

# The costs and benefits of domestic work as a livelihood strategy

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## Summary

Domestic work remains one of the key occupations for many female migrants in Southeast Asia. As a low-skilled, low-wage job with often inadequate legal protection, domestic work is an occupation that has the potential to leave women employed in this industry open to exploitation, abuse and discrimination. In response to the general vulnerability of domestic workers, the International Labour Organisation (ILO) put forward a series of recommendations to protect these workers in the Domestic Workers Convention (no. 189) in 2011. This policy brief stems from our working paper on Indonesian domestic workers in Singapore (Platt *et al.* 2013) and examines the costs and benefits of domestic work, particularly as a livelihood strategy. The migration regime in Southeast Asia facilitates women's migration from their source countries to industrialized economies. The costs of migration include debts and fees, prolonged displacement from family members as well as a lack of transparency in recruitment processes. However, women's migration also facilitated productive and livelihood-enhancing uses of remittances, including contributing to children's education, investing in land, housing, health and enterprise.

## Domestic Work Migration in the Southeast Asian Context

It is estimated that there are some 53 million adult domestic workers worldwide, with women (83 percent) comprising the overwhelming majority (ILO 2013). In the Asia-Pacific region, there are around 21.5 million domestic workers. In major destination areas of Asia such as Hong Kong, Taiwan, Singapore and Malaysia, the rapid expansion of middleclass and ageing households due to rising levels of education and affluence has produced a growing (and highly gendered) demand for paid domestic work and other low-wage care services. Consequently, domestic work has become a transnational phenomenon in Asia, with women from the region's poorer countries filling the gap in demand for domestic work in the richer ones. The growing significance of migration as a family-based strategy for alleviating poverty and improving livelihoods in Southeast Asia over the last two decades is reflected in the accelerated pace of female migration in the region, as Southeast Asian women respond to the global demand for domestic and care-related work.

Yet domestic work has been recognised as an occupation in which workers are open to exploitation, abuse and violence. The vulnerability of domestic workers in Asia is made all the more stark given that it is typically a form of live-in employment where their labour is often undervalued and largely invisible. Domestic workers' susceptibility to poor and exploitative working conditions has been recognised by migrant NGOs and trade unions, who lobbied for the implementation of the ILO convention 189.

This convention highlighted the need to provide domestic workers with basic protections afforded to other workers. Adopted in 2011, it has been ratified by 14 member states (countries of labour origin), including the Philippines, a major source of domestic workers in the Southeast Asian region.

For many Indonesian domestic workers, migration is seen as an important livelihood strategy for poverty alleviation and upward social mobility. In response to the global demand for waged domestic labour, the Indonesian government has increasingly promoted overseas labour migration as a development strategy to tackle issues of poverty, domestic unemployment and underemployment, as well as to encourage overseas capital inflows through remittances (Silvey 2004). Given the highly gendered nature of domestic work, women currently form the bulk (79 percent) of Indonesian migrants abroad, making them the main contributors of international remittances to Indonesia (IOM 2010). In 2008, the country's total inflow of remittances was approximately USD 6.6 billion, equivalent to a third of its foreign direct investment (IOM 2010).

In Singapore, the migration regime for domestic workers is highly specific. The recruitment of Indonesian domestic workers is typically carried out by Indonesian recruitment agents, who act as intermediaries between recruits in rural areas and training centres based in larger cities. Once women complete training, they are sent to an agent in Singapore who matches them with an employer. During the first 7-9 months of a 2-year contract, however, a domestic worker will see very little of her salary, where she typically receive a small amount of

allowance (S\$10-20 or US\$8-16 per month;) while her full salary is deducted to pay off her recruitment fees.

Using the case-study of Indonesian women migrating as domestic workers to Singapore, this policy brief draws on a quantitative survey (n=201) and qualitative in-depth interviews (n=39) to examine the migration trajectories of these women, the costs of migration and benefits of employment through remittances (both economic and in-kind). Our survey data supports the notion that women use domestic work as a means of livelihood and achieve socio-economic mobility by earning higher salaries. From the survey, we ascertained that women's three key reasons for seeking work in Singapore were to accrue personal savings (30 percent), to provide for basic needs (15 percent), and to purchase land or a house (10 percent). Accessing education is also an important motivating factor. As one interview participant, Nina (*not her real name*), a 36-year-old married woman in her second migration period to Singapore noted, these aspirations really boil down to the notion of a better life.

“My motivation [for coming here]. I want to change my life and I want to change my family's future, especially the children's future, to be able to pay for their education that is number one.”

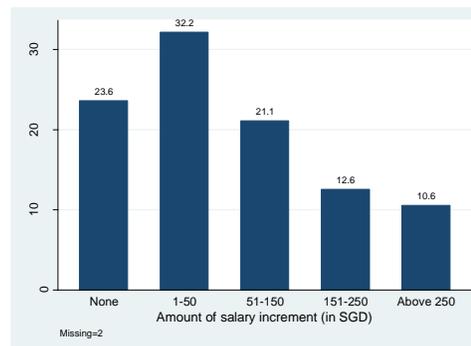
### The benefits, costs and challenges of domestic work migration

The most tangible benefit of domestic work as a means of assisting women and their families to migrate out of poverty is the wages they obtain through their employment. The mean monthly salary that respondents received was S\$444 (US\$355), with the median monthly salary being S\$450 (US\$360). A significant proportion of women (62 percent) earned a monthly salary in the range of S\$400 to S\$500. Beyond their monthly salary, the majority of women (82 percent) also received bonuses from employers or their employers' family and friends. Bonuses were small amounts and formed only a small percentage of their salary (the mean amount of bonus received was S\$271 per year and the median S\$150 per year).

Furthermore, the majority (78 percent) of women surveyed had had a salary increase (mean=S\$125; median=S\$75) since arriving in Singapore (see Figure 1). However salary increases are arbitrary in nature and often at the behest of the employer as there are no formal guidelines or standards about providing domestic workers with a raise. Encouragingly our survey results indicate that about half of the women in our sample (51 percent) reported that they had the ability to negotiate their salary with their employers. However, qualitative interviews revealed that asking for a pay rise is still somewhat of a difficult topic to broach with one's employer.

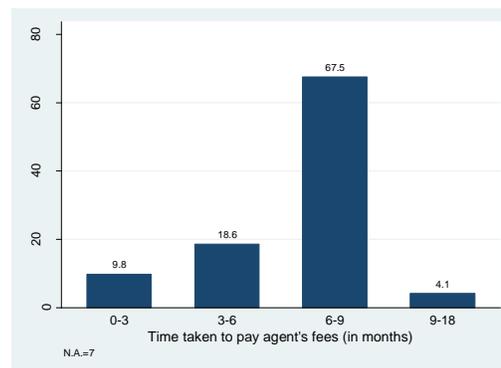
This is made all the more difficult due to the fact that domestic work occurs in the private sphere and employees are required to live in with their employers. Thus negotiations tend to be complicated by the dynamics live-in employment create, which provides the domestic worker with little opportunity to detach herself from her place of employment while such negotiations take place.

Figure 1: Amount of salary increase in SGD (n=201)



One of the key challenges associated with domestic work migration is the issue of fees associated with training, recruitment and placement of workers. Part of the problem is these fees tend to fluctuate. For example, around the fasting month of Ramadan, when it is hard to recruit new domestic workers, recruiters' commissions can go up. These fees are typically passed onto the employer, who subsequently deducts them from their domestic worker's salary. Thus, fees charged by recruiters and agents in both Indonesia and Singapore are neither fixed nor transparent and there is no standard salary deduction period for workers. Our study found that salary deductions took between zero to 18 months for the domestic workers survey (see Figure 2).

Figure 2: Amount of time taken to repay agent's fees in months (n=197)



During the salary deduction period nearly two thirds (61 percent) of women received S\$10 or less per month as an allowance. This included 16 women who reported receiving no allowance at all during this time. Without a substantial monthly allowance, it makes it difficult for domestic workers to purchase basic necessities such as mobile phone credit or calling cards to contact family in Indonesia. Lack of financial autonomy also makes

women highly dependent upon their employers, thus potentially heightening the power imbalance between the two during this time. With little or no money at their disposal, it also limits women's ability to take a day off (should they be granted one in their contract) to pursue social or educational opportunities.

Other challenges involve the lack of recognition of previous overseas work experience including domestic and care work. This highlights the homogenising effect of current recruitment and placement practices for Indonesian domestic workers, which has implications for the potential for domestic work to act as meaningful route to alleviate poverty for Indonesian women and their families. Such an approach also seeks to further reinforce domestic work as a low skilled, low paying job with little scope for remuneration commensurate with an individual's skills or experience. This is despite the Indonesian government's recent call to see migrant workers, including domestic workers, enter skilled industries (BNP2TKI 2011).

### The importance of remittances as a livelihood strategy

Remittances gained during domestic work constituted a significant livelihood strategy for women in this study. Survey respondents remitted an average of 55 percent of their salaries (SG\$248 or US\$198) home once their income stabilized after the debt repayment period. 84 percent of our survey respondents were the main breadwinner in the household and reported that their remittances primarily went towards paying for basic needs (68 percent planned use versus 73 percent actual use) and education fees for children (64 percent planned versus 66 percent actual).

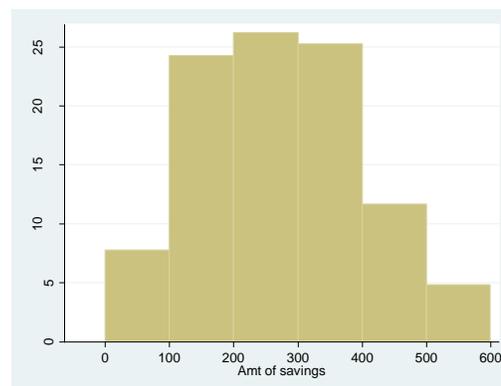
Alongside these two reported main uses of remittances were several other kinds of uses, such as purchasing land/house (43 percent planned versus 39 percent actual), investing in business (18 percent planned versus 9 percent actual), and vehicles (3.5 percent planned versus 13.5 percent actual). This suggests that remittances generated and sent by Indonesian domestic workers are more likely to be invested in what is referred to as 'human capital'.

Educational expenses form a large part of domestic workers' remittance use. The importance of education was a theme that was dominant in both the quantitative and qualitative data. In many cases, remittances went towards the education of women's own children, but in some cases, especially for women who had migrated to Singapore while single, their remittances went towards the education of younger siblings in order to help them secure better job prospects. For Yati, a 37-year-old divorcee, her child's educational achievements, which included him obtaining a bonded scholarship with an Indonesian company, gave her immense pride that the son of a single mother working as a domestic worker has been able to beat the odds:

"... yes, the future is clear... I am happy....He will obviously complete his bachelor degree. It [his success] is very rare, the kids, who are left by their mothers working overseas...they [usually] get up to no good..."

Women also reported being able to save following their migration. Of the women in our survey sample, just over half (54 percent) said they had a savings account either in Singapore and/or Indonesia. Of those that had an account, all but four women said they had managed to save in the last year. The mean monthly amount that women tended to save in this period was S\$244 and the median was S\$240. Figure 6 highlights the distribution of money that women reported saving on a monthly basis in the past year. When compared to the overall mean salary (S\$444), it highlights that for women who do save, they typically save around just over half (54 percent) of their salary.

Figure 3: Distribution of monthly savings in SGD (n=201)



While saving and remittances are often used for productive purposes, a key challenge noted by women in the interviews was the uncertain trajectories they faced as a migrant worker. For example, it was often difficult for women to anticipate how long they would need to be away in order to accumulate savings deemed sufficient for their targets, especially considering that changes in family members' life cycles and shocks (e.g. hospitalisation) may necessitate a longer migration period. The indeterminate nature of migration trajectories obviously has significant implications for it acting as a livelihood strategy. Furthermore, the uncertain trajectories also have their human costs in terms of extending the period of time in which migrants spend away from their families, as exemplified by Marwa who has been working in Singapore for 8 years:

"Actually, my mother wants me to go home, to take a break and not work, and live in Indonesia again. But I think again, if I went home, there aren't enough savings, I want to open my own business but there isn't enough capital, so I just told them, once there is enough capital, the whole family is already settled a bit, I will go home to Indonesia ...But right now, I cannot return..."

## Policy recommendations

The results of this study have implications for policies relating to both migration in the Southeast Asian context as well as its strategic use as a livelihood strategy. Stemming from our findings, we propose the following recommendations:

- The costs of migration, particularly as they relate to agent's fee and salary deductions, need to be both consistent and clear in order to make them transparent and provide a degree of certainty about the financial impost for domestic workers.
- Existing employment conditions for domestic workers need to be reformed to include a minimum wage and standardised salary deduction period (capped at two months) to allow women to better calculate the time required to achieve their financial goals, whilst minimizing the strain on women and their families at home.
- In order to ensure a greater degree of certainty regarding the length of migration, skills relating to prudent use of remittances and long-term financial planning and management should be imparted to both domestic workers and their families at home so that they are able to manage the transitions into different stages of family members' life cycles.

## Key Readings

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## Contact Us

**Asia Research Institute**  
 NUS Bukit Timah Campus  
 469A Tower Block, #10-01  
 Bukit Timah Road, Singapore 259770  
 W: [www.ari.nus.edu.sg](http://www.ari.nus.edu.sg)

### **Migrating out of Poverty RPC**

Arts B, University of Sussex  
 Falmer, Brighton BN1 9QN  
 United Kingdom  
 E: [migrationrpc@sussex.ac.uk](mailto:migrationrpc@sussex.ac.uk)  
 W: <http://migratingoutofpoverty.dfid.gov.uk>

## Migrating out of Poverty RPC

The Asia Research Institute (ARI), National University of Singapore, is the Southeast Asian core partner for the Migrating out of Poverty Research Programme Consortium (RPC), which aims to provide policy approaches that will help maximise the potential benefits of migration for poor people whilst minimising its risks and costs. Following on from the Migration DRC which was established in 2003, Migrating out of Poverty is undertaking a programme of research, capacity-building, training, and the promotion of dialogue to provide the strong evidential and conceptual bases needed for such policy approaches. This material has been funded by UK Aid from the UK Government, however the views expressed do not necessarily reflect the UK Government's official policies.

This briefing was written by **Maria Platt, Grace Baey and Khoo Choon Yen**. For further information, please contact Grace Baey, Communications Officer for the Migrating Out of Poverty RPC (based at the Asia Research Institute, National University of Singapore) at [grace.baey@nus.edu.sg](mailto:grace.baey@nus.edu.sg)

