

ASK: NUS ECONOMISTS

Empowering foreign domestic workers

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■ *Does sharing information on foreign domestic worker (FDW) labour laws and market conditions help improve employment outcomes?*

ONE in every five Singaporean households employs a foreign maid.

Access to foreign domestic workers has freed up skilled female (and sometimes male) workers to participate in the formal Singaporean economy, while relying on migrants for their household needs.

For the maids, their earnings from Singapore are sent to their home countries to improve their families' quality of life.

This symbiotic exchange is increasingly taking place in many other parts of the world as well – in neighbouring Asian economies such as Hong Kong, and Middle Eastern and Western countries. But it has also raised concerns, as incidents of exploitation have been widely reported.

Maid abuse ranges from poor work environment, unpaid compensation and false imprisonment to rape and even death. Such vulnerabilities have often been linked to inadequate supervision of recruitment practices in both sending and receiving countries.

Not surprisingly, the policy response has been to tighten employment regulations. This could, however, prove more harmful to the migrants, who are driven by large financial rewards, and who circumvent these restrictions through illegal channels.

In our study of 300 Filipino maids in Singapore, we found that 30 per cent were earning below the minimum wage required by the Philippines government for its overseas workers.

Using conventional labour laws here such as the Employment Act to regulate FDW work conditions would be difficult because of the informal nature of household chores.

Instead, the key terms of their employment should be determined by market forces. FDWs who are underpaid would be able to move to other employment that pays more.

But if the worker has unreasonable expectations, no employer would hire her unless she reduced her asking wage. Households unwilling to pay a reasonable wage would also find it difficult to hire a maid.

Through this process, wages would converge towards a level "acceptable" to everyone. Similar

market forces could determine other conditions, such as work hours and living standards.

A well-functioning market requires that FDWs have easy access to employers. Although the law in Singapore does not preclude transfers, limited knowledge about transfer laws restricts FDW mobility. Less than 10 per cent of FDWs we interviewed could answer questions related to transfer laws.

Some 30 per cent report being unsatisfied with their current employer. Despite that, only 12 per cent were actively searching for new employers.

Limited information on job vacancies and their compensation could further restrict FDW mobility.

■ *Does providing more information help?*

THESE constraints strong-arm FDWs into accepting less favourable employment conditions, and are likely to leave them more vulnerable to exploitation.

In our study, we examined through a randomised control trial whether relaxing these constraints could improve employment outcomes.

Between June and October last year, we conducted face-to-face interviews with 300 Filipino maids who volunteered to participate in the study.

Surveyors collected information about current employment conditions and future job-search intentions, and tested their knowledge on Singapore labour laws related to transfers.

Transfer laws guarantee the right to a transfer without the FDW having to leave Singapore, and without using an agent or paying any fines, but they require approval from the current employer.

The surveyors were also given identical sealed envelopes, which indicated whether participants were assigned to treatment or placebo groups.

For the treatment group, the surveyor shared factual information about Singapore laws and FDW job vacancies. The placebo group did not receive such information.

One envelope was opened after each interview. The treatment assignment inside these envelopes was random. This allowed us to divide our participants into placebo and treatment groups, without biasing the information collected.

All participants were contacted via phone six months after their first interview. They were asked about their new employment con-

ditions, and tested on their knowledge of transfer laws again.

We managed to track only 178 of the original 300 participants, but the attrition rate was not different between the placebo and treatment groups.

We found that FDWs who received our information treatment were more likely to report decreased work hours and improved work conditions in other areas since the first interview, compared to those who did not receive it.

Treatment FDWs also had better knowledge about transfer laws and reported stronger future intentions to ask for higher wages.

But the treatment did not increase their incidence of changing employers or increase their propensity to search for other jobs.

We conclude that access to our information helped FDWs negotiate better employment conditions with their existing employers, rather than through finding new ones.

This suggests that empowering FDWs with knowledge about their legal transfer rights and market conditions could be an effective and affordable tool to reduce FDW abuse.

Such improvements are also not necessarily bad for employers. Satisfied FDWs are likely to increase effort at work, which could lead to higher productivity.

The Ministry of Manpower already runs a Settling-in Programme that provides information on safety standards and labour laws to recently arrived FDWs, but addressing the above information gaps requires a more engaged policy approach that would help FDWs keep up to date with fluid labour market conditions.

Contrary to the common perception that a well-functioning market is an unregulated one, our study shows that, in some cases, good government regulations can actually help markets work efficiently.

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