

UWTSD MBA (2020 intake)
Global Business Challenges
(HKBM7009_HKMA)
(3-2)

International Labour Migration

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17 January 2021; 2:00 pm to 6:00 pm

Lecture Agenda :

- Introduction
- ILO's Statistics on International Labour Migration
- Wages in the time of COVID-19
- Issues and Policy for Receiving Countries
- Issues and Policy for Sending Countries

Introduction

International labour migration is defined as the movement of people from one country to another for the purpose of employment.

- Migrant workers contribute to growth and development in their countries of destination, while countries of origin greatly benefit from their remittances and the skills acquired during their migration experience. Yet, the migration process implies complex challenges in terms of governance, migrant workers' protection, migration and development linkages, and international cooperation.
- However, migrants earn nearly 13 per cent less than national workers, an ILO study shows*. In some countries, the gap is as much as 42 per cent.

*Global Wage Report 2020-21: Wages and minimum wages in the time of COVID-19. 02 December 2020

https://www.ilo.org/global/publications/books/WCMS_762534/lang--en/index.htm

Important points

- Different definitions are being used by international institutions such as the UN and International Labour Organization (ILO) Conventions
- The concept and definition of labour migration often reflects current national policy perspectives and varies between countries and over time.
- The United Nations Convention on “The Protection of the Rights of all Migrant Workers and Members of their Families” simply refers to remunerated activity in a foreign country without specifying the source of remuneration.
- The General Agreement on Trade in Services (GATS) does not consider the movement of service providers as labour migration.

Terms and concepts

- Business travelers
 - Foreigners admitted temporarily for the purpose of exercising an economic activity that is remunerated from outside the country of admission
- Contract migrant workers
 - Persons working in a country other than their own under contractual arrangements that set limits on the period of employment and on the specific job held by the migrant.
 - Once admitted, contract migrant workers are not allowed to change jobs, and are expected to leave the country of employment upon completion of their contract, irrespective of whether the work they do continues or not.
 - Although contract renewal is sometimes possible, departure from the country of employment may be mandatory before the contract can be renewed.

- Established migrant workers
 - Migrant workers who, after staying some years in the country of employment, have been granted permission to reside indefinitely and to work without major limitations in that country.
 - Established migrant workers need not leave the country of employment when unemployed and are usually granted the right of being joined by their immediate family members, provided certain conditions regarding employment and housing are met.
- Highly skilled migrant workers
 - Migrant workers whose skills subject them to preferential treatment regarding admission to a country other than their own, and therefore subject them to fewer restrictions regarding length of stay, change of employment, and family reunification
- Seasonal migrant workers
 - Persons employed in a State other than their own for only part of a year because the work they perform depends on seasonal conditions.
- Temporary migrant workers
 - Persons admitted by a country other than their own to work for a limited period in a particular occupation or a specified job. Temporary migrant workers may change employers and have their work permit renewed without having to leave the country of employment.

The causes of labour migration

- While the liberalization of international flows of goods, capital, and information is well underway, progress toward the freer movement of persons is harder to achieve.
- Labour emigration will continue and increase due to:
 - differences in employment opportunities and living standards between countries
 - increased education and broader access to information on living conditions and employment opportunities abroad
 - established inter-country networks based on family, culture, and history.
- On the demand side, changing demographics and labour market needs in many industrialized countries will put pressure on many governments to consider more open approaches to labour migration

The impacts of labour migration

- The impact of labour migration varies from country to country.
- Impacts will also vary depending on the skill level, geographical source, employment situation, age, and gender of the migrants.
- Labour migration may have enormous potential for countries at both ends of the migration spectrum.

ILO's Statistics on International Labour Migration

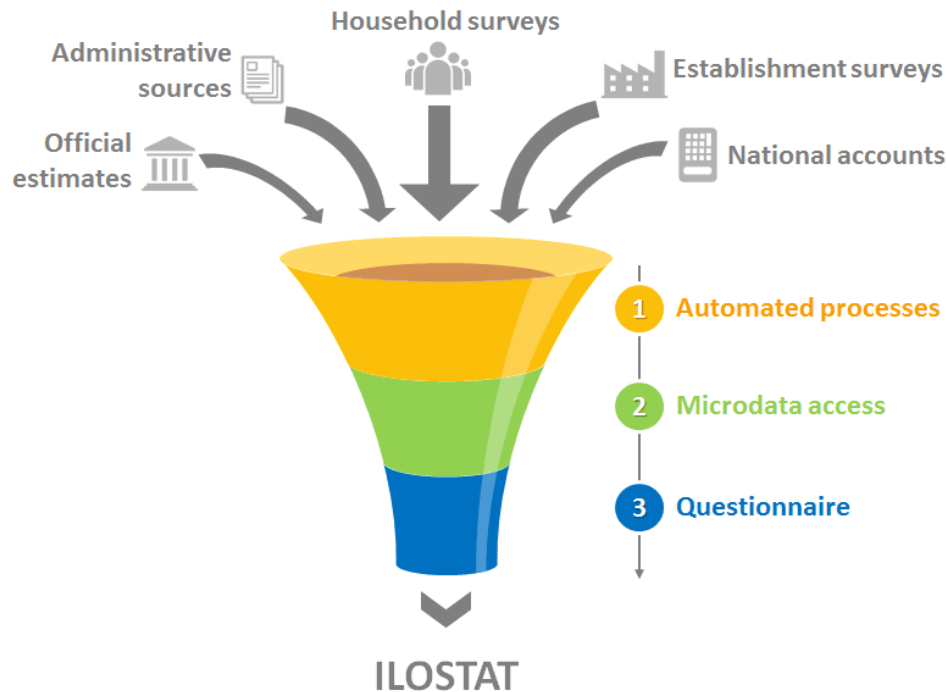
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INTERNATIONAL LABOUR ORGANIZATION
THE UN AGENCY FOR THE WORLD OF WORK

The ILO is the United Nations agency for the world of work. It sets international labour standards, promote rights at work and encourage decent employment opportunities, the enhancement of social protection and strengthening of dialogue on work-related issues.

Data sources



- The ILO Department of Statistics is the focal point to the United Nations for labour statistics. <<https://ilostat.ilo.org/>>
- It compiles and produce labour statistics, with the goal of disseminating internationally-comparable datasets through a variety of data tools.
- Free and open access to labour statistics. <<https://ilostat.ilo.org/data/>>

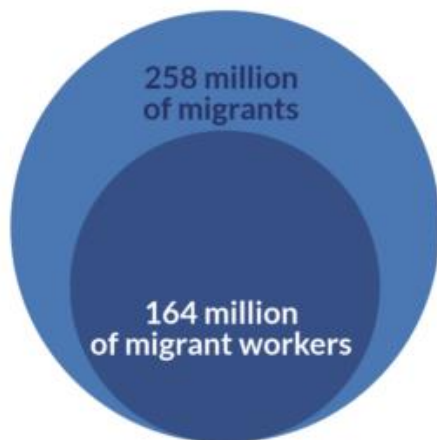
The facts revealed from data

- In today's globalized world, labour migration is an increasingly important policy issue.
- Economic hardship and geopolitical crises leading to the lack of decent work are resulting in growing and diverse migratory movements.
- In many economies, including emerging economies, ageing populations and declining labour forces are also contributing to the growing mobility of workers.
- Women are joining migration flows in growing numbers as independent workers, with important consequences for gender equality in countries of origin and destination alike.

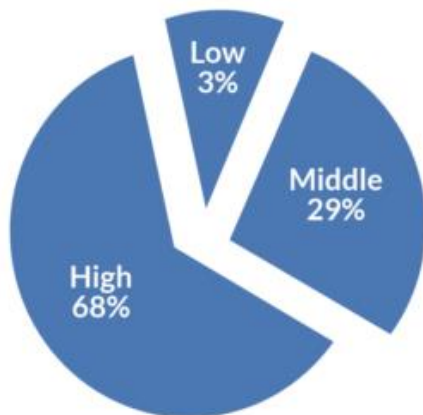
Labour migrants at a glance

Distribution of migrant workers, by broad subregion, 2017

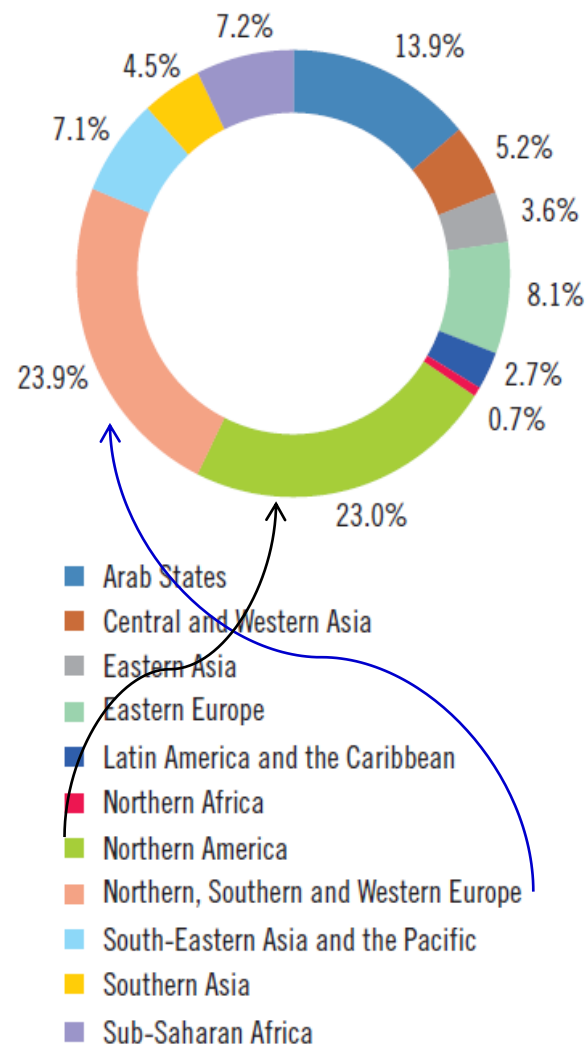
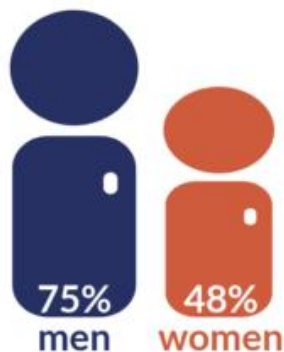
Global stock of migrants



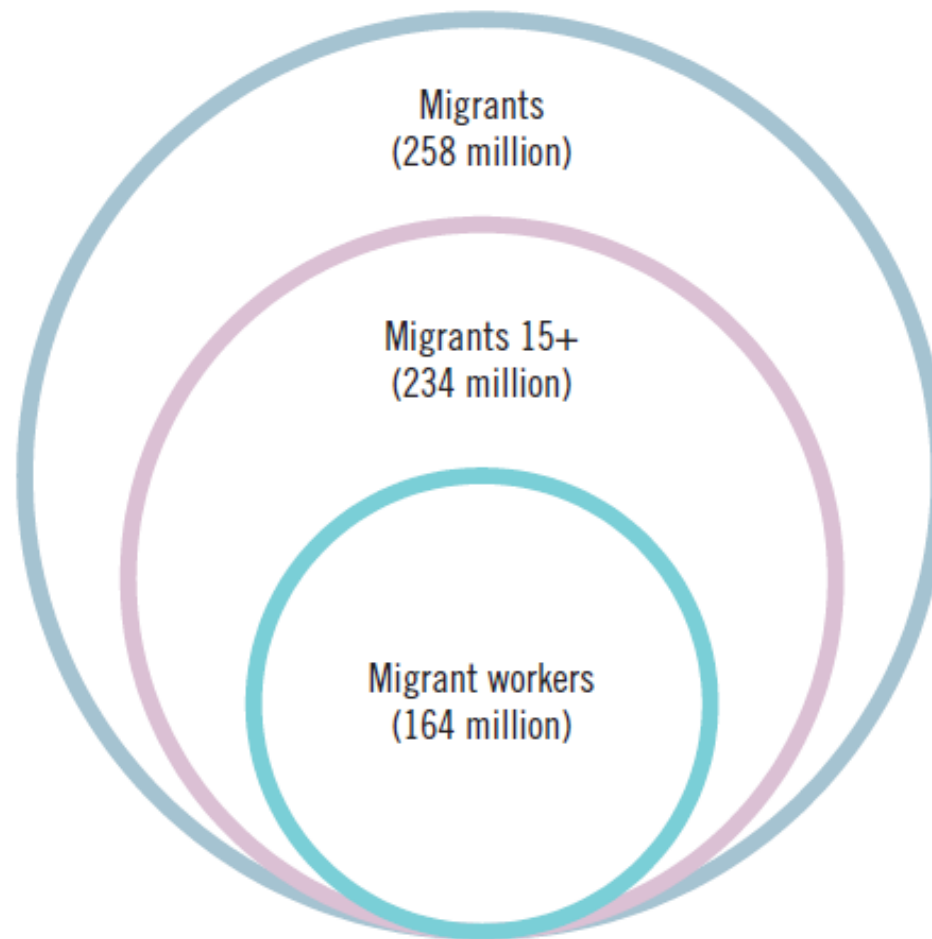
Migrant workers by country income group



Labour force participation of migrants



Global estimates of the stock of international migrants and migrant workers, 2017



GLOBAL ESTIMATES OF MIGRANT WORKERS, 2017 (MILLIONS OF PERSONS AGED 15+)

	Total	Male	Female
Total population aged 15+	5,591	2,796	2,795
Migrant population aged 15+	234.0	126.8	107.2
Non-migrant population aged 15+	5,357	2,670	2,688
Total workers	3,465	2,103	1,362
Migrant workers	163.8	95.7	68.1
Non-migrant workers	3,301	2,007	1,294

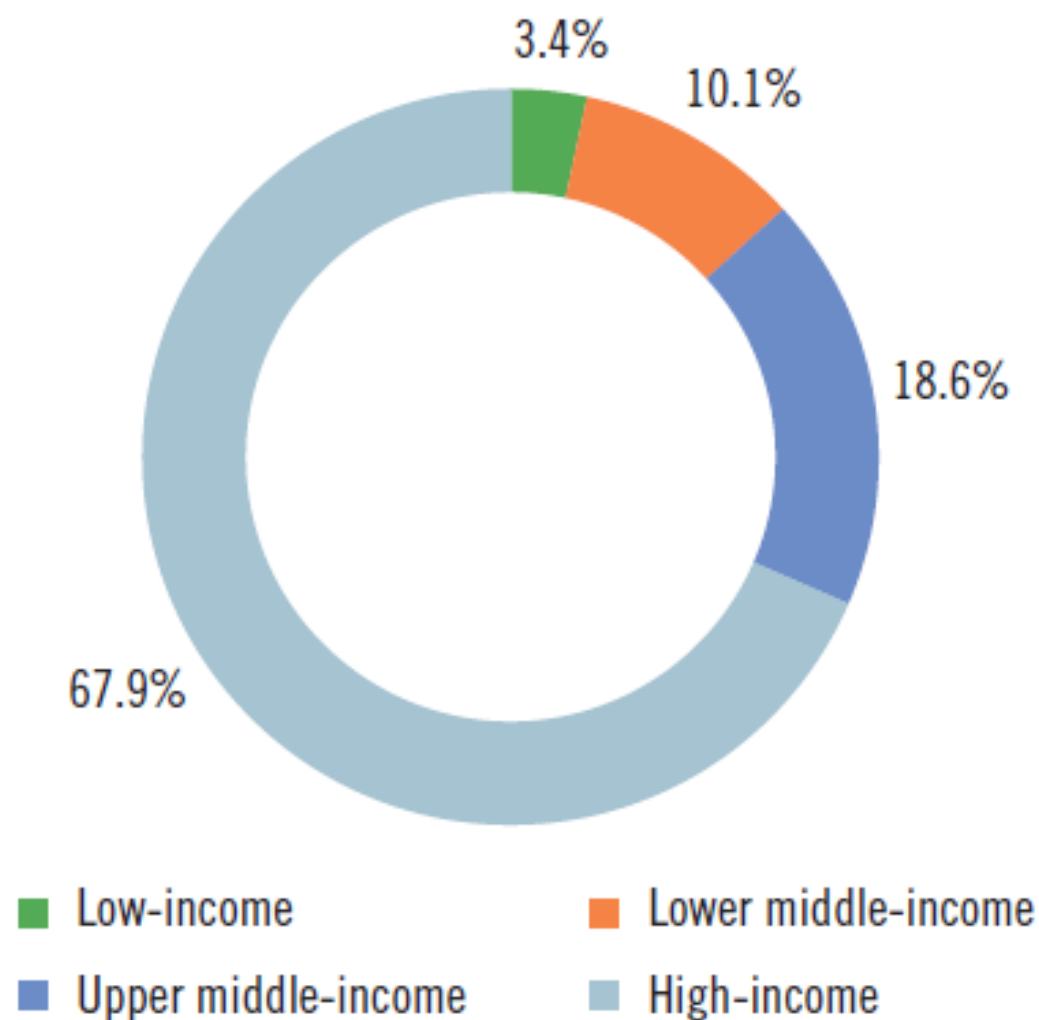
Note: Numbers are in millions. Workers and migrant workers include both the employed and unemployed.

GLOBAL ESTIMATES OF MIGRANT WORKERS BY AGE, 2017 (MILLIONS)

Age	Total	Male	Female
15-24	13.6	7.9	5.7
25-64	141.7	82.9	58.8
65+	8.5	4.8	3.7
All (15+)	163.8	95.7	68.1

Note: Migrant workers include both the employed and unemployed.

Migrant workers by income level of countries, 2017



MIGRANT WORKERS AS A PROPORTION OF ALL WORKERS, 2013 AND 2017 (PERCENTAGE)

	Northern Africa	Sub- Saharan Africa	Latin America and the Caribbean	Northern America	Northern, Southern and Western Europe	Eastern Europe	Central and Western Asia	Arab States	Eastern Asia	South- Eastern Asia and the Pacific	Southern Asia	All
2013	1.1	2.2	1.5	20.2	16.4	9.2	10.0	35.6	0.6	3.5	1.3	4.4
2017	1.6	2.9	1.4	20.6	17.8	9.1	11.1	40.8	0.6	3.3	1.0	4.7

Labour market statistics for selected developed countries

Hong Kong in 2019

Indicators	Total	Men	Women
Labour force participation rate (%)	61	68.6	54.8
Employment-population ratio (%)	59	66.1	53.1
Share of agriculture (%)	11.4	19	3.9
Share of industry (%)	88.6	81	96.1
Share of services (%)	39	45.4	32.4
Unemployment rate (%)	3	3.6	2.4
Unemployment rate, youth (%)	8.6	10.4	6.8
Monthly minimum wage in local currency (USD)	\$37.5 per x 200 hours =7500 (993)		

Sources <https://ilostat.ilo.org/data/country-profiles/>:

Labour market statistics for selected developed countries

Singapore in 2019

Indicators	Total	Men	Women
Labour force participation rate (%)	68	75.4	61.1
Employment-population ratio (%)	65.2	72.4	58.3
Share of agriculture (%)	0	0	0
Share of industry (%)	14	17.3	10.2
Share of services (%)	84.9	81.4	89.1
Unemployment rate (%)	4.2	4	4.4
Unemployment rate, youth (%)	9.1	6.2	12.5
Average monthly earnings of employees in local currency (USD)	4563 (3421)	4810 (3617)	4329 (3255)

Labour market statistics for selected developing countries

India in 2018

Indicators	Total	Men	Women
Labour force participation rate (%)	48	74.6	20.8
Employment-population ratio (%)	45.4	70.7	19.7
Share of agriculture (%)	43.3	40	55.5
Share of industry (%)	24.9	27	17.4
Share of services (%)	31.7	33	27.2
Unemployment rate (%)	5.3	5.3	5.3
Unemployment rate, youth (%)	22.5	22.2	24.2
Monthly minimum wage in local currency (USD)	2990 (41)		

Sources: <https://ilostat.ilo.org/data/country-profiles/>

Philippines in 2019

Indicators	Total	Men	Women
Labour force participation rate (%)	59.4	72.4	46.4
Employment-population ratio (%)	58.1	70.9	45.2
Share of agriculture (%)	22.9	28.7	13.6
Share of industry (%)	19.1	25.1	9.7
Share of services (%)	58	46.2	76.7
Unemployment rate (%)	2.2	2	2.5
Unemployment rate, youth (%)	6.8	5.9	8.2
Average monthly earnings of employees in local currency (USD)	14692.8 (305)	14377.5 (299)	15216.4 (317)

Indonesia in 2019

Indicators	Total	Men	Women
Labour force participation rate (%)	68.2	82.4	54
Employment-population ratio (%)	65.7	79.3	52.2
Share of agriculture (%)	28.5	29.9	26.4
Share of industry (%)	22.4	26.1	16.7
Share of services (%)	49.1	44	56.9
Unemployment rate (%)	3.6	3.8	3.4
Unemployment rate, youth (%)	13.5	13.8	13.2
Average monthly earnings of employees in local currency (USD)	2595717 (182)	2804436 (196)	2187568 (153)

Wages in the time of COVID-19

What is likely to be the impact of COVID-19 on the global economy and labour market?

Global Wage Report 2020-21: Wages and minimum wages in the time of COVID-19. 02

December 2020

https://www.ilo.org/global/publications/books/WCMS_762534/lang--en/index.htm

The impact of COVID-19

The global economic context

- After decelerating between 2017 and 2019, global economic growth collapsed in 2020 under the impact of the COVID-19 pandemic, with gross domestic product (GDP) falling more sharply in advanced economies than in emerging economies.
- Not all industries have been equally affected by the lockdown.
- Overall price inflation has tended to decline, particularly in advanced economies.

Labour markets across the world

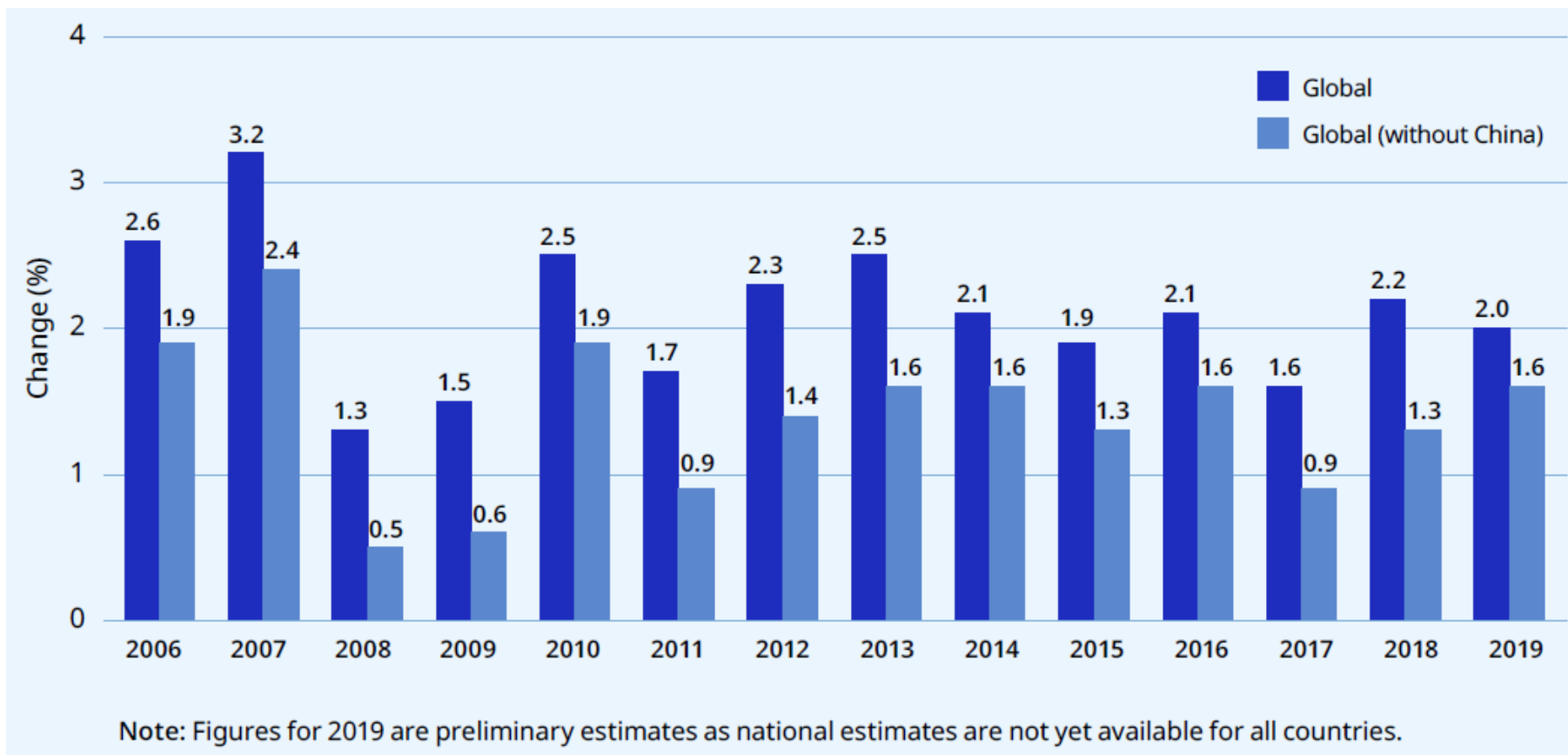
- Economic lockdowns and the temporary closure of millions of workplaces have had enormous effects on labour markets across the world, disproportionately affecting lower-paid workers.
- In some countries, the detrimental effects of lockdown measures on employment were quick to emerge, generally taking the form of substantial reductions in working hours or job losses.
- Among the workers who continued to work (in both essential and non-essential activities), many shifted to teleworking arrangements.
- The adverse impact on workers' incomes and poverty has been huge and, overall, the crisis has disproportionately affected groups in vulnerable situations.
- The impacts of the crisis have fallen differently on men and women, the latter being disproportionately affected in many ways which could widen gender gaps in the labour market and possibly wipe out the progress made over the past few years.

Government policy measures

- During lockdown, many governments took unprecedented actions to counteract the economic and labour market effects of the crisis, although the scale of measures varied widely.
- Particularly relevant to wage trends, numerous countries implemented temporary wage subsidies to safeguard jobs during the crisis

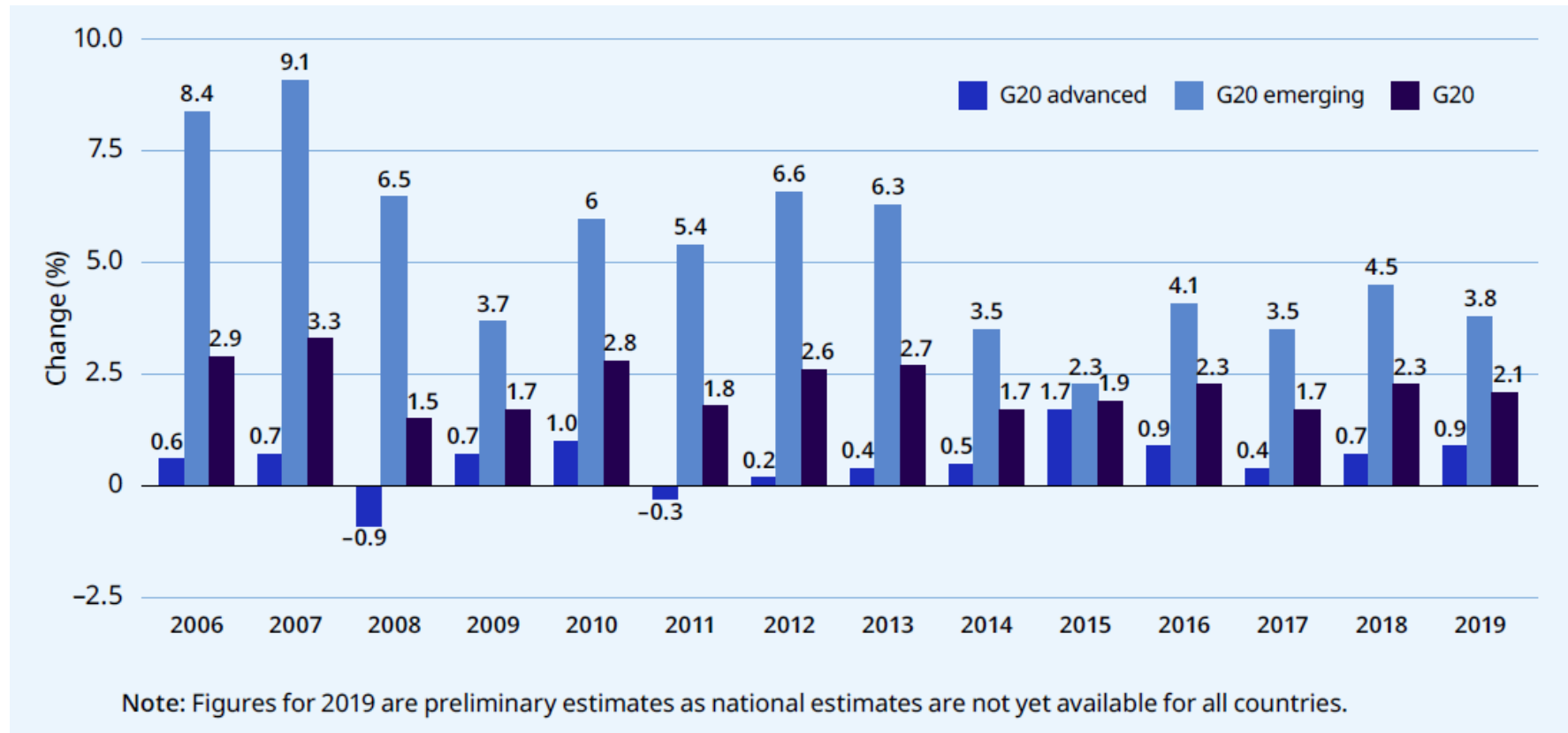
Wage trends before and during the COVID-19 crisis

Annual average global real wage growth, 2006–19 (percentage)



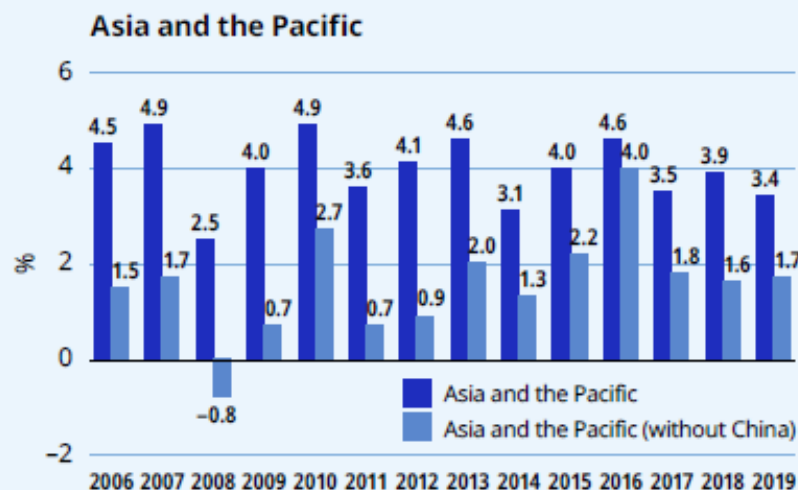
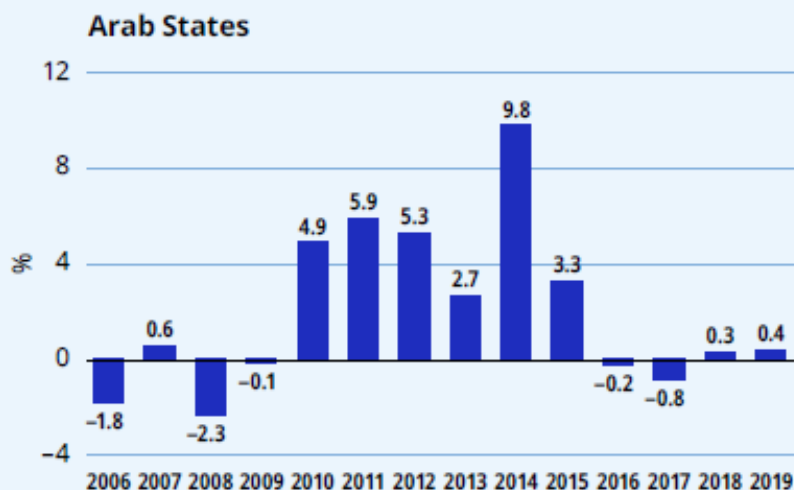
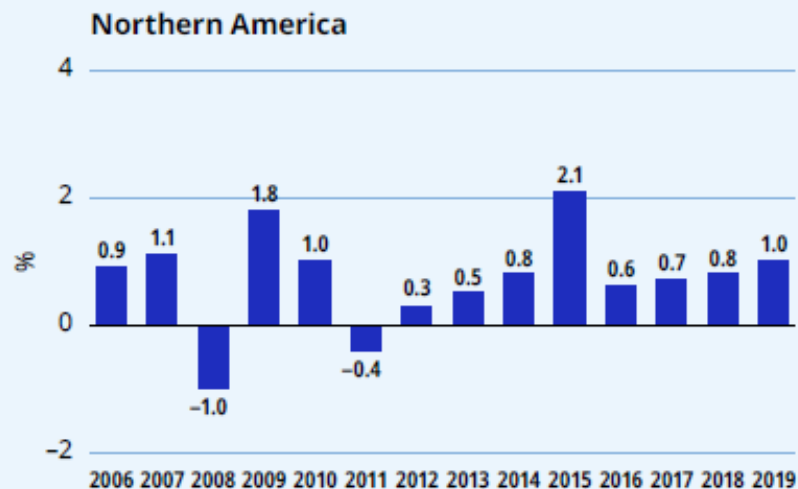
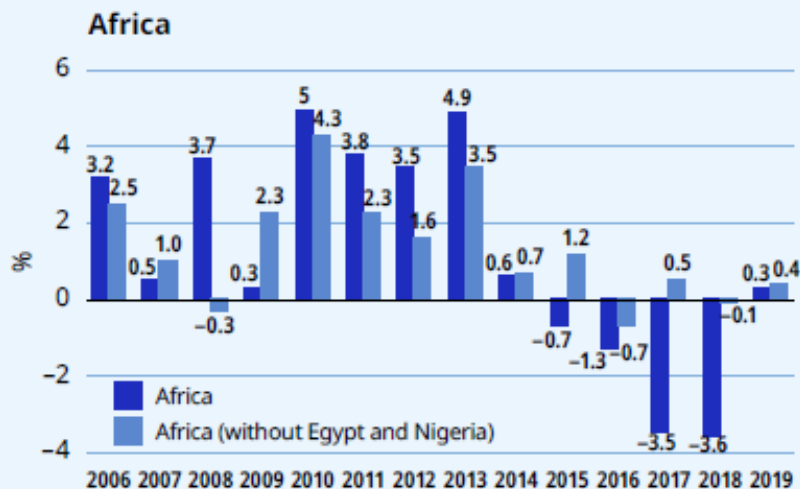
It shows that in the four years preceding the pandemic, global real wage growth fluctuated between 1.6 and 2.2 per cent; when China is excluded from the sample, real wage growth in those years before the crisis fluctuated at a lower level, between 0.9 and 1.6 per cent.

Annual average real wage growth in the G20 countries, 2006–19 (percentage)

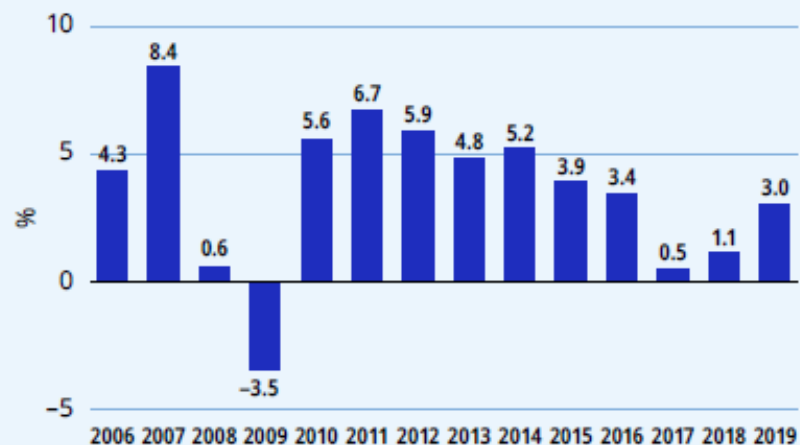


It presents estimates of annual average real wage growth for the G20 countries, showing that in the four years before the crisis real wage growth fluctuated between 0.4 and 0.9 per cent in the advanced economies in this group, and at higher levels – between 3.5 and 4.5 per cent – in the emerging economies.

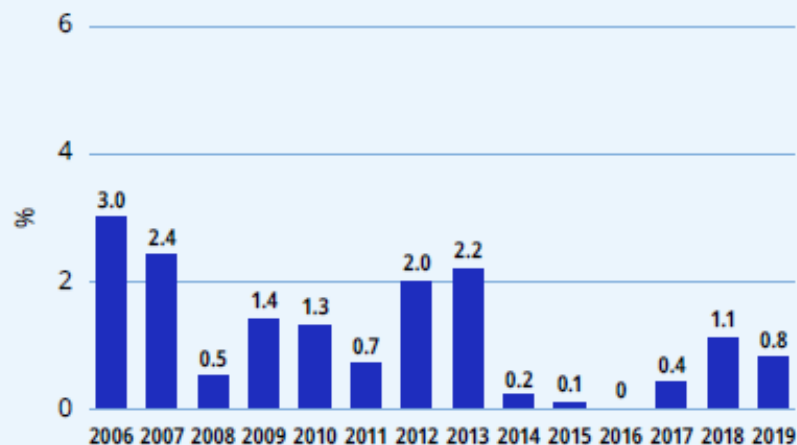
Annual average real wage growth by region, 2006–19 (percentage)



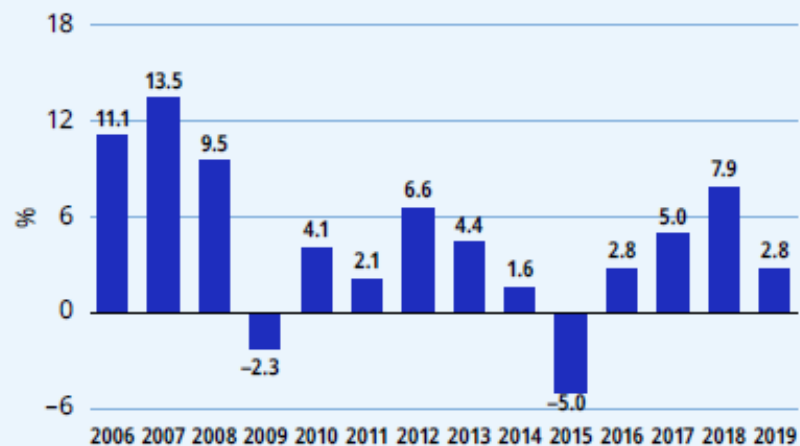
Central and Western Asia



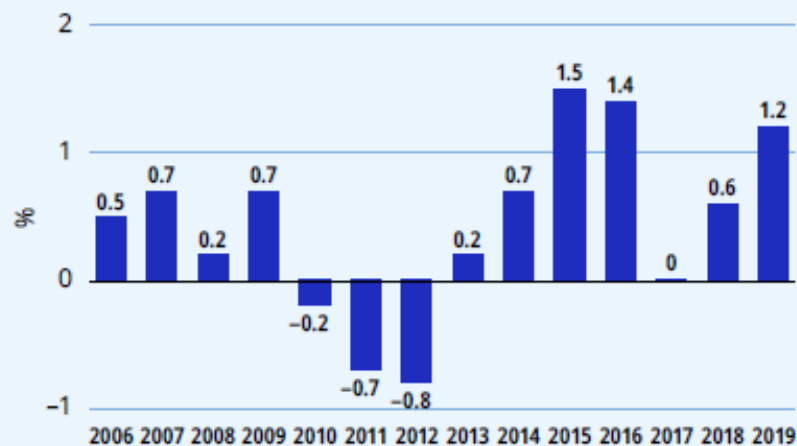
Latin America and the Caribbean



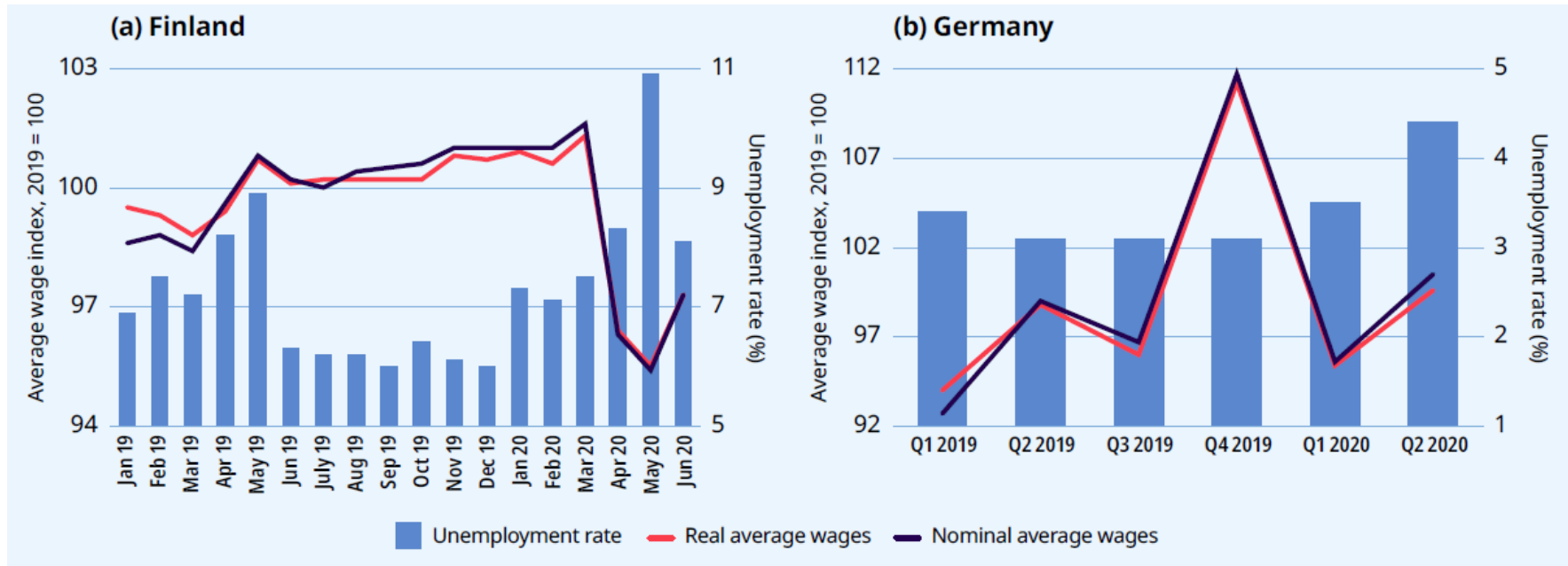
Eastern Europe

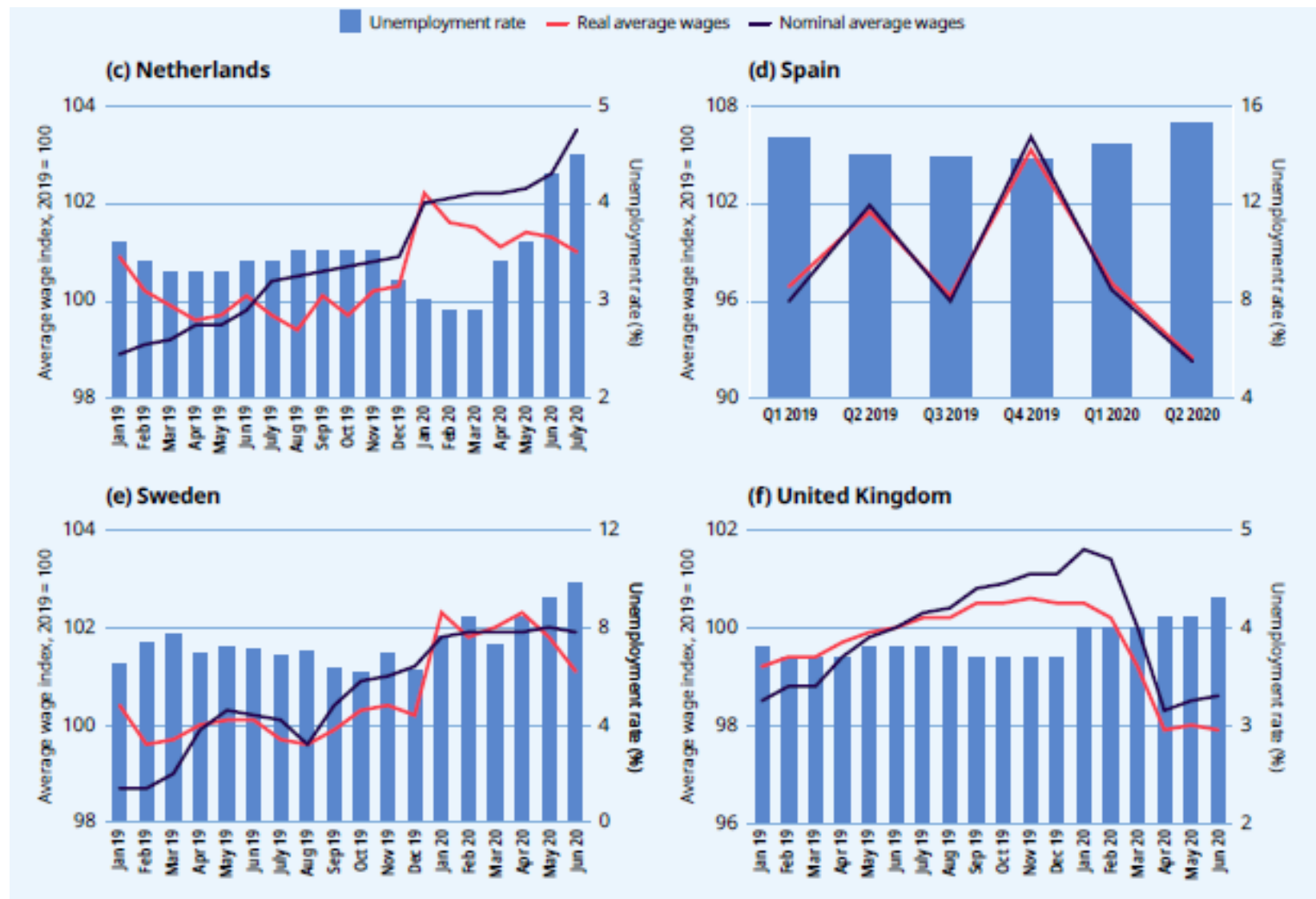


Northern, Southern and Western Europe

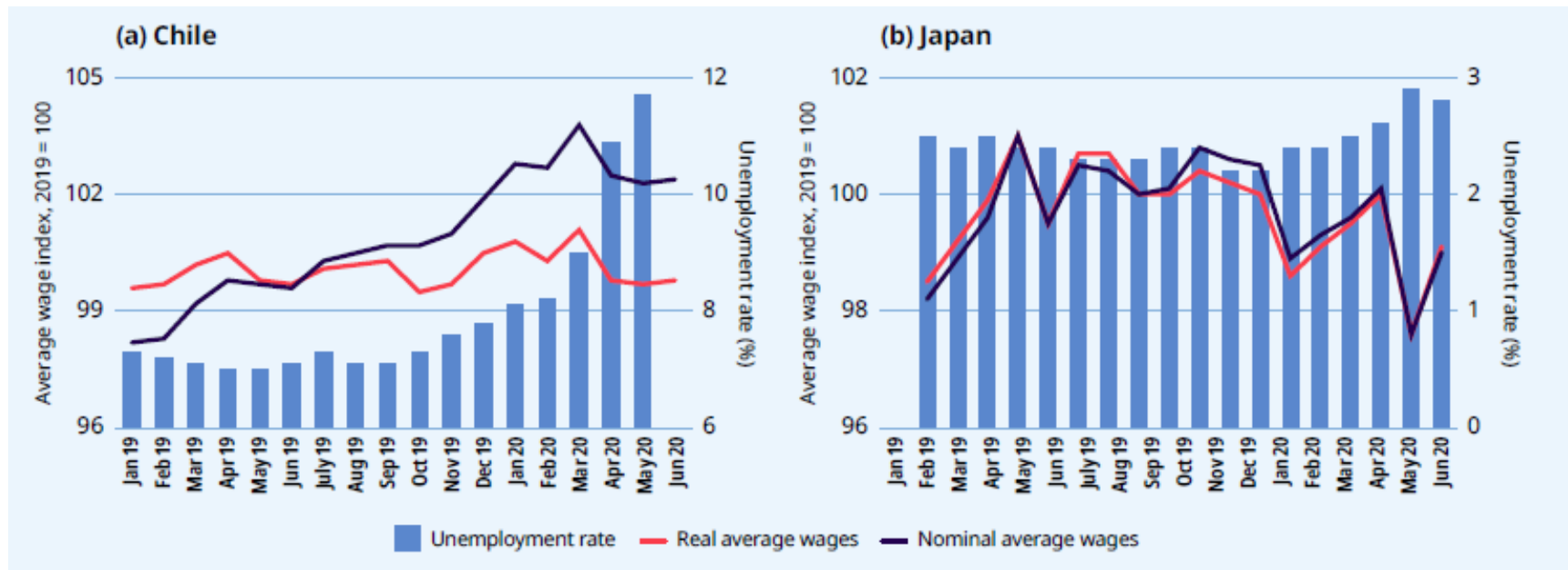


Examples of downward pressure on wages in selected countries in Europe



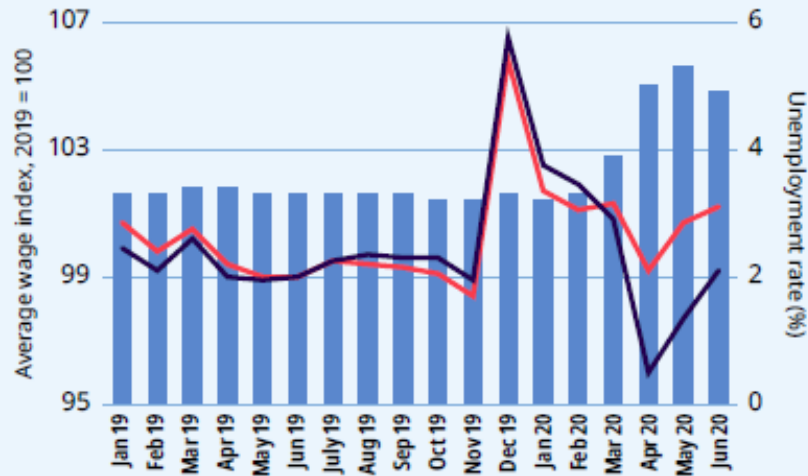


Examples of downward pressure on wages in selected countries in the Americas, and Asia and the Pacific

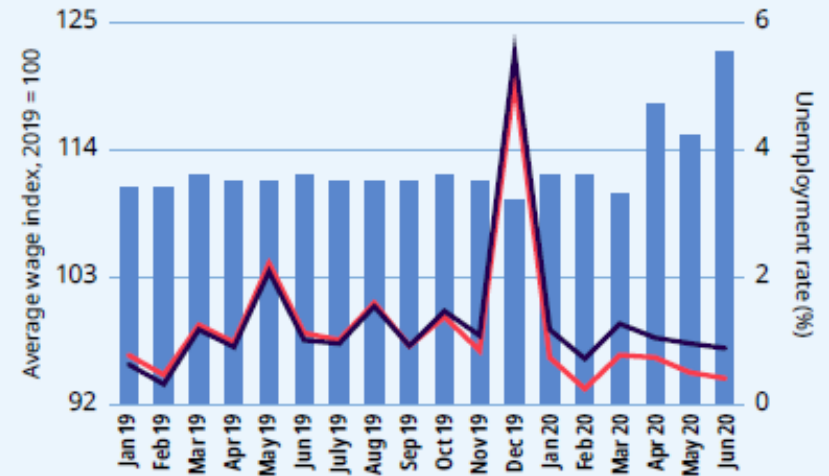


■ Unemployment rate — Real average wages — Nominal average wages

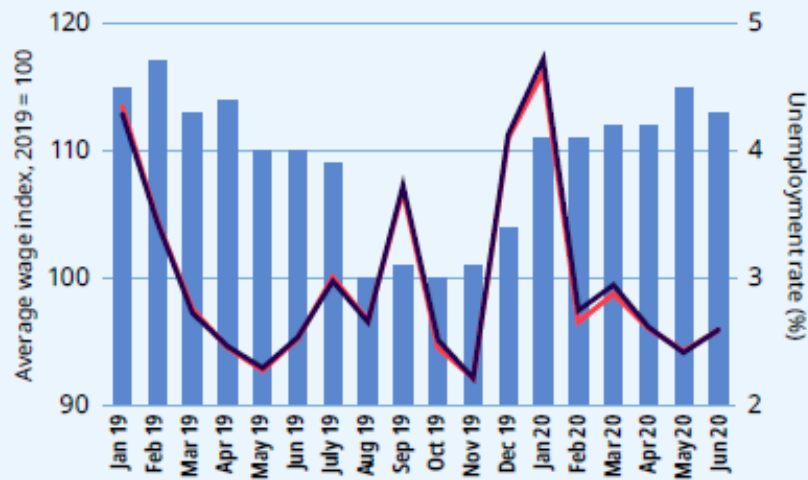
(c) Malaysia



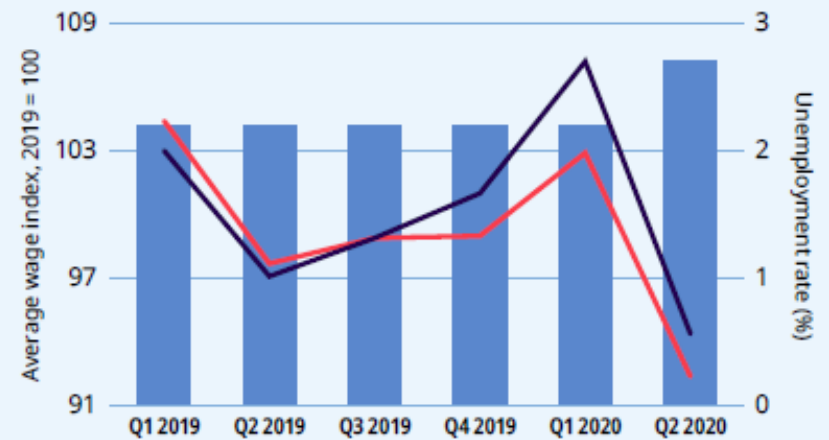
(d) Mexico



(e) Republic of Korea



(f) Viet Nam



Issues and Policy for Receiving Countries

Important points

- Immigration is one of a number of mechanisms available to policy makers to respond to potential labour shortages.
- Additional responses to potential labour shortages include:
 - increasing the participation in the labour market of specific groups
 - including women and immigrants
 - shifting the retirement age
 - encouraging geographic mobility
- Labour shortages are difficult to measure, and it seems that demand for foreign workers is rarely established on the basis of projections, but rather on the basis of current reported difficulties in filling labour market needs (employers' surveys, vacancy tests, etc.)

Regulating the number of foreign workers and protecting the local workforce

- Some countries have adopted a “laissez faire” approach by which the inflow of foreign workers is largely determined by employers’ demand for foreign workers. Others have introduced instruments to regulate the number of foreign workers.
- The goal of regulations on the number of foreign workers is usually twofold:
 - to meet labour market needs while avoiding unemployment among labour migrants
 - to avoid negative impacts on the local workforce.
- The three main regulating mechanisms, sometimes used in combination, are:
 - quota and ceilings
 - labour market tests
 - special fees.

- Quotas and Ceilings
 - can be set for the country as a whole, for the country's regions or administrative districts, for certain sectors of the economy, for specified occupations, and/or for individual employers or enterprises.
 - The main advantage of quotas is the establishment of a clear framework that also reassures public opinion. However, quotas can sometimes be too rigid.
 - The level of quotas is decided by public authorities through a process that also takes political considerations into account.
 - Ceilings can be imposed on companies to limit the percentage of foreigners that can be hired as part of their total workforce.

- Labour market tests
 - may be used at the individual level, or on regional or State levels.
 - One way of selecting foreign workers while also protecting the local labour force is to test each application against the available pool of eligible workers interested in the job opening.
 - Some countries have decided to establish State or regional level occupation lists for which the authorities have determined that there are insufficient eligible workers able, willing, qualified, or available for employment.

- Governments can consider imposing a fee on employers for each foreign worker employed as a test of the real need to recruit a foreigner over a local person.
- A policy to protect the local workforce may include legislative provisions that ensure that migrant workers are employed under the same conditions as domestic workers in terms of working conditions, remuneration, and social security.

Admission and post admission policies in respect of migrant workers

- States have developed labour migration systems that can be broadly categorized as demand-driven or supply-driven.
- In demand-driven systems, employers request permission to hire the foreign workers, thereby triggering a decision to admit the migrant.
- In supply-driven systems, the migrants themselves launch the admission process and can apply without necessarily having a job offer.
- States usually distinguish between several categories of workers according to the duration of the stay, their skills, and their legal status in the admission framework.

- Management of labour migration may make use of three types of authorization:
 - an entry visa
 - a permit to engage in paid activities
 - A permit of stay. National policies may also need to reflect commitments contained in regional agreements.
- States are relying more and more on the flexibility provided by temporary admission because future labour market needs are difficult to forecast accurately.
- Experience has shown that it is difficult to ensure that temporary migration remains temporary.
- When the economic demand is long-term, temporary schemes can prove costly both for the employer requesting repeated recruitment and for the public administration managing the temporary admission policies.

- The traditional immigration countries (Australia, Canada, and United States) have long offered the possibility for migrant workers to apply directly for permanent residence.
- States generally are more reluctant to create opportunities for less skilled workers, and when they do, entry is often limited numerically through quotas/ceilings.
- The highly skilled usually benefit from
 - facilitated entry
 - the possibility to change status to permanent migration
 - family reunification (when these possibilities are not available up front).
- It is generally accepted that the economic and social rights of migrant workers can be limited temporarily and according to the length of stay.
- Some States tie a temporary work permit to a specific job with a specific employer, or impose geographical restrictions (right to live and work only in a certain area).

Integration of migrant workers

- Integration of immigrants is not only a question of social cohesion but also of economic efficiency.
- Access to social benefits will normally depend on the length of stay and the length of employment of the migrant worker.

Issues and Policy for Sending Countries

Regulating labour emigration

- Sending countries usually acknowledge the fact that policies aimed at limiting emigration often result in increased irregular migration.
- A more efficient approach is to manage emigration in a way that benefits migrants, their families, and the economy alike.
- The International Labour Organization distinguishes three main approaches to intervention.
 - A regulated system - the State elaborates legislation and regulations on recruitment for employment abroad and identifies proscribed recruitment practices.
 - A State-managed system - the State regulates foreign employment and sets up State enterprises to recruit and place workers abroad.
 - A State monopoly system - the State assumes full responsibility for organizing labour migration.

The protection of migrant rights and interests

- Many States direct protection measures to more vulnerable groups, for example, lower skilled workers and women workers.
- Sending States need to consider, as much as possible, programmes and policies that could benefit the entire community.
- Policy interventions in countries of origin need to consider three broad aspects of labour migration:
 - migrant recruitment,
 - preparation for deployment overseas, and
 - protection issues while citizens are abroad.

- Some States have introduced standard/specified model contracts and negotiated with the employing countries to accept these as the minimum for all their workers abroad.
- Some States require prospective migrants to register their contract as a means to check if conditions are acceptable and meet fixed criteria.
- Exit controls are also used to ensure that workers leaving the country have legitimate job offers and fulfill set criteria.
- Other strategies include restriction on foreign employment of certain categories of persons, for example restricting women below a certain age from domestic employment.
- In order to prevent malpractice in recruitment, standards for international recruitment and penalties as appropriate should be included in national legislation.

- Other instruments for monitoring the activities of private agents are licences based on a system of guarantees and penalties and regulations limiting recruitment fees that can be levied.
- Support services, sometimes financed through a welfare fund paid into by the migrant workers and sometimes by employers as well, usually cover important aspects of labour migration, including:
 - lowering the cost of emigration through a system of loan guarantees to broaden access to bank credit
 - negotiation of flights and discounts with airlines
 - information and counselling prior to departure
 - negotiating bilateral agreements with receiving countries on social security and contributions to national schemes
 - support to families left behind
 - return and reintegration measures.
- Protective measures must not inadvertently create incentives for irregular migration by being too lengthy, costly, and complicated.

Increasing the positive impact of migration on the economies of sending countries

- An increasing number of developing countries and countries with economies in transition are adopting policies, legislation, and structures to promote the foreign employment of some of their workforce as a way to diminish unemployment and to increase their remittance share.
- Brain drain is one of the major concerns of sending countries.

Thank you
for your attention !