UWTSD MBA HKBM7009
(UWMBA-30013-2023-1-SS

Global Business Challenges (4-2)

International Labour Migration

Che Cheong POON
28 January 2024; Sunday 3:30pm to 5:30pm
Tutorial: 5:30pm to 6:00pm

Lecture Agenda：

- Introduction
- The International Labour Organization
- Some Related Statistics
- Issues and Policy for Receiving Countries
- Issues and Policy for Sending Countries

Labour Migration: A Global Overview

Why Do People NOT Migrate?

Introduction

Definition

- There is no internationally accepted statistical definition of labour migration. However, the main actors in labour migration are migrant workers, which the International Labour Organization (ILO) defines as: "… all international migrants who are currently employed or unemployed and seeking employment in their present country of residence."

- The United Nations Statistics Division (UN SD) also provides a statistical definition of a foreign migrant worker: "Foreigners admitted by the receiving State for the specific purpose of exercising an economic activity remunerated from within the receiving country. Their length of stay is usually restricted as is the type of employment they can hold. Their dependents, if admitted, are also included in this category."

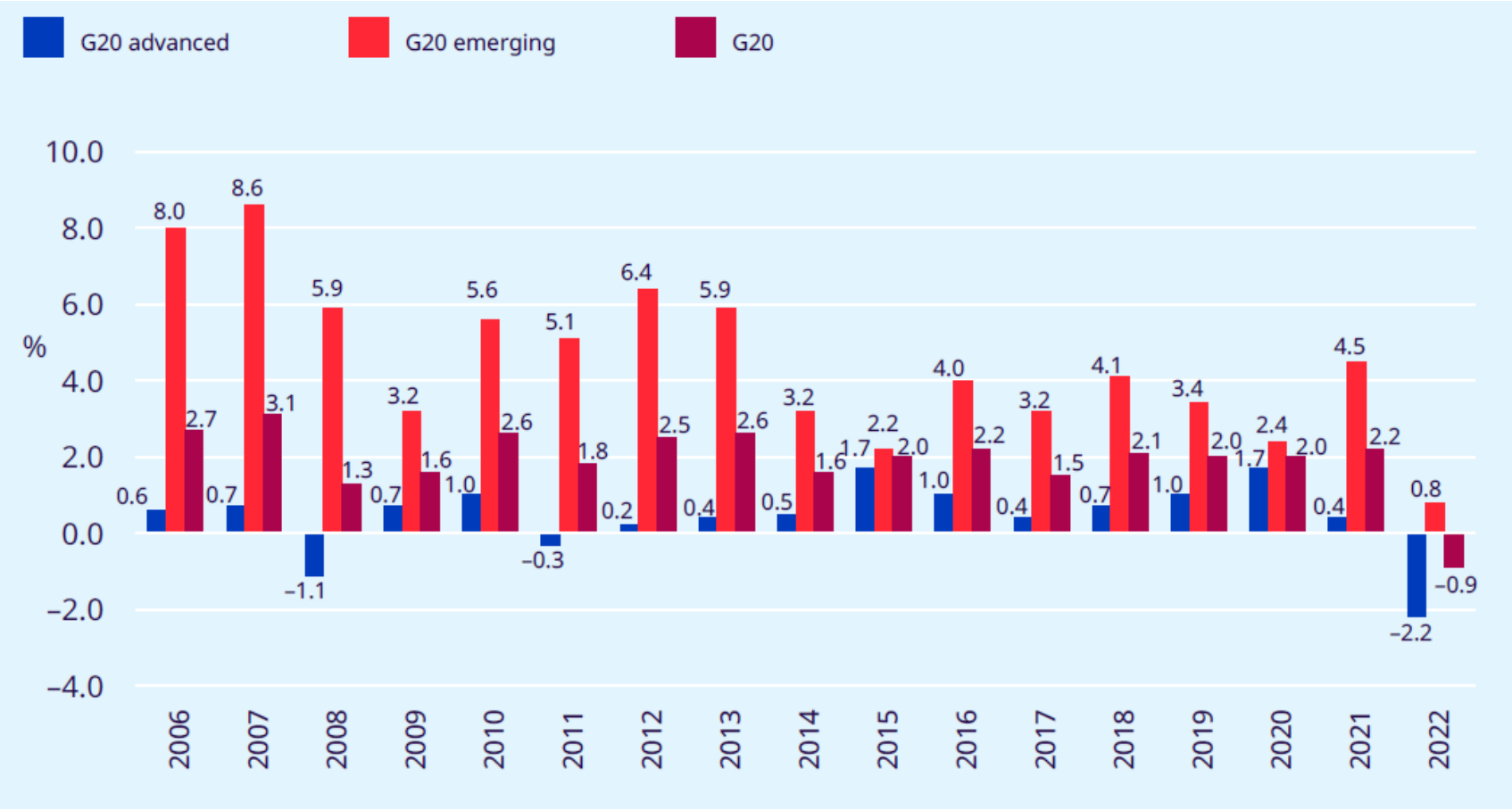
- While migrant workers are often also international migrants, not all are (see table below). It is important to note the difference between the definition of a foreign migrant worker and an international migrant. An international migrant is defined as: "any person who changes his or her country of usual residence."

Type of migrant	Is a foreign migrant worker?	Is an international migrant?
Citizen of the country of residence who is working and was born in another country	**No,** as did not move in search of work	**Yes**, as the country of birth is different from the country of residence
Person born in, and working in the country in question, but who does not have citizenship	**Yes**	**No**
Citizen returning to work in the country in question after working abroad	**No**, as holding the citizenship of the country of origin	**Yes,** due to change in country of residence
Border workers (who reside in one country but work in another)*	**Yes**	**No**
Consular official*	**Yes**	**No**
Military personnel*	**Yes**	**No**

Source: Adapted from ILO, 2015.
*Note: Border workers, consular officials and military personnel are excluded from the definition of an international migrant

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

Annual average real monthly wage growth in the G20 countries, 2006–22 (%)



Sources: Global Wage Report 2022-23: The impact of inflation and COVID-19 on wages and purchasing power
https://www.ilo.org/global/research/global-reports/WCMS_862569/lang--en/index.htm

Labour markets across the world in the time of COVID-19

- 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.

Migrant workers and the COVID-19 pandemic

- Migrants play a substantial role in agri-food systems. Measures affecting the movement of people (internally and internationally) and resulting labour shortages will have an impact on agricultural value chains, affecting food availability and market prices globally.
- Large shares of migrants work under informal or casual arrangements, which leave them unprotected, vulnerable to exploitation, poverty and food insecurity, and often without access to healthcare, social protection and the measures being put in place by governments.
- A dramatic reduction in remittances sent home is expected as a result of the pandemic, with considerable impact on rural livelihoods and food and nutrition security in areas of origin.
- Response measures should focus on protecting workers at the workplace, expanding temporary work permits and ensuring safe mobility within and across countries, matching labour demand and supply, while protecting lives and livelihoods and supporting employment and incomes for the most vulnerable. All migrants should have access to response measures, including health and social protection, regardless of their migratory or working status.

Key terms about workers in foreign country

- 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

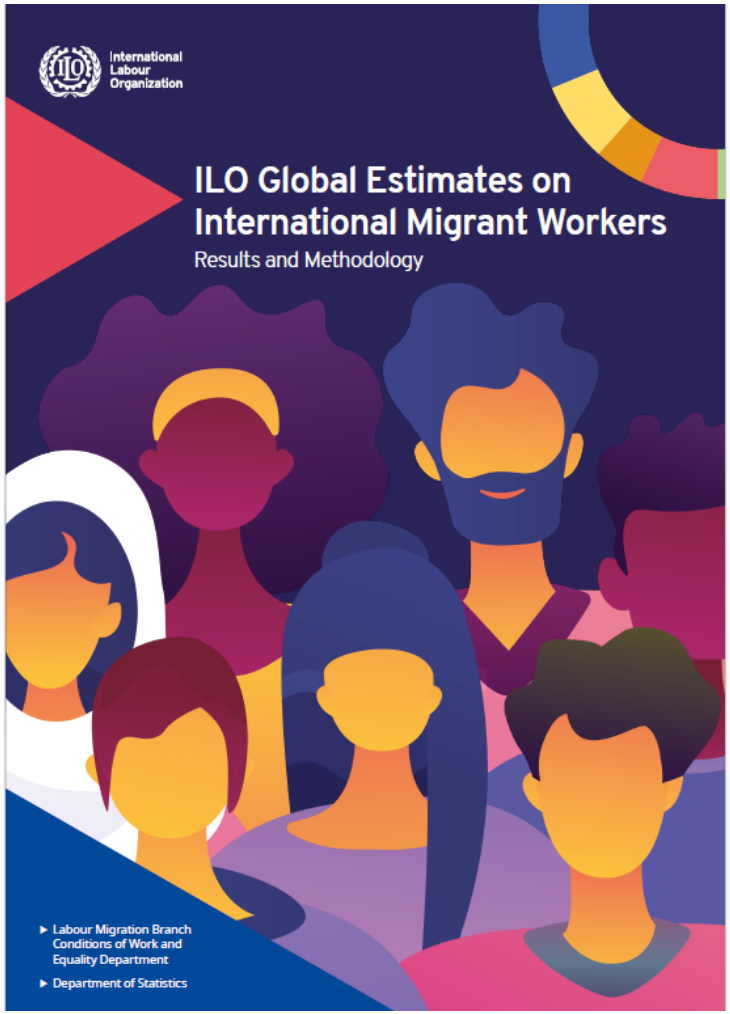
- The impact of labour migration varies from country to country.
- Impacts will also vary depending on the skill level, geographical source, employment situation, age, and gender of the migrants.
- Labour migration may have enormous potential for countries at both ends of the migration spectrum.

The International Labour Organization (ILO)

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

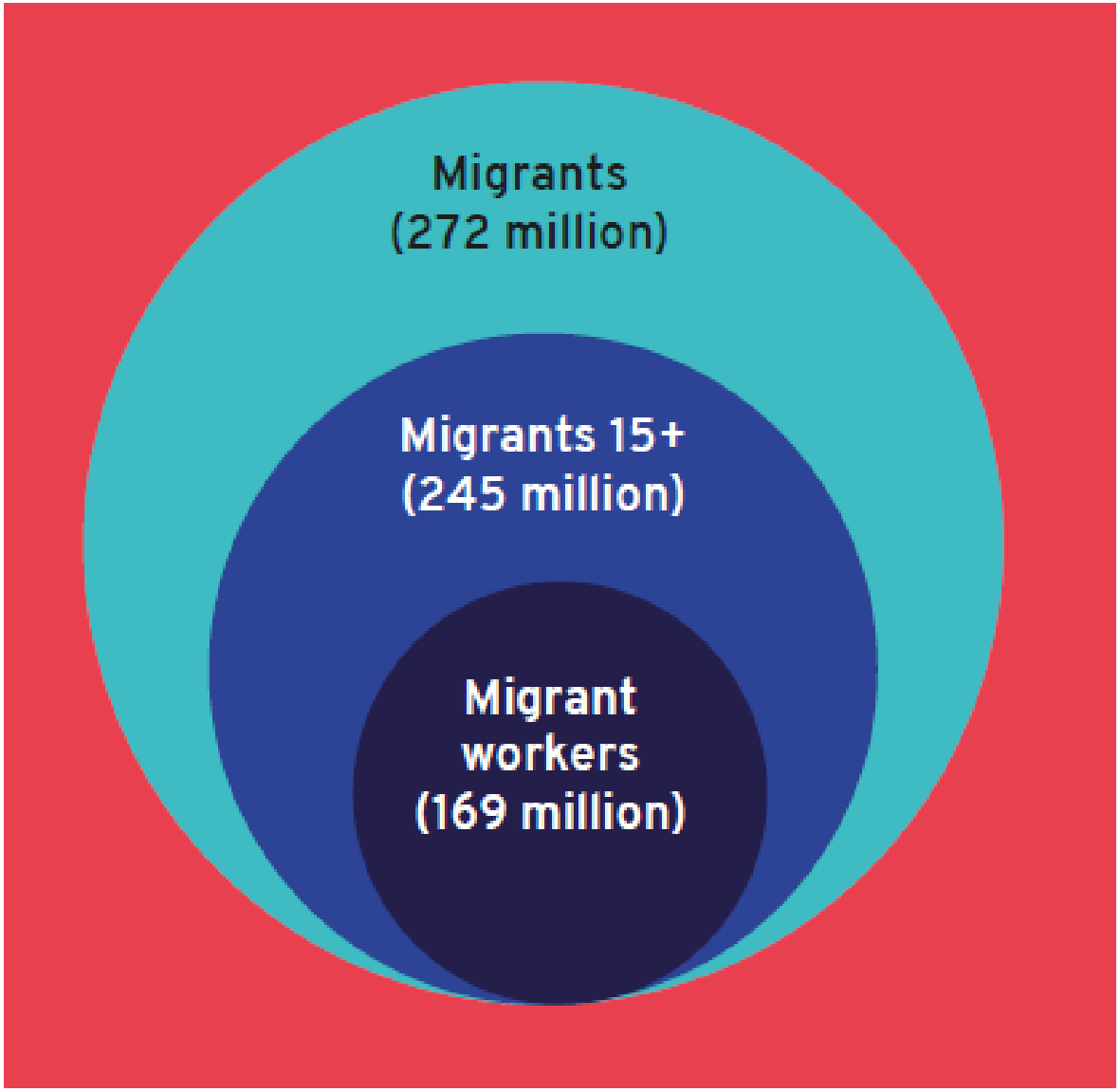
The ILO is the United Nations agency for the world of work. It sets international labour standards, promote rights at work and encourage decent employment opportunities, the enhancement of social protection and strengthening of dialogue on work-related issues.

ILO Global Estimates on International Migrant Workers: 2021 Report

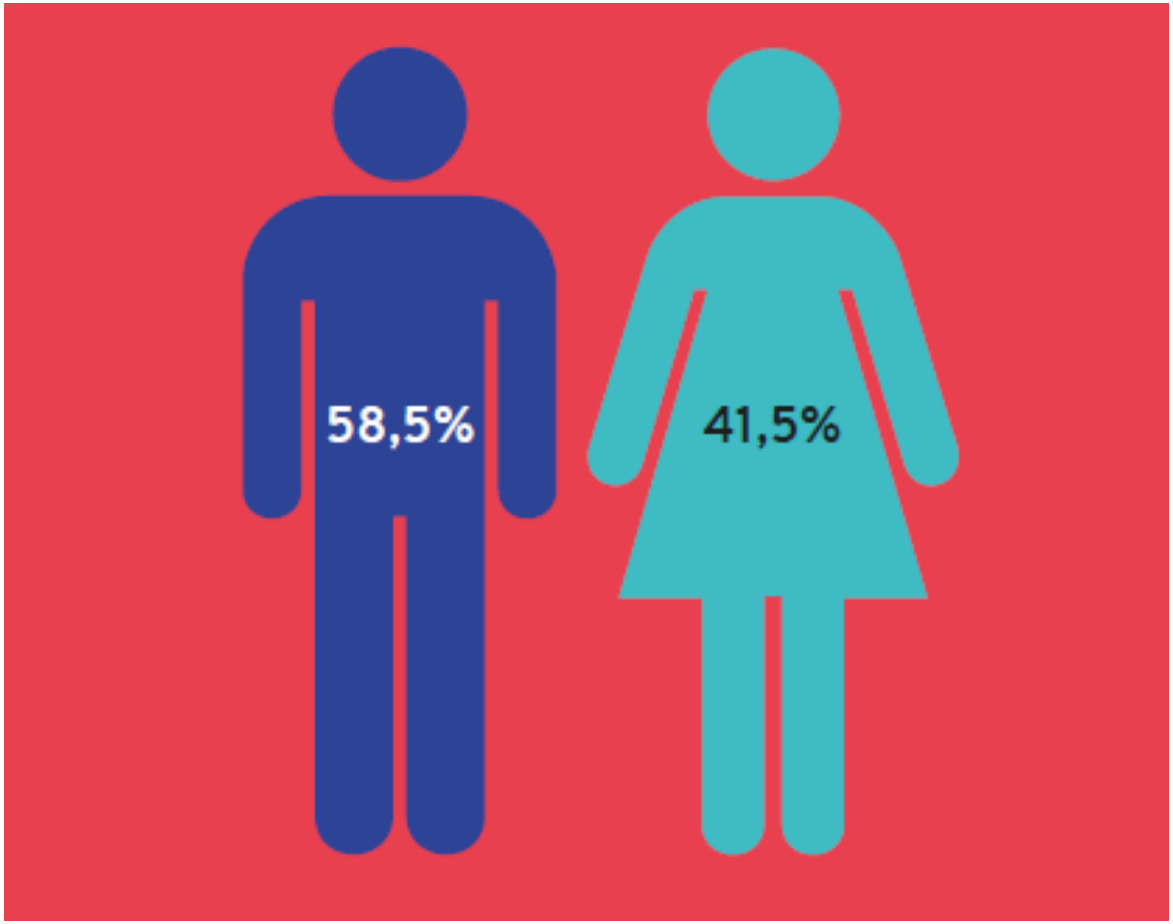


Sources: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_808935.pdf

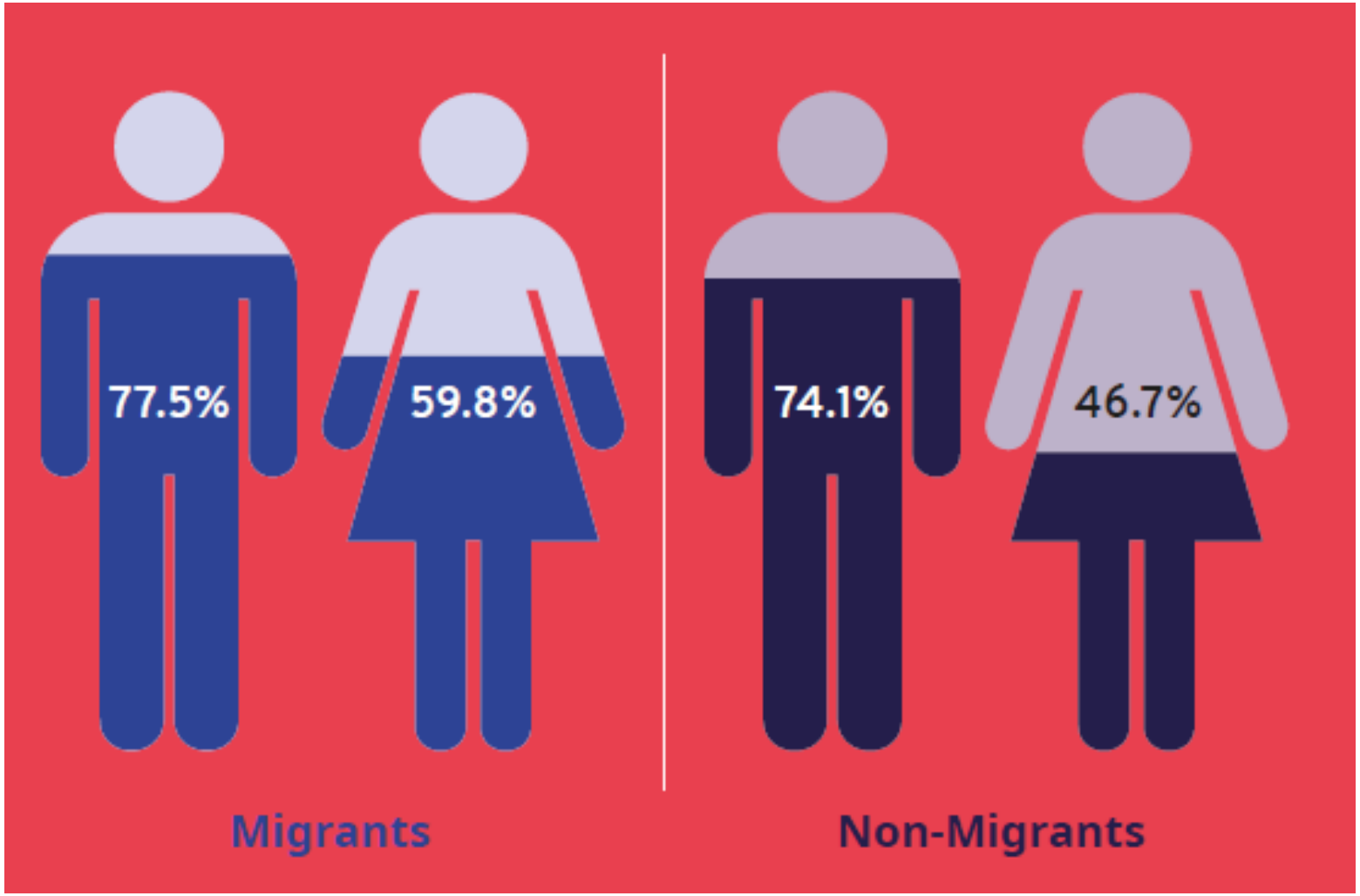
169 million people are international migrant worker



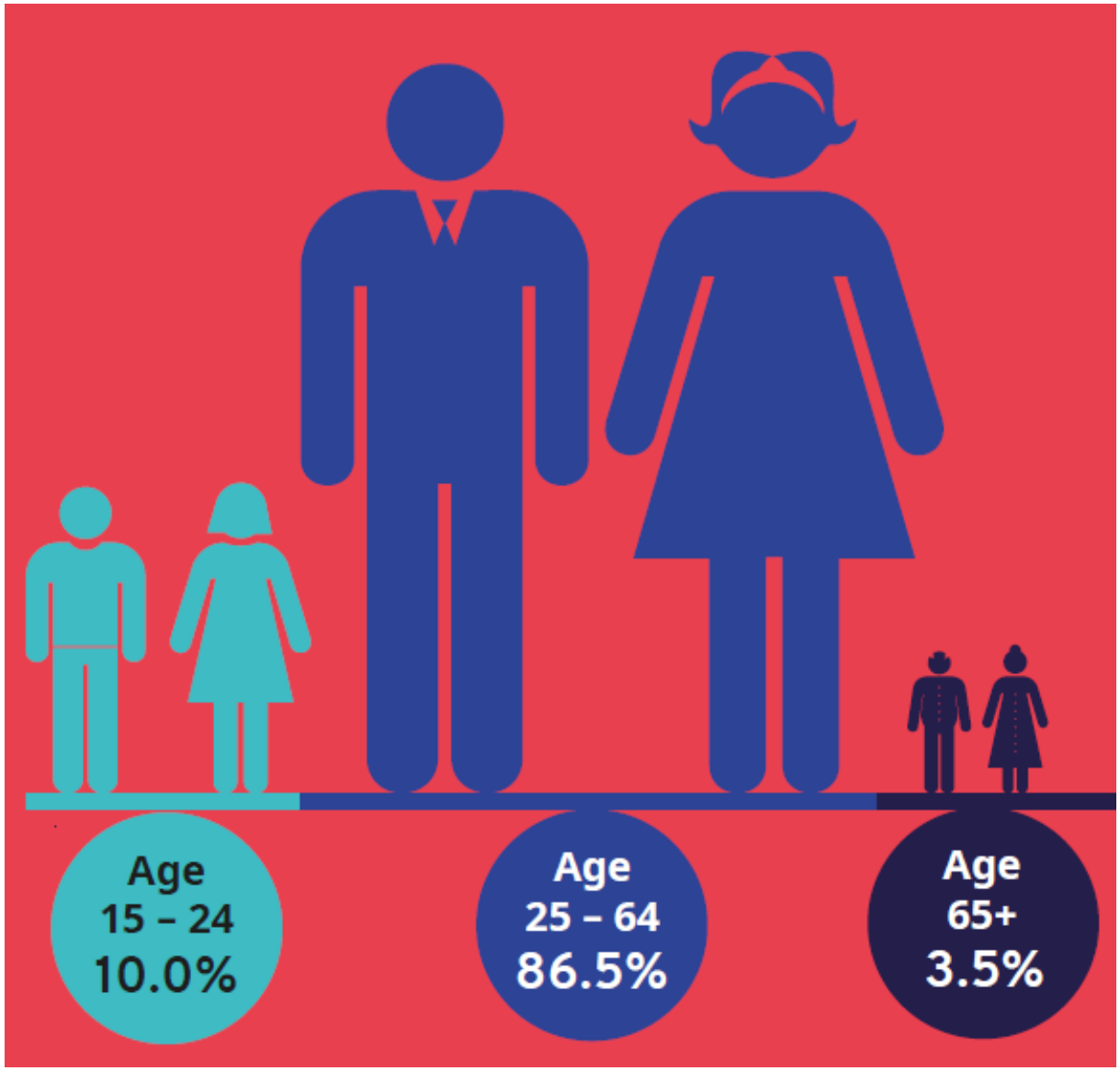
Among international migrant workers, 99 million are men and 70 million are women



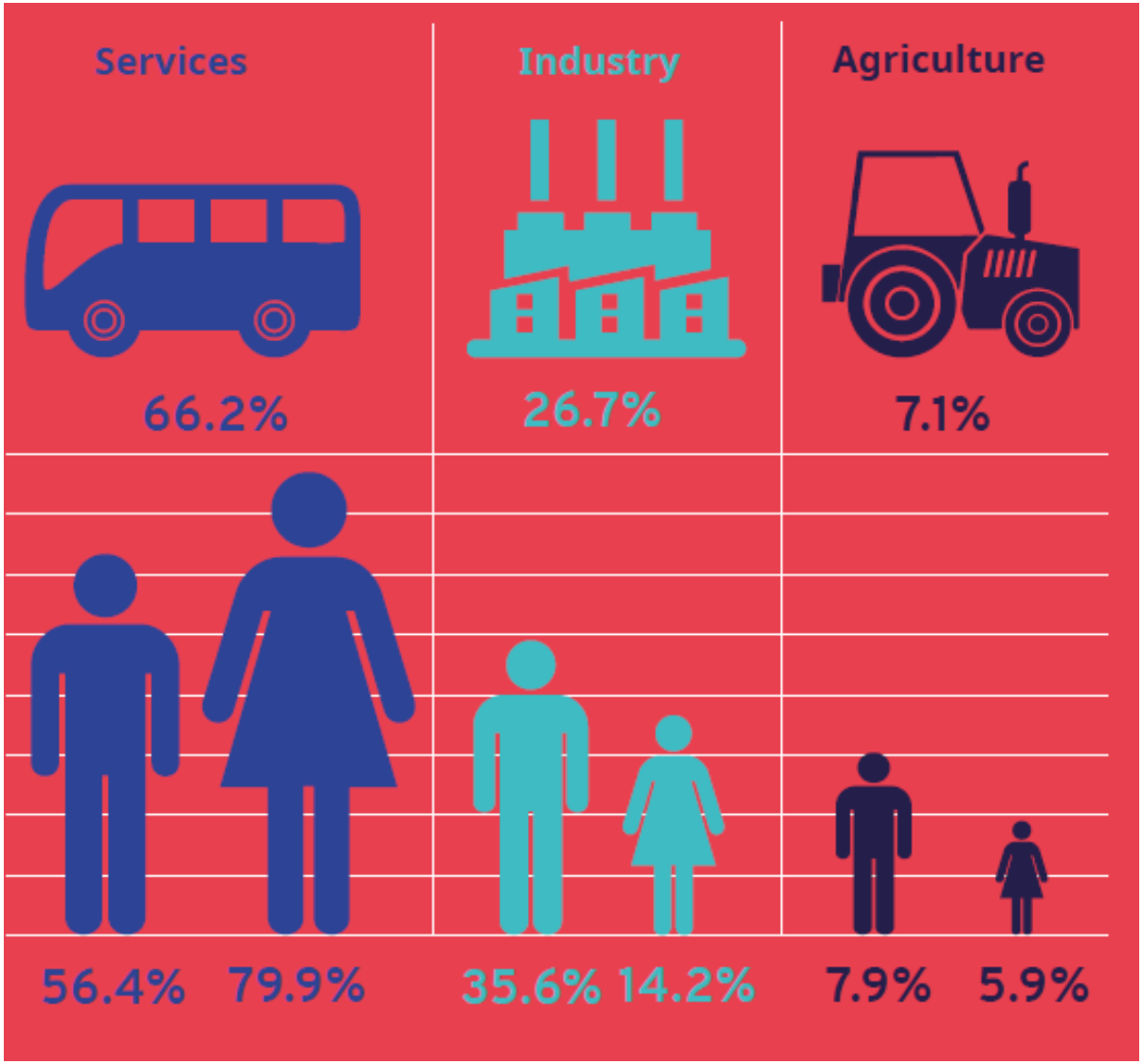
International migrants have higher labour force participation rates than non-migrants



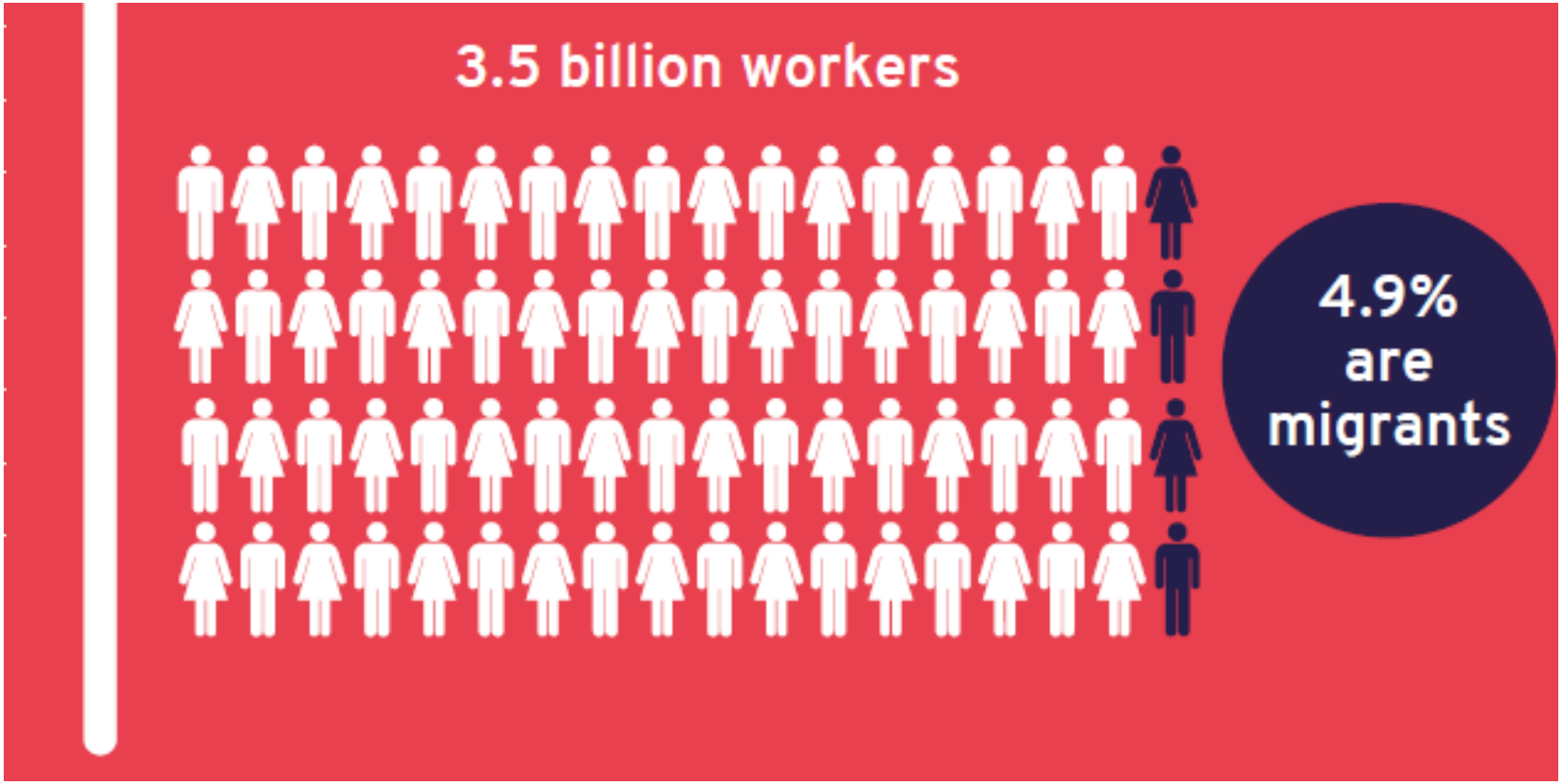
Most international migrant workers consists of prime-age adults



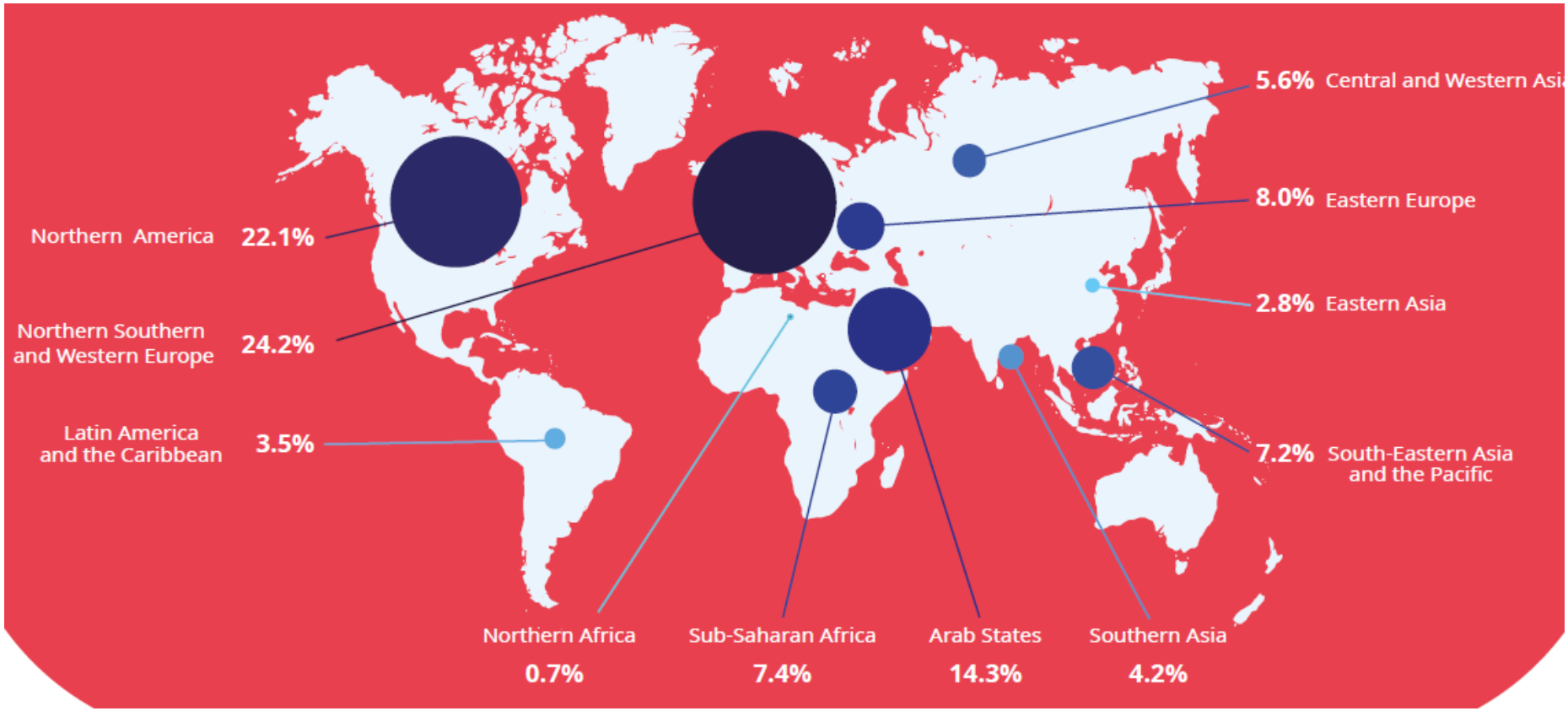
Most international migrant workers are concentrated in services sector



International migrant workers in the global labour force



Three sub-regions host the majority of international migrant workers: Northern, Southern and Western Europe, Northern America and the Arab States



Some Related Statistics

International Labour Migration Statistics (ILMS Database)

https://ilostat.ilo.org/resources/concepts-and-definitions/description-international-labour-migration-statistics/

The ILOSTAT database on International Labour Migration Statistics (ILMS) is a set of indicators describing the number and profile of international migrant workers, their situation in the labour market and employment patterns, their main origin and destination countries and the magnitude of inward and outward migration flows.

https://ilostat.ilo.org/data/country-profiles/

ILO region

Statistics in Asia and the Pacific

This page provides a subset of ILOSTAT data focused on the ILO region for Asia and the Pacific, which consists of 36 countries, with a total population of more than 3.7 billion.

Key figures

4.5%	60.9%	11.6%	2.3%
UNEMPLOYMENT RATE	LABOUR FORCE PARTICIPATION RATE	LABOUR UNDERUTILIZATION COMPOSITE RATE (LU4)	WORKING POVERTY RATE
2023 regional estimate	2023 regional estimate	2022 regional estimate	2022 regional estimate
MORE DATA	MORE DATA	MORE DATA	MORE DATA

Sources: https://ilostat.ilo.org/data/asia-and-the-pacific/#

Indicator catalogue

Get all data available for a specific indicator.

[Select database] | [Select subject] | [Select frequency] | Reset

[Select 1st classification] | [Select 2nd classification] | [Select 3rd classification] | Search...

Filename	Zipped csv	Data Explorer
+ SDG indicator 1.1.1 - Working poverty rate (percentage of employed living below US$2.15 PPP) (%) | Annual	gz	View
+ SDG indicator 1.3.1 - Proportion of population covered by social protection floors/systems (%) | Annual	gz	View
+ SDG indicator 5.5.2 - Proportion of women in senior and middle management positions (%) | Annual	gz	View
+ SDG indicator 5.5.2 - Proportion of women in managerial positions (%) | Annual	gz	View
+ SDG indicator 8.2.1 - Annual growth rate of output per worker (GDP constant 2017 international $ at PPP) (%) | Annual	gz	View

Sources: https://ilostat.ilo.org/data/

KEY GLOBAL MIGRATION FIGURES, 2019–2023
Updated with data available as of 15 Jan 2023
Next planned update: 5 Apr 2023

MIGRANT POPULATION (STOCKS)

281 MILLION PEOPLE were estimated to be international migrants – people that were born abroad and/or held foreign citizenship – at mid-year 2020.

Source: UN DESA, 2020.

FEMALE MIGRANTS

An estimated 48 PER CENT of the international migrant stock in mid-year 2020 were girls and women.

Source: UN DESA, 2020.

CHILDREN MIGRANTS

An estimated 13 PER CENT of the international migrant stock in 2020 were children below 18 years.

Source: UNICEF, 2021; estimates based on UN DESA data.

MISSING MIGRANTS

More than 52,100 MIGRANT DEATHS AND DISAPPEARANCES were recorded globally from 2014 to 2022. As of 15 January 2023, at least 4,950 PEOPLE lost their lives while migrating internationally in 2022.

Source: IOM's Missing Migrants Project, 2023.

Sources: https://www.migrationdataportal.org/sites/g/files/tmzbdl251/files/2023-03/One-pager-2023-EN-Final.pdf

LABOUR MIGRANTS

An estimated 169 MILLION MIGRANT WORKERS made up 62 PER CENT of the international migrant stock in 2019.

Source: ILO, 2021.

MIGRATION GOVERNANCE

Among 92 COUNTRIES that have conducted a Migration Governance Indicators (MGI) assessment, 32 PER CENT have developed specific measures that promote the ethical recruitment of migrant workers.

Source: Migration Governance Indicators, 2023.

REMITTANCES

Remittances to low-and middle-income countries are estimated to have increased by 4.6 PER CENT and reached USD 626 BILLION in 2022, continuing to overtake Foreign Direct Investments and Official Development Assistance to these countries.

Source: Ratha et al., 2022.

RETURNS

49,795 MIGRANTS who voluntarily decided to return home, but lacked the means to do so, received administrative, logistical or financial support in 2021 via IOM's AVRR and VHR programmes.

Source: IOM, 2022.

REFUGEES & ASYLUM-SEEKERS

By the end of 2021, there were an estimated total of 27.1 MILLION REFUGEES and 4.6 MILLION ASYLUM-SEEKERS worldwide.

Source: UNHCR, 2022.

INTERNAL DISPLACEMENT

An estimated 38 MILLION new INTERNAL DISPLACEMENTS – 14.4 million due to conflict and violence and 23.7 million due to disasters – were triggered in 2021.

Source: IDMC, 2021.

RESETTLEMENT

According to government statistics, 57,500 REFUGEES were resettled in 2021. Though this number is more than in 2020, it is only 53 PER CENT of pre-pandemic levels in 2019.

Source: UNHCR, 2022.

TRAFFICKING & MODERN SLAVERY

156,330 INDIVIDUAL CASES of trafficking have been identified by or reported to Counter Trafficking Data Collaborative (CTDC) partners between 2002 and 2021.

Source: Counter Trafficking Data Collaborative (CTDC), 2022.

IOM UN MIGRATION | GLOBAL MIGRATION DATA ANALYSIS CENTRE

Labour market statistics for selected Asian countries

Hong Kong in 2021

Indicators	Total	Men	Women
Labour force participation rate (%)	59.4	65.8	54.2
Employment-population ratio (%)	56.3	61.7	51.9
Share of agriculture (%)	n.a.	n.a.	n.a.
Share of industry (%)	12.1	20.2	4.2
Share of services (%)	76.2	62	32.4
Unemployment rate (%)	5.2	6.1	4.2
Unemployment rate, youth (%)	8.6	10.4	6.8
Average monthly earnings of employees	15000 (15000x0.12808606= US$1933		

Source: https://ilostat.ilo.org/data/country-profiles/:

Singapore in 2021

Indicators	Total	Men	Women
Labour force participation rate (%)	70	76.5	63.9
Employment-population ratio (%)	67.5	74	61.5
Share of agriculture (%)	0	0	0
Share of industry (%)	3.6	4.4	2.7
Share of services (%)	84.9	81.4	89.1
Unemployment rate (%)	3.5	3.3	3.8
Unemployment rate, youth (%)	7.5	5	10.2
Average monthly earnings of employees	4680 (4680x0.75073689= US$3513)		

Sourceshttps://ilostat.ilo.org/data/country-profiles/:

India in 2019

Indicators	Total	Men	Women
Labour force participation rate (%)	49.4	74.6	24
Employment-population ratio (%)	46.1	69.6	22.2
Share of agriculture (%)	40.2	37.5	48.3
Share of industry (%)	23.9	26.2	16.6
Share of services (%)	33.3	35.4	26.8
Unemployment rate (%)	6.5	6.7	6.1
Unemployment rate, youth (%)	22.7	22.5	23.1
Average monthly earnings of employees	16318 (16318x0.012144003=US$198)		

Sourceshttps://ilostat.ilo.org/data/country-profiles/:

Philippines in 2021

Indicators	Total	Men	Women
Labour force participation rate (%)	56.5	68.8	44
Employment-population ratio (%)	54.5	66.6	42.4
Share of agriculture (%)	24.3	30	15.3
Share of industry (%)	18.9	25.3	8.7
Share of services (%)	56.8	44.7	76
Unemployment rate (%)	3.4	3.1	3.8
Unemployment rate, youth (%)	8.5	7.4	10.3
Average monthly earnings of employees	15528 (15528x0.018161138=US$282)		

Source: https://ilostat.ilo.org/data/country-profiles/:

Indonesia in 2021

Indicators	Total	Men	Women
Labour force participation rate (%)	65.9	79.7	52
Employment-population ratio (%)	63.4	76.3	50.4
Share of agriculture (%)	29	31	26
Share of industry (%)	21.8	25.6	15.9
Share of services (%)	49.3	43.4	58.1
Unemployment rate (%)	3.8	4.3	3.1
Unemployment rate, youth (%)	13.9	14.7	12.7
Average monthly earnings of employees	2511508 (2511508x0.000064101022=US$161		

Source: https://ilostat.ilo.org/data/country-profiles/

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 (why?), 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.
- 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.

- The three main regulating mechanisms, sometimes used in combination, are:

a. 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.

b. 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.

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 licenses 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 !

Global Business Challenges (HKBM7009_HKMA) (4-3)

Tutorial 2: Individual Consultation

Che Cheong POON

28 January 2024, Sunday 5:30pm to 6:00pm