and excessive overtime were the most prevalent types. The vulnerability of migrant workers to these abuses is intensified by the lack of fair, efficient, and accessible means to resolve complaints, reinforcing their status as a group of workers to which a largely different set of rules apply.

Opportunities for mobility within destination country labour markets are limited for migrant workers, with the proportion changing their sector of work significantly lower in Malaysia (10 per cent) than in Thailand (24 per cent). Because work permits are strictly tied to a specific employer in both destination countries, they allow little flexibility to migrant workers in seeking other jobs, and irregular migrants cannot freely conduct job searches.

Figure 4. Average monthly wages for migrants in Malaysia in comparison to the legal minimum



Remittances and financial inclusion

The vast majority of migrant workers regularly sent remittances home while working in Malaysia (97 per cent) and there was little variation in this practice regardless of gender, nationality, sector, or legal status. The average amount remitted was US\$180 per month, with the average fee charged a relatively high 5.1 per cent. This is likely due to the high prevalence of remittances sent through banks, which typically charge more than informal remittance channels.

Financial inclusion of migrants is relatively in Malaysia, with the majority of migrant workers opening bank accounts (59 per cent). However, the documentation requirements for opening a bank account still pose a substantial barrier for irregular migrant workers. Moreover, due to the isolated location of some workplaces and restricted movement – such as for domestic workers – migrant workers may not easily be able to easily access financial services even if they have valid documentation.

Return and reintegration

Most migrant workers surveyed returned home voluntarily (82 per cent). Less than one per cent of migrant workers returned home due to a deportation. This finding has important implications, as it is often assumed that migrant workers would stay indefinitely in Malaysia unless restrictive policies are kept in place.

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. 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.
- 4. Allow migrant workers greater flexibility to change employment:** Work permits and visas in Thailand and Malaysia are too strictly tied to one employer. The lack of flexibility in changing jobs can lead many workers to become irregular. It also increases their vulnerability to abuse by creating additional obstacles to leaving exploitative employment situations. Migrant workers should be able to exercise greater agency in deciding to change employers to help them avoid this dependency.
- 5. Ensure that women and men migrant workers are fully covered by labour and social protection laws regardless of their employment sector:** Many of the sectors in which migrant workers are employed offer limited protection for labour rights and opportunities to obtain social protection benefits, particularly for women employed in the informal economy. Critically important in guaranteeing that migrant workers receive fair wages, the minimum wage laws passed in Malaysia must be extended to all sectors of work, including domestic workers. In addition, paid maternity leave should be provided to migrant women employed in all sectors and deportation based upon pregnancy prohibited.

The study was supported by the Australian Government Department of Foreign Affairs and Trade, Global Affairs Canada and Swiss Agency for Development and Cooperation through the ILO TRIANGLE in ASEAN and the IOM Promise programmes.

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

Key findings in Malaysia

Labour migration has never featured more prominently within South-East Asia than it does today. However, the realities experienced by migrant workers are often hidden from view due to the temporary and irregular nature of much of the migration occurring within the region. As a result, there remains a dearth of reliable data that can be utilized for the development of evidence-based policy and programming.

To inform their interventions, the International Labour Organization and the International Organization for Migration collaborated on a large-scale regional survey of over 1,800 migrant workers. The findings challenge some of the commonly held assumptions about the end result of labour migration in South-East Asia and how best to ensure a safe and rewarding experience for migrant workers. Positive outcomes can be achieved if migrant workers are able to avoid burdensome debts, benefit from labour rights protection, enhance their job skills and find gainful employment upon return. Lack of assurance of obtaining these conditions contributes to a situation where labour migration is often a considerable gamble for migrant workers and their family members.



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ILO Regional Office for Asia and the Pacific

11th Floor, United Nations Building
Rajdamnern Nok Avenue
Bangkok 10200 Thailand
Tel.: +662 288 1234
Fax: +622 280 1735
Email: BANGKOK@ilo.org
ilo.org/asia

IOM Regional Office for Asia and the Pacific

18th Floor, Rajanakarn Building
3 South Sathorn Road
Bangkok 10120 Thailand
Tel: +66 2 343 94 00
Fax: +66 2 343 94 99
Email: ROBangkok@iom.int
iom.int/asia-and-pacific

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