

Ensuring Decent Work in Singapore's Domestic Work Industry

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Policy Briefing

Summary

It is widely acknowledged that foreign domestic workers play an increasingly significant role in plugging existing gaps in the areas of housework, childcare, and eldercare amongst many industrialised economies in East and Southeast Asia. This dependency is particularly acute in Singapore where one in five households employs a live-in domestic worker. Despite this growing trend, the industry remains largely unregulated where domestic work is still perceived as informal work within the private sphere of the household, and hence excluded from key labour rights and protections. This briefing presents main findings from a research study that examines the costs and benefits of migration amongst Indonesian domestic workers in Singapore, whilst proposing recommendations for enhancing the existing regulatory framework concerning employment and hiring practices in the domestic work industry.

Migrant Domestic Work: An Overview

With an estimated 209,600 migrant women employed as live-in domestic workers in one out of five households, foreign domestic workers (or FDWs) play an increasingly significant role in Singapore by providing essential services in the areas of housework, childcare, and eldercare (*The Straits Times*, May 12, 2013). As noted in a recent news forum letter, employing a domestic worker seemed "no longer a luxury in Singapore [... but rather,] a matter of necessity rather than choice" (*Yahoo! News*, April 15, 2013). At the same time, migrant domestic work offers an important livelihood strategy for upward socioeconomic mobility amongst many women in less industrialised parts of Southeast Asia. On a national scale, major sending states such as Indonesia and the Philippines have stepped up efforts to promote international migration as a development strategy to address issues of unemployment and underemployment, as well as to encourage foreign direct investment through remittances.

Singapore's burgeoning reliance on hired help, buttressed by the rising trend of domestic work migration in the region, is seen in the phenomenal expansion of the recruitment and placement industry in recent years. Official records show that there are 1,129 existing licensed employment agencies (EAs) that provide placement services for households looking to employ FDWs, with over 62 percent setting up shop only within the past five years (Ministry of Manpower 2013)¹. Despite its growing significance, the industry continues to be replete with challenges stemming from underlying tensions between rising demand, the transnational and commercialised aspects of recruitment/placement practices, existing gaps in labour regulation, as well as public attitudes concerning the informal and gendered nature of domestic work. Notwithstanding increasing policy measures by sending and receiving states to

reduce the costs of migration and improve working conditions for FDWs, ensuring compliance remains a continual challenge.

In this briefing, we draw from a mixed-methods research project that examines the costs and benefits of migration amongst Indonesian domestic workers in Singapore to highlight key issues and challenges in the industry, whilst making recommendations for enhancing the existing policy framework concerning employment and hiring practices for FDWs. Fieldwork for the study was conducted between November 2012 and February 2013, which consisted of a quantitative bilingual survey (n=201) and qualitative in-depth interviews (n=30) amongst FDWs from Java, Indonesia. Whilst acknowledging steps taken by sending and receiving states to enhance the rights and welfare of FDWs, such as through minimum wage standards (Indonesia) and placing caps on recruitment and placement costs, our findings reveal recurrent issues of unregulated wage levels, the industry's undervaluation of paid domestic work, workers' weak bargaining power concerning employment conditions, and constrained opportunities for job mobility.

"We need effective and binding standards to provide decent work to our domestic workers in Singapore, a clear framework to guide governments, employers and workers."

- Halimah Yacob,
Workers Vice-Chair at the 100th Session of the
International Labour Conference (ILO)

¹ Retrieved from the Ministry of Manpower's database of employment agencies at <http://www.mom.gov.sg/eadirectory>

Key Issues and Challenges

1. Unregulated wage levels

A longstanding issue in Singapore's domestic work industry has been the high turnover rate of workers stemming from low wages and/or mismatched expectations between employers and workers. As noted in a *Straits Times* article (September 11, 2013), only 42 percent of FDWs placed in households by agencies between October 2009 and 2011 remained with the same employer for at least a year. In our study, the median monthly salary amongst respondents was S\$450, although average figures ranged substantially between S\$170 and S\$750 (see Figure 1). Despite the majority (79 percent) reported having received a salary increment since the time of first arrival, it was observed that these increments tended to be highly subjective and often at the behest of employers in the absence of formal guidelines. In several cases, workers received little or no increment in their salaries after many years of work with the same employer.

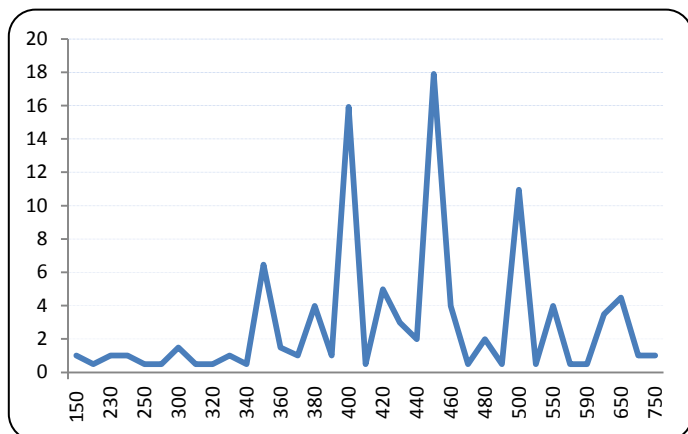
2. Undervaluation of paid domestic work

In many ways, issues of low and unregulated wage levels stem largely from general perceptions of domestic work as informal and women's work within the private sphere of individual households. A key observation from the study was the highly homogenised process of recruitment and placement that FDWs typically underwent, whereby no significant correlation was established between a worker's educational background, skills, and/or prior work experience (apart from having undertaken a previous employment contract in Singapore) with her monthly salary and employment terms. A recent survey led by UNIFEM Singapore (2011) revealed that FDWs typically worked an average of 14 hours each day. Taking into account a median monthly salary of S\$450 amongst Indonesian FDWs, this amount translates into an hourly rate of S\$1.20 per day—a paltry figure that is way below the national average and increasingly unsustainable in view of rising living costs in Indonesia.

3. High recruitment and placement fees

Under the current visa regime for FDWs, work permits are tied solely to an individual employer who typically forks out a worker's recruitment and placement fees upfront, which is subsequently recovered via monthly salary deductions over an average period of eight months (amounting to approximately S\$3,600). During this 'debt deduction' period, workers received a nominal sum of S\$10 to S\$20 per month to cover basic expenses, although there were instances whereby some women reported receiving no money at all.

Figure 1: Monthly salary range of survey participants (n=201)



As noted by a 26 year-old respondent, Ana, "The ten dollars [pocket money]... The agent took it, [with] another cut like that." In almost all cases, workers were unaware of the breakdown of these fees, apart from being informed by agents that this was a mandatory requirement.

Inasmuch as the sponsorship system may offer a viable route for migration, particularly amongst workers without ready access to capital, the industry's lack of transparency and accountability, compounded by the multi-layered and largely informal nature of recruitment practices creates opportunities for extortion and exploitation, whilst heightening the risks of migration. Furthermore, the protracted length at which repayment is done has meant that workers have little access to job mobility and capital during this time.

Figure 2: Advertisements published on *Straits Times* and *Berita Harian*



4. Workers' weak and unequal bargaining power

A significant consequence of the existing visa and sponsorship system for FDWs has been workers' weak and unequal bargaining power concerning their employment and living conditions in Singapore. In our survey, whilst approximately 48.4 percent of respondents acknowledged the possibility of negotiating for a salary increment with their agents and employers, many were hesitant to broach the subject. Fears of repatriation or the likelihood of being sent back to the agency (often with financial penalty) represent real concerns amongst workers, since the power balance remains tilted in favour of employers who are given leeway to dismiss (or 'replace') a worker without requiring proper reason or notice.

In the absence of binding work contracts, workers were also vulnerable to cases of contract substitution, such as 46-year old Reni who lamented that "in the contract, [it was stipulated] that I will only look after two kids, but when I arrived at their home there were seven kids. Number one, two, three, four, and five are boys and big [kids]. Number six and seven are little kids: seven and five years old."

5. Discriminatory advertising practices by employment agencies

Apart from power imbalances in the workplace, discriminatory advertising practices by agencies, such as those promoting workers with "no days off", "no hand-phones", or "unlimited replacements" for those concerned with "headache maids", feed strongly into the commodification of FDWs as products that could be tested and returned should one be dissatisfied with any condition. Such discourses work to reinforce the highly asymmetrical relationship between employers and workers, whilst underscoring the idea that FDWs are at their employer's disposal once the contract is signed. Furthermore, marketing strategies that work to differentiate workers on the basis of nationality, 'race', and/or religion, remain highly problematic.

Implications for Policy and Advocacy

Whilst FDWs currently offer a relatively low-cost and affordable solution to plugging existing gaps in childcare, eldercare, and housework amongst dual-income families in Singapore, key issues highlighted above emphasise the need for policy review concerning the domestic work industry. Even as recent policy reforms, such as the mandatory weekly rest day, represents a heartening step forward towards securing decent work amongst FDWs, the industry remains largely unregulated with few monitoring mechanisms in place, seeing that implementation and everyday work conditions are still mainly left to the discretion of private households where the relationship between workers and employers is often highly asymmetrical.

At the same time, inasmuch as major sending states such as Indonesia and the Philippines are stepping up regulatory efforts to enhance the rights and protection of its workers overseas, demand is gradually shifting to newer source countries such as Myanmar and Cambodia where the industry is developing and presumably less regulated. As the range of source countries for FDWs continues to diversify with growing regional development, multilateral interventions are necessary to ensure safe migration and decent work for FDWs. In the next section, we propose five recommendations for enhancing the existing regulatory framework concerning employment and hiring practices in Singapore's domestic work industry.

“Close to half of the [1,190] families polled in a survey said they had turned to foreign domestic workers to provide care for their frail elderly relatives, yet... more than half of these workers lack the experience or training to care for them.”

- The Straits Times, May 15, 2013

Policy Recommendations

1. Encourage skills differentiation within the domestic work industry

Even as demand for caregivers is likely to increase with the rapidly ageing population in Singapore where one in five residents will be aged 65 years or older by 2030, introducing a two-tiered visa system that distinguishes between workers employed as caregivers and general housekeepers will work to raise the overall quality of the domestic work industry by encouraging specialisation and better service delivery. At present, FDWs are tasked with a wide range of duties including cooking, cleaning, as well as caring for the young and elderly. Ensuring a ready supply of workers with formal skills training and qualifications for care-giving will help reduce the risks of overwork and/or mismatched expectations by catering to the specific care needs and priorities of individual households. Workers' salary levels should commensurate with relevant skills and occupational experience (as opposed to nationality) so as to curb stagnant wages and increase job satisfaction and FDW retention rates.

2. Provide standardised training and testing for pertinent household and care-giving skills

To complement existing efforts to make quality housekeeping and care-giving services more accessible to households, providing standardised training and testing on pertinent skills at source will work to ensure that FDWs are properly equipped for the demands of work in Singapore. At present, not all FDWs who provide care for the

young and elderly are properly trained and experienced to do so, as training centres amongst various source countries tend to offer only generic and basic-level training programmes. In the absence of adequate training, various risks and vulnerabilities are involved for both caregivers and care recipients alike. Apart from ensuring a certain level of proficiency, these assessment measures will also enable employers to access more effective labour matching services based on particular household needs as opposed to the generic bio-data currently provided in hiring packages. Alongside these measures, opportunities for skills upgrading should be made widely accessible for FDWs in Singapore.



Photo credit: How Hwee Young

With Singapore's ageing population, FDWs play a significant role in providing home-based eldercare services for many households.

3. Ensure greater transparency and accountability in the industry

Taking into account the considerable role that recruitment and employment agencies play in facilitating the migration process for prospective FDWs, efforts should be made to professionalise the industry whilst ensuring greater transparency and accountability in existing hiring practices. In addition to formalising employment contracts and ensuring that they are made bilingual based on a worker's preferred language, service staff at EAs should be required and equipped with the technical know-how to clarify details of the contract with both employers and FDWs. Within the contract, the rights and obligations of both parties should be written in clear and accessible terms, and a minimum notice period for repatriation enforced. To reduce the protracted period of debt repayment for FDWs, policy measures should be set in place to ensure that workers are charged only a maximum of two months' salary for overall placement costs (at source and destination), and provided with a detailed breakdown of various fees involved.

4. Increase workers' access to labour mobility and social protection measures

To promote a more equitable relationship between FDWs and employers, legislative efforts should be made to reduce the significant financial and bureaucratic costs involved for workers seeking to process a transfer of employers. Instead of requiring FDWs to obtain a release form from their existing employers, workers should only be required to provide one month's advance notice of termination as with the case for most jobs in other sectors. Apart from being a fundamental labour right, freedom of job mobility protects workers against vulnerable and abusive workplace conditions. These measures should also be complemented by public education efforts to ensure that FDWs are aware of their basic rights and entitlements. In this regard, there is value in expanding the existing Settling-in-Programme for new FDWs to incorporate this component, alongside providing information on basic financial management tools for savings and remittance sending, as well as various channels of support and assistance for FDWs.

5. Prohibit discriminatory advertisements by employment agencies

Insofar as migrant domestic work remains perceived as a highly gendered and racialised form of work in many parts of the world, deliberate efforts should be made to curb institutional practices of discrimination and prejudice, particularly in this industry. EA advertisements that discriminate workers on the basis of nationality, 'race', or religion, or which seeks to distort (or misrepresent) existing policy regulations in the Employment of Foreign Manpower Act (EFMA), such as the mandatory weekly day off, should be strictly prohibited. Instead, emphasis should be placed on marketable skills and relevant work experience, rather than on immutable categories of nationality, race, or even gender. Legislative efforts that work to raise the standards of the industry needs to be coupled by changes in public attitudes that favour compliance, since norm setting requires more than policy shifts but socialisation measures as well. In this regard, addressing stereotypes and changing the existing discourse on FDWs remains paramount.

Key Readings

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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. Migrating out of Poverty RPC is funded by the UK Government's Department for International Development (DFID), although the views expressed in this policy briefing do not express DFID's official policy.

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