

Understanding Adverse Outcomes in Gulf Migration: Evidence from Administrative Data from Sri Lanka

Asanga Nilesch Fernando 

University of Notre Dame

Alison Lodermeier

Brown University

Abstract

For many in South Asia, international migration to the Gulf countries provides access to lucrative employment opportunities without domestic comparison. Yet higher wages in Gulf countries are often coupled with poor working conditions, employer malpractice, and abuse. We utilize a unique administrative dataset on Sri Lankan migrant workers and complaints made by them to Sri Lankan Consulates to analyze the prevalence of workplace abuse and employer malpractice along this complex supply chain. Our analysis reveals that Sri Lankan migrants are systematically exposed to fraud and abuse that can, in part, be attributed to factors specific to the local recruitment agency who placed them. Understanding why recruitment agencies systematically differ in the quality of their placements may inform regulatory policy aimed at reducing the risks faced by migrants in destination countries.

Keywords

migration, recruitment agencies, Sri Lanka

Corresponding Author:

Asanga Nilesch Fernando, University of Notre Dame, 3081 Jenkins Nanovic Hall, Notre Dame, IN 46556, USA.

Email: nilesch.fernando@nd.edu

Introduction

Each year, over two-million workers leave South Asia in search of employment in the Gulf countries (International Organization for Migration 2015).¹ While these employment opportunities are often many times more remunerative than those available locally, numerous reports from civil-society organizations suggest that these jobs are rife with employer malpractice and abuse.² In the absence of systematic data on labor abuses experienced by migrants in Gulf countries and given the politically sensitive nature of this subject matter, such reports must often infer the prevalence of abuse through investigative reporting (Human Rights Watch 2010; Amnesty International 2020). Thus, while these reports offer important insights about the risks faced by migrants in the Gulf countries, the lack of systematic data on labor abuses limits both understandings of the extent of worker abuse and our ability to provide a quantitative assessment of the relative importance of factors that explain the incidence of migrant labor abuses in Gulf countries.³

This *IMR* Research Note provides a systematic account of labor abuses experienced by Sri Lankan migrants to the Gulf countries, utilizing an unique administrative dataset that records all registered Sri Lankan migrant workers who either sought foreign employment through licensed recruitment agencies or self-migrated between 2005-2015.⁴ We matched this dataset of over one-million migrants to databases maintained by Sri Lankan consulates that record complaints made by Sri Lankan migrants who require consular assistance. With these data, we compute descriptive statistics to provide an overview of the nature of complaints across countries, sectors, and migrant recruitment agencies.

Our data also permit us to assess the relative importance of factors that explain the incidence of abuse experienced by Sri Lankan migrants. In particular, we compare the importance of factors external to sending countries (hereafter, “external” factors), such as the limited enforcement of labor laws in destination countries, the

¹By Gulf countries, which we use interchangeably with Gulf region, we refer to members states of the Gulf Cooperation Council (GCC)- namely, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, the United Arab Emirates (UAE), and Jordan, a pending GCC member.

²See, for example, Amnesty International’s recent report, “Reality Check 2020,” that documents labor abuses in construction work associated with the Qatar World Cup (Amnesty International 2020) or Human Rights Watch’s report, “Rights on the Line,” that documents migrant labor abuses across many Gulf countries (Human Rights Watch 2010).

³A selected sample of migrants (e.g., construction workers in Qatar) may face abuses that are specific to an employer and that may not be shared by other construction workers in Qatar or the Gulf countries more generally. Systematic data on construction workers across multiple countries allow the researcher to gauge the relative importance of factors specific to Qatar, to the construction industry, and to the construction industry in Qatar.

⁴Self-migration refers to the practice of finding foreign employment opportunities through friends and family members already working abroad.

power afforded to employers through the *Kafala* system,⁵ and risks inherent to industries like construction work, to factors within the control of sending-country governments (hereafter, “internal” factors), such as migrant training programs and the regulatory environment for local migration intermediaries. Understanding the relative importance of “external” and “internal” factors in explaining the incidence of labor abuses is of particular relevance to sending-country governments, as their migration policy may have little influence on external factors. While the structure of recruitment for migrant labor destined for the Gulf region may vary considerably among sending countries, reliance on migration intermediaries is very common (Fernandez 2013). As such, while our empirical findings apply to Sri Lanka, the mechanism we highlight is likely to be common and of relevance to migration policy among sending countries more generally.

Our analysis documents the systematic nature of adverse outcomes experienced by Sri Lankan migrants across destination countries and sectors. Over the 11-year period captured by the dataset, nearly 8 percent of Sri Lankan migrants across all occupations and countries filed a complaint with a consulate. We find that female domestic workers accounted for a majority of migrant worker complaints, supporting the findings of investigative reporting by civil-society organizations (Human Rights Watch 2007). However, we also find important differences in the rate of complaints among Gulf countries and identify some countries beyond the Gulf region where Sri Lankan migrants also face serious vulnerabilities.

Using our data, we also examine the factors that explain the likelihood of a migrant reporting a complaint to a Sri Lankan consulate. We find persistent differences in recruitment agency service quality, which we define as the likelihood that a migrant reported an adverse outcome when they were placed by a specific recruitment agency. The identity of the local recruitment agency responsible for placing a migrant has more predictive power in explaining whether a migrant reported an adverse outcome than external factors such as the sector of work or destination country. This finding provides some evidence that the regulatory structure of local migrant recruitment — an internal factor that can be influenced by sending-country governments — plays an important role in shaping migrant welfare. Moreover, we find that accounting for identity of both the local recruitment agency and the foreign employer at which a migrant was placed is an even better predictor of whether a migrant reported a complaint, suggesting that policies aimed at improving the quality of placements made by local recruitment agencies are important pathways through which sending-country governments can improve migrants’ welfare.

⁵The *kafala* system is an employer-sponsored visa program used to recruit migrant laborers in many GCC member states (Damir-Geilsdorf 2016).

This *IMR* Research Note is structured as follows: Section 2 provides background on international labor migration from Sri Lanka and the regulatory structure within which it occurs. Section 3 details the intensity and content of complaints made by Sri Lankan migrants in our dataset across sectors and countries that are primarily located in the Gulf region. Section 4 provides a simple decomposition of the factors that explain complaint rates for migrants, and the final section concludes.

Background: Sri Lankan Migration to the Gulf Countries

Regulatory Structure

In 1985, the Sri Lanka Bureau of Foreign Employment (SLBFE) was created by an act of parliament to regulate the foreign employment industry (PSL 1985). The SLBFE provides licenses to private agencies that recruit migrants for overseas employers (hereafter, recruitment agencies) and is tasked with protecting the interests of Sri Lankan workers abroad and facilitating opportunities for recruitment agencies (PSL 1985). In its regulation of recruitment agencies, the SLBFE may revoke licenses and fine or legally prosecute agencies in response to illegal recruitment activities (PSL 1985).

Prior to 2009, the SLBFE required licensed agencies to join the Association of Licensed Foreign Employment Agencies (ALFEA), which attempts to enforce fair conduct among agencies by publishing a blacklist of recruitment agencies, employers, and workers violating SLBFE rules and regulations (PSL 1985). Furthermore, recent policies designed to promote recruitment agencies' fair conduct include an agency rating program in 2009 and 2012 and a registration program for contracted sub-agents recruiting from remote regions of Sri Lanka in 2012 (International Labour Organization 2013a).

Overview of Migration Trends in Sri Lanka

At present, over 200,000 labor migrants depart annually from Sri Lanka, most often traveling to work in one of four Gulf countries: Saudi Arabia, Kuwait, Qatar, and the United Arab Emirates, as illustrated in Figure 1. In 2015 alone, these labor migrants, nearly half of whom were female domestic workers, sent an estimated \$7.2 billion in remittances, equivalent to 9 percent of Sri Lanka's GDP (SLBFE 2015; World Bank 2016).

Accompanying these large migration flows, however, is an abundance of media stories that document the rampant labor abuses experienced by Sri Lankan migrants, with particularly infamous cases leading to death or execution (Somarathna 2011; Silva 2013; Somarathna 2015). Such reporting provides a glimpse into the risks that Sri Lankan migrants face during every stage of the migration process, from

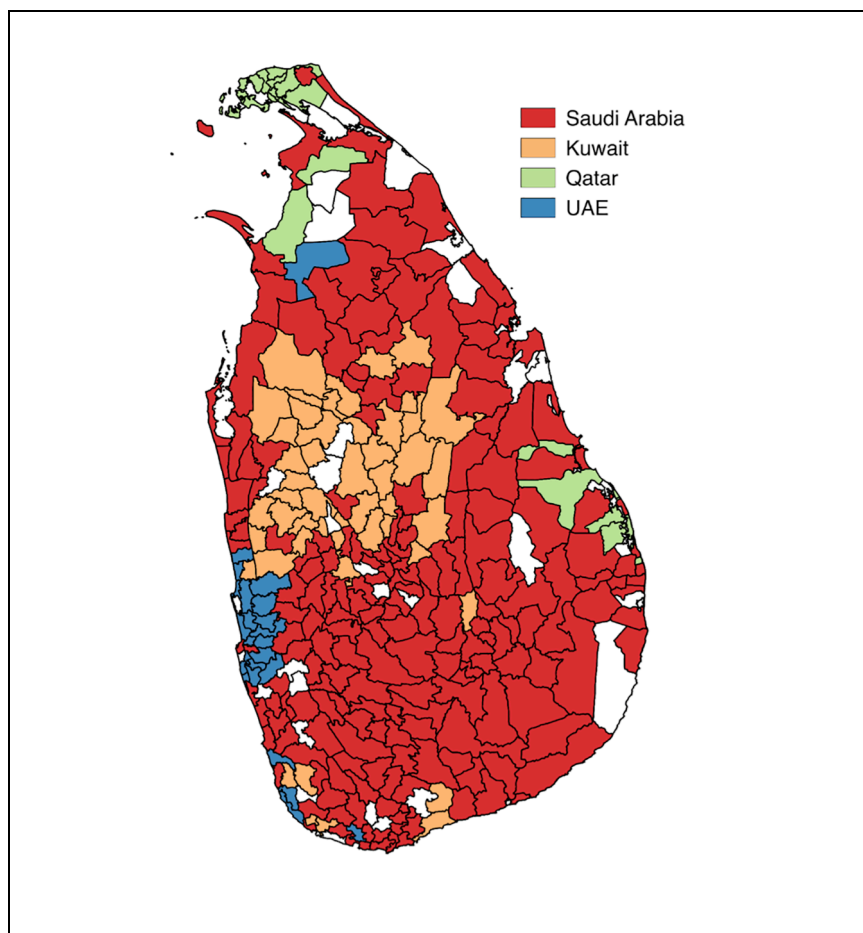


Figure 1. Primary destinations of labor migrants 2005-2015. Note: This figure shows the modal destination country for Sri Lankan migrants between 2005-2015 at the Divisional-Secretariat (DS) level.

recruitment to the duration of their employment abroad (Human Rights Watch 2007). Deception and overcharging by recruitment agents, lack of protection under labor laws in destination countries, and abuse and exploitation by employers plague many Sri Lankan labor migrants, particularly those engaging in domestic work (Human Rights Watch 2007). Many of these instances of abuse and exploitation are documented as complaints reported to SLBFE representatives at Sri Lankan consulates (International Labour Organization 2013b).

Generally, migrant workers themselves or their family members report complaints to SLBFE representatives either during or after the worker's contract

period (International Labour Organization 2013b). Upon receipt of a complaint, the SLBFE notifies the appropriate Sri Lankan consulate and/or recruitment agency, if applicable (International Labour Organization 2013b). Recruitment agencies are expected to provide an initial response to the complaint within two weeks; thereafter, the Sri Lankan consulate will typically contact the employer or in-country agency affiliated with the worker to respond to the complaint (International Labour Organization 2013b).

Sri Lankan labor migrants' gender and job profiles can inform understandings of the risk they face during foreign employment. Men migrating from Sri Lanka most commonly take positions as laborers (21 percent) mainly in construction, drivers (14 percent), supervisors (4 percent), and cleaners (4 percent),⁶ with construction laborers facing particularly high risks due to their living arrangements, the poor provision of on-site work amenities, and the dangers inherent to their work (Amnesty International 2020). Sri Lankan women, by contrast, are overwhelmingly employed as domestic workers (86 percent) and account for over 72 percent of all complaints received by the SLBFE. Female domestic workers face risk factors unique to the domestic setting, such as "contract slavery," the *kafala* system in Saudi Arabia, widespread lack of protection by labor laws, and the overall invisibility of working conditions in the domestic sector (Jureidini and Moukarbel 2004; Human Rights Watch 2007; Jarallah 2009; Naidu, Nyarko, and Wang 2016).

Risks Faced by Sri Lankan Migrant Workers in the Gulf Countries

The enforcement of labor laws in destination countries, as well as their adherence to international conventions are external factors largely beyond the control of sending-country governments and influence the risks faced by many migrant workers across Gulf countries (Iredale and Piper 2005). Legal protections, or their lack thereof, are of particular relevance to Sri Lankan migrant domestic workers, as many of their top destination countries, especially Saudi Arabia and Kuwait, neither recognize domestic workers nor regulate the domestic work sector under their labor laws (Jureidini and Moukarbel 2004; Frantz 2008; Jarallah 2009). As migrant workers in Gulf countries are typically not a voting constituency, their concerns have no natural political voice, and instead, advocacy for their concerns falls upon civil-society organizations and unions (Abu-Habib 1998). Even where domestic workers have partially been included in labor laws, the nature of domestic work complicates any practical protection these workers receive under existing labor laws (Agunias 2011).

⁶We compute shares of men in common job placements among all male migrants, using our administrative data from the SLBFE of migrant departures between 2005 and 2015. Cleaners are typically employed outside the home in organizations such as hotels and hospitals, in contrast to domestic workers.

In this *IMR* Research Note, we consider elements of migrant infrastructure (Xiang and Lindquist 2014; Lin et al. 2017) in a migrant's origin country and how that infrastructure contributes to migrant welfare. We are not the first to suggest the importance of sending-country (or internal) factors in understanding migrant welfare. Dias and Jayasundere (2004) consider a number of internal factors, including the regulating recruitment agencies and pre-departure training programs, in improving safeguards for Sri Lankan migrants. Moreover, Weeraratne (2016) explores the effects of a recent policy, the Family Background Report (FBR), intended to protect female Sri Lankan migrant workers.⁷ Internal components of similar recruitment markets in the Philippines, Bangladesh, Nepal, India, and Ethiopia, such as excessive recruitment fees, lack of regulation, and overlapping functions of recruitment agencies, have also been linked to worker vulnerability, corruption, and human trafficking (Fernandez 2011; Jureidini 2014; Jureidini 2017; Azad 2019).

The importance of these internal factors must be interpreted in conjunction with external factors in destination countries for labor migrants. As noted by Fernandez (2013) in the context of Ethiopian migration to Gulf countries, analysis of regulatory failures must consider the interdependent network of actors with diverse goals and market power alongside the multiple regulatory regimes that govern them. Nonetheless, determining the relative importance of these internal and external factors remains a key question for better understanding this complex network of actors in the migrant labor recruitment market and how best to design future regulation.

We contribute to the literature on migrant infrastructure by using a unique administrative dataset to describe the extent of adverse outcomes that Sri Lankan migrants report across Gulf countries. We complement this descriptive exercise with statistical analyses that explain the incidence of adverse outcomes for migrants by separating out the effects of internal and external factors.

Using Administrative Data to Explore the Risks Faced by Sri Lankan Migrants

We use administrative data from the SLBFE that consist of 1.37 million unique migrants between 2005 and 2015.⁸ These data contain information on migrant wages, job type, sector, and country in which a Sri Lankan migrant obtained

⁷The Family Background Report was needed to certify that prospective domestic workers did not have a child under the age of 5.

⁸In total, the data include 1.73 million trips (or migration episodes) that correspond to these 1.37 million unique migrants.

Table 1. Composition of Complaints.

Type	Count	Share of Complaints (Percentage)
Change of job classification (job, country, workplace)	4,632	3.64
Contract substitution	4,308	3.39
Death	71	0.06
Employee ran away	3,054	2.40
Harassment/Abuse	28,069	22.06
Illegally working	1,102	0.87
Lack of agreed job facilities	11,905	9.36
Lack of communication	28,991	22.78
Non-payment of wages	44,138	34.69
Overkept/Overstayed past contract period	14,911	11.72
Overworked	8,309	6.53
Premature termination	2,152	1.69
Sickness/Injury	21,543	16.93
Stranded without employment	5,919	4.65

Note: This table shows the frequency and rate with which complaints submitted by migrant workers between 2005 and 2015 included various types of problems. Individual complaints are counted in multiple problem categories in cases where the migrant worker referenced more than one type of problem in a single complaint.

employment, as well as identifiers for the 1,511 local Sri Lankan agencies that recruited them and the 14,986 foreign employers for whom they worked.⁹ We are able to match these data to separate databases, maintained at Sri Lankan consulates, which contain information on complaints registered during this time.¹⁰ Employer complaints regarding poor employee behavior are not captured here; instead, complaints in our dataset typically reflect concerns about employers' poor quality, deception or abuse by local or foreign recruitment agencies, physical abuse, or failure to provide the wages or amenities specified on the migrant worker's contract.

Between 2005 and 2015, the SLBFE received 125,435 complaints from over 112,000 unique migrant workers. Across all countries and occupation types in this dataset, roughly 7 percent of migrants reported that they experienced an issue serious enough to merit a complaint to a Sri Lankan consulate. Many of these complaints

⁹ All 1.73 million migrant trips came about through recruitment by a local agency. These trips constitute over 61 percent of all registered migrant trips from Sri Lanka over this time period. Remaining trips are characterized as self-migration events.

¹⁰ The complaint database is maintained at consulates, which receive complaints directly from workers or family members, but it is managed by the SLBFE. Thus, identifiers of the migrant trip associated with each complaint are consistent with those in the database of migrant trips.

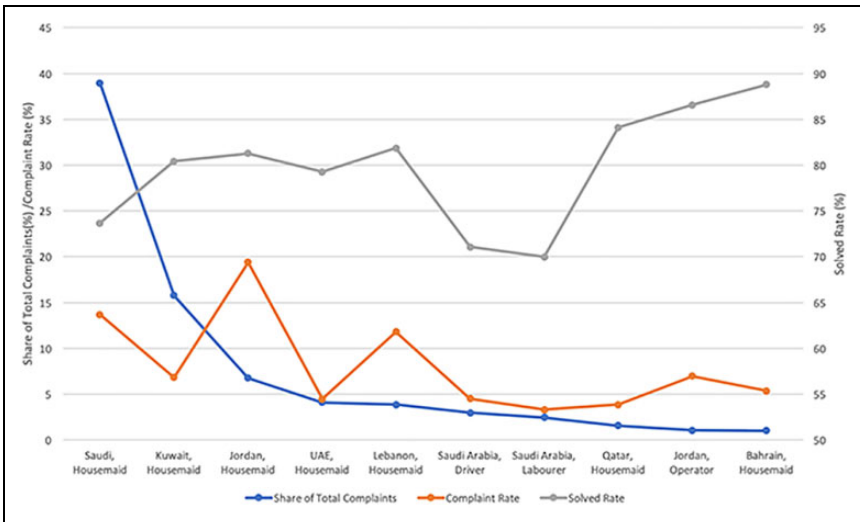


Figure 2. Country-sector complaint intensities by overall complaints. *Note:* This figure reports on the complaints submitted by migrants in the 10 country-job placements that account for the largest shares of total complaints received by the SLBFE between 2005 and 2015. The complaint rate refers to the ratio of complaints to migrant workers sent to a given country-job placement. The solved rate captures the percentage of complaints that are resolved within one year of being filed.

received by consulates cite numerous problems within a single complaint. Table 1 outlines the frequency with which reported complaints included various problem types. Non-payment of wages emerges as the most common element of complaints received by the SLBFE, appearing in over one-third of all complaints. The second most common problem types are cases of harassment or abuse and family members’ inability to communicate with workers abroad, each found in over 22 percent of complaints.

It is important to note that our measure of complaints is likely to be an underestimate, since many concerns may go unreported because migrant workers do not believe they rise to the level of needing to be communicated to a consulate or because they are prevented from making such complaints.¹¹ In the sections that follow, we explore how complaints vary in their intensity and type across various sectors and destination countries.

¹¹ While this caveat is important to the analysis, systematic underreporting would only suggest that risks faced by migrants are even more severe than our analysis finds them to be.

Complaint Intensities by Destination and Sector

We estimate that Sri Lankan consulates received over 11,000 complaints annually between 2005 and 2015. Incoming complaints were largely driven by female domestic workers in Gulf countries, which were the origin of most complaints received by the SLBFE in the period under study (see Figure 2). Domestic workers, in fact, particularly those working in Saudi Arabia and Kuwait, accounted for just over half of all reported complaints. Thus, female domestic workers from Sri Lanka reported especially precarious conditions, largely concurring with accounts in the Sri Lankan news media on the dangers these workers face in this region (Alfano 2010; Garcia 2018; Jayawardhane 2018). However, there was considerable variation among complaints made by domestic workers and other workers both within and outside the Gulf region. Figure 2 depicts the complaint rates and solved rates for each of the top complaint-producing countries and jobs.¹² Complaint rates adjust for the volume of migration flows to this region, while solved rates shed light on the SLBFE's success in resolving complaints from these placements.¹³

We find that a domestic worker's country placement was an important indicator of her vulnerability abroad. Domestic workers in Jordan, for instance, reported complaints at more than four times the rate of domestic workers in countries such as Qatar and UAE. Figure 2 identifies domestic workers in Jordan, Saudi Arabia, and Lebanon as some of the most vulnerable Sri Lankan migrant workers, according to their complaint rates. On the surface, the substantial variation in country-level complaint rates for domestic workers in the Gulf region points to the role that labor laws and broader societal norms may play in determining whether migrant workers report adverse outcomes during their terms of employment.

Moreover, the rates at which complaints were resolved also vary across these country-sector combinations. Among domestic workers in Saudi Arabia and Lebanon, who reported similarly high rates of complaints as domestic workers in neighboring countries, those in Saudi Arabia may have been more vulnerable to their complaints remaining unresolved for long periods of time than those in Lebanon: the complaint solved rate was 74 percent in Saudi Arabia compared to nearly 82 percent in Lebanon. Meanwhile, domestic workers in Bahrain had their complaints resolved within a year at a rate of 88 percent, which is 15 percent higher than that for domestic workers in Saudi Arabia. This variation in complaint and solved rates among the top origins of complaints received by the SLBFE

¹²The complaint rate is defined as the ratio of complaints to migrants. The terms "complaint rate" and "complaint intensity" are used interchangeably in the remainder of this article. The solved rate is defined as the share of complaints that the SLBFE closed within one year.

¹³Because our data end in 2015, many complaints made toward the end of the period under study had yet to be solved and are less likely to be recorded, by the SLBFE, as being resolved. As most complaints made well before 2015 are solved, we interpret the complaint solved percentages as also reflecting the time taken to resolve complaints.

Table 2. Country-Job Placements with Highest Complaint Rates.

Country, Job	Migrants	Complaint Rate (Percent)
Jordan, Cleaner	203	35.96
Seychelles, Laborer	497	35.21
Malaysia, Laborer	1,515	33.14
Romania, Mason	114	28.07
Malaysia, Cleaner	384	23.96
Jordan, Domestic Worker	44,200	19.41
Jordan, Other Skilled Worker	326	17.79
Egypt, Operator	709	17.07
Jordan, Middle Level Person	168	16.67
Malaysia, Other Skilled Worker	348	16.67
Libya, Laborer	162	14.20
Saudi Arabia, Domestic Worker	361,079	13.71
Malaysia, Operator	6,112	13.30
Seychelles, Mason	483	13.04
Malaysia, Worker	2,544	12.78
Lebanon, Domestic Worker	41,460	11.81
Jordan, Helper	780	11.15
Lebanon, Other Skilled Worker	116	10.34
Saudi Arabia, Baker	318	9.43
South Korea, Other Skilled Worker	117	9.40

Note: This table reports the number of migrants and the complaint rates for the twenty country-job placements with the highest complaint rates between 2005 and 2015. The complaint rate captures the ratio of complaints to migrants sent to the placement. Country-job placements were only considered if they received at least 100 Sri Lankan migrant workers between 2005 and 2015.

highlights pockets of more intense migrant vulnerability among these common placements.

While these country-job combinations account for the largest share of complaints overall, it is not the case that the placements listed in Figure 2 have the highest complaint *intensities*. Examining complaint rates across all categories of Sri Lankan migrant workers, as defined by country and occupation, reveals a more nuanced picture of migrant vulnerability, as reported in Table 2. While domestic workers in the Gulf countries have high complaint rates, we also see that less prominent categories of Sri Lankan workers were similarly or even more susceptible to abuse or fraud.

Sri Lankan migrants working as cleaners in Jordan (203 migrants) and laborers in the Seychelles (497 migrants), for instance, reported the highest complaint rates (over 35 percent), which were more than double the rate of complaints reported by domestic workers in Saudi Arabia (14 percent) — the country with the highest complaint rate for Sri Lankan domestic workers in the GCC. The high complaint rates in Table 2 largely support reports detailing systematic abuse faced by

migrant workers in the Gulf countries (Human Rights Watch 2010; Amnesty International 2020). Next, we examine how the types of problems faced by Sri Lankan migrants vary by the sector in which they are employed and their destination country.

Problem Types by Sector and Country

In Table 3, we compute problem rates¹⁴ for the most commonly described problems in complaints made to the SLBFE — non-payment of wages, lack of communication, harassment/abuse, sickness/injury, kept past contract period, and lack of agreed job facilities — for country-job placements that received over 100 migrants between 2005 and 2015. As Table 3 shows, we find considerable variation across countries in the job placements most vulnerable to each type of problem, including some placements in countries outside the Gulf region. Many positions in Jordan, including cleaners, domestic workers, and other skilled or middle-level workers, had high rates of complaints involving lack of communication with families at home, with the SLBFE, and with agencies regarding complaint resolution, harassment/abuse, and being kept beyond their agreed contract periods. Cleaners in Jordan also reported non-payment of wages at a rate of over 22 percent. Further analysis of these administrative data reveals that Sri Lankan migrants beyond the Gulf region also report significant vulnerabilities.¹⁵ For instance, over 7 percent of complaints from machinery operators, largely in the garment industry, in Egypt cited a lack of agreed job facilities.

We next examine the extent to which recruitment agencies' service quality — which we define as the likelihood that a migrant registered a complaint when they were matched to an employer — matters over and above sector and country characteristics in determining migrant welfare.

Complaint Intensities by Local Recruitment Agency

Figure 3 restricts attention to the six destinations of Sri Lankan migrant domestic workers with the highest complaint rates between 2005 and 2015. Among agencies who specialized in domestic worker recruitment to these six destinations, we see considerable variation in terms of the complaint rates of migrants they

¹⁴ Defined as the ratio of the number of complaints that included the given problem type over the number of migrants sent to the job placement between 2005-2015.

¹⁵ While Tables 2 and 3 continue to highlight migrant abuse in the Gulf countries, we observe additional adverse outcomes for migrants outside this region (e.g., the Seychelles, Malaysia, and South Korea). Despite the apparent risks to migrants outside the Gulf region, our focus remains on the Gulf countries in much of the analysis going forward, as the vast majority of Sri Lankan migrants seek foreign employment in the Gulf region (Figure 1), which generates nearly all complaints reported to the SLBFE (Figure 2).

Table 3. Placements with Top Problem Rates.

Non-payment of Wages			Lack of Communication			Harassment/Abuse		
Country, Job	Rate (Percentage)		Country, Job	Rate (Percentage)		Country, Job	Rate (Percentage)	
Jordan, Cleaner	22.17		Jordan, Cleaner	8.87		Jordan, Domestic Worker	5.89	
Malaysia, Laborer	10.69		Jordan, Mid-Level Person	5.95		Jordan, Cleaner	4.93	
Malaysia, Other Skilled Worker	10.06		Jordan, Other Skilled Worker	5.52		Jordan, Mid-Level Person	4.76	
Sickness/Injury			Kept past contract period			Lack of agreed job facilities		
Country, Job	Rate (Percentage)		Country, Job	Rate (Percentage)		Country, Job	Rate (Percentage)	
Jordan, Domestic Worker	3.42		Jordan, Cleaner	4.93		Egypt, Operator	7.48	
Malaysia, Cleaner	2.86		Jordan, Other Skilled Worker	4.91		South Korea, Other Skilled Worker	5.13	
Saudi Arabia, Domestic Worker	2.28		Jordan, Mid-Level Person	3.57		Malaysia, Other Skilled Worker	4.31	

Note: This table reports the problem rates for the six most prevalent problems reported within migrant complaints. The problem rate is the ratio of complaints including the referenced problem to migrants sent to the placement. Country-job placements were only considered if they received at least 100 migrant workers between 2005 and 2015.

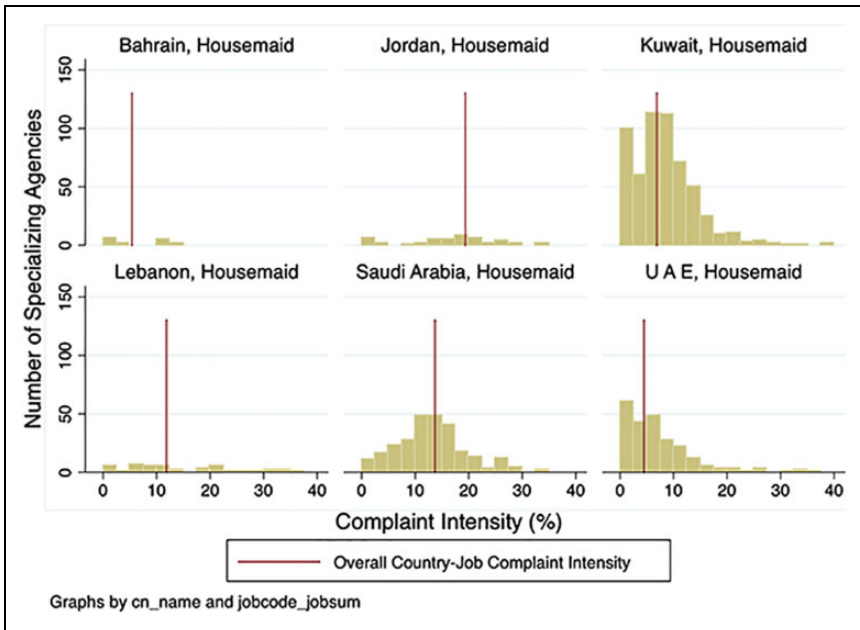


Figure 3. Distribution of recruitment agency complaint intensities for domestic workers. *Note:* This figure reports the distribution of agencies' complaint intensities within a given country-job placement. Agencies are only included if they specialize in the corresponding job-country placement; specialization in a placement is determined by having at least 20 percent of their total recruitment sent to that placement. The overall country-job complaint intensity is the ratio of total complaints to total migrant workers sent which includes migrants and complaints from agencies regardless of whether they specialized in the particular placement.

recruited.¹⁶ This variation in complaint rates suggests that the agencies themselves may play an important role in determining the quality of migrant jobs by screening employers and supporting migrant workers when they experience difficulties.

Table 4 compares recruitment agency-level complaints within the 10 most vulnerable country-job placements as defined by their share of overall complaints. In particular, we compute an agency-level complaint rate — the number of complaints divided by the number of migrants recruited for a specific agency — for agencies who recruited at least 20 migrants to these country-job placements

¹⁶ Agency specialization is defined as recruiting at least 20 percent of migrants to a country-occupation category. For an agency to be included, it must have recruited at least 20 migrants.

Table 4. Complaint Intensity among Recruitment Agencies.

Country Job	Overall Complaint Rate	High Quality Agencies		Low Quality Agencies	
		Migrants	Complaint Rate	Migrants	Complaint Rate
Saudi Arabia, Domestic Worker	13.71	4,347	4.07	9,170	31.78
Kuwait, Domestic Worker	6.85	4,970	2.07	7,822	17.73
Jordan, Domestic Worker	19.40	816	6.74	1,223	47.26
UAE, Domestic Worker	4.48	3,826	1.46	2,588	16.15
Lebanon, Domestic Worker	11.81	599	3.67	1,143	72.27
Saudi Arabia, Driver	4.52	1,860	0.22	3,287	17.61
Saudi Arabia, Laborer	3.32	1,231	0.00	1,845	18.32
Qatar, Domestic Worker	3.85	729	0.00	1,190	14.12
Jordan, Operator	6.97	371	0.81	472	34.32
Bahrain, Domestic Worker	5.38	575	0.87	780	15.13

Note: This table compares agency-level complaint rates for 10 highest country-job placements by their share of overall complaints. High Quality agencies are defined as having complaint rates for the given country-job placement below the 10th percentile. Low Quality agencies are defined as having complaint rates for the given country-job placement above the 90th percentile. Complaint rates are the ratio of complaints to migrant workers in each country-job placement. Agencies are only considered for each placement category if they recruited at least 20 migrants to the placement between 2005 and 2015.

between 2005-2015. We then compare the average for “high-quality” agencies, whose complaint rate was in the 10th percentile, to “low-quality” agencies, whose complaint rate was in the 90th percentile.

We find that even in countries and sectors that posed significant risks to migrants vis-à-vis the country-job combinations that generated the highest share of overall complaints, there were significant differences in the agency-level complaint rate between high-quality and low-quality recruitment agencies. For example, among agencies recruiting domestic workers to Saudi Arabia, migrants placed by low-quality agencies reported complaints (32 percent) nearly eight times more frequently than migrants placed by high-quality agencies (4 percent).

For all country-job placements listed in Table 4, the low-quality recruitment agencies sent migrants that later reported complaints at rates at least seven times that of migrants sent by high-quality recruitment agencies. The substantial variation in complaint rates across recruitment agencies for the same country-job combination is an important finding in assessing the importance of internal and external factors in explaining migrant vulnerabilities. Specifically, this finding suggests that while

migrant vulnerabilities may in part be explained by labor laws in destination countries and specific occupational hazards, they cannot, by definition, account for the substantial variation in complaint rates that migrants reported for the same job and same country. This finding also motivates the question we explore in the next section as to whether the *identity* of the agency that recruits a migrant is even more important than the country and sector characteristics in explaining the risks that migrants experience.

What Explains Adverse Migrant Outcomes?

The preceding sections provided context about the nature of complaints across countries, sectors, and recruitment agencies working with Sri Lankan migrants. They did not, however, quantitatively assess the relative importance of factors external to sending countries (e.g., destination country labor laws, the intrinsic characteristics of sectors in which migrants worked) versus factors internal to sending countries, such as the service quality of recruitment agencies. In this section, we match complaint data to individual data on migration to distinguish between the relative importance of these factors in explaining adverse migrant outcomes. To do so, we use ordinary least squares (OLS) regressions and include sets of fixed effects that capture the factors of importance and then report the adjusted R-squared as a measure of the variation explained by our regressions.

Our baseline model takes the following form. For migrant i who traveled to country c to work in sector s in year t :

$$Y_{isct} = \Delta_{sct} + \epsilon_{isct}, \quad (1)$$

where Y_{isct} is a dummy variable that takes a value of 1 if the migrant made a complaint and 0 if not and Δ_{sct} are a full set of country, sector, and year interaction terms. There are 70 destination countries in our dataset, 11 years of data, and 4 sectors, which produce 330 fixed effects.¹⁷

Including the triple interaction allows for country unobservables to vary with both sector and time in accounting for the variation in adverse migrant outcomes. Were we to include these fixed effects additively instead of multiplicatively, our functional form would fully account for external factors such as laws, sectors, and changes in aggregate trends from year to year in explaining adverse migrant outcomes. Including their interaction allows for an even more flexible functional form that would permit factors such as labor laws, for example, to have differential effects by sector, country, and time. Whatever remains unexplained goes into the residual, ϵ_{isct} , and quantifies what we cannot explain about the incidence of complaints.

¹⁷ We code the sector of migrant work as corresponding to domestic work, retail, construction, or other.

To account for internal factors and, in particular, the importance of intermediaries, we ran three other specifications that built on the baseline specification: (1) we added another term Δ_a which is a set of 1,231 fixed effects for the local recruitment agency which sent the migrant abroad from Sri Lanka, (2) we included another set of 5,094 fixed effects, Δ_e , for the employer that recruited the migrant in country c , and (3) we included the interaction Δ_{ae} between agency and employer fixed effects, which produces 7,568 fixed effects and which we consider a proxy for match-specific characteristics.¹⁸

Surprisingly, the inclusion of external factors only (Δ_{set}) results in an adjusted R-squared of just 0.059, implying that country, sector, and time-specific factors (and their interaction) explain very little of the variation in whether a migrant reported a complaint. Adding fixed effects to account for which local agency recruited migrants, however, nearly doubles the adjusted R-squared to 0.093, while including employer fixed effects (Δ_e) explains almost three times as much variation as external factors only, with a R-squared of 0.175. The inclusion of agency and employer interaction term (Δ_{ae}) explains almost a quarter of the total sample variation, with an adjusted R-squared of 0.254, suggesting that accounting for the identity of both the employer and the agency considerably improves our ability to explain the variation in migrant complaints.

Figure 4 plots the distribution of residuals under each of these specifications. Here, we observe a dramatic reduction in the residual distribution's variance once we account for match-specific factors (Δ_{ae}).¹⁹ Indeed, the adjusted R-squared — a simple method of decomposing sample variance — suggests that these match-specific or internal factors matter more than five times as much as the external factors such as country, sector, and time.

In short, our analysis suggests that the identity of the recruitment agency and foreign employer or agent who received the migrant far outweighs the importance of institutions in destination countries and characteristics of jobs in explaining migrant welfare. As suggested by the dispersion in agency-level complaint rates for the same sector and country in Figure 3, there are persistent differences in the quality of intermediaries. Understanding what produces these quality differences, to what extent they can be influenced by regulatory policy, and how they influence migrants' placement is of critical importance in understanding migrant vulnerability.

¹⁸By “match-specific characteristics,” we mean the match between the recruitment agency and foreign employer or agent.

¹⁹While one may interpret employer characteristics as being a factor external to sending countries, we believe the interaction term (Δ_{ae}) shows the importance of intermediaries in determining migrant welfare through the quality of matches.

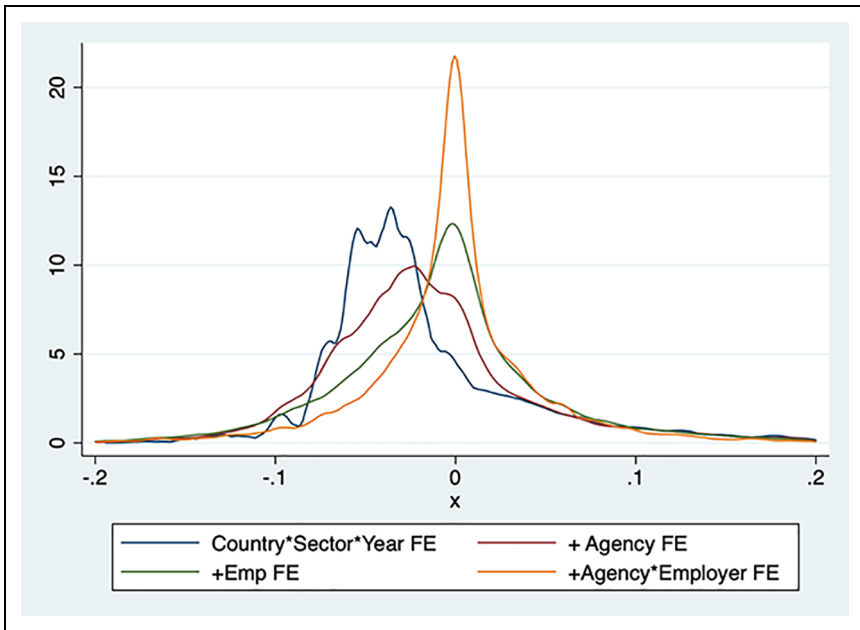


Figure 4. Distribution of residuals. *Note:* This figure plots the residual distributions from four regressions, with density on the y-axis. Specifically, the baseline specification is a regression of migrant level complaint incidence on Destination Country $\times$ Sector $\times$ Year Fixed Effects. To this specification, we add, separately, recruitment agency fixed effects, foreign employer fixed effects, and their interaction.

Conclusion

Sri Lankan migrants to the Gulf countries face considerable risks throughout the migration process (Human Rights Watch 2010; Amnesty International 2020). Their vulnerability often varies based on the level of protection afforded to them by local labor laws and social norms in destination countries and by factors specific to the sectors in which they work (Jureidini and Moukarbel 2004; Iredale and Piper 2005; Frantz 2008; Jarallah 2009). Among Gulf countries, Sri Lankan migrants' primary destination, we find considerable variation in the risks these migrants faced, as measured by complaint rates, even within the same country and sector.

In identifying factors that explained the incidence of complaint rates, we find that local recruitment agencies had persistent differences in the quality of their placements that could not be explained by external factors such as those specific to a country (e.g., labor laws and their enforcement) and the sector in which migrants worked. Rather, there were systematic differences in the quality of placements —

and, consequently, the welfare of migrants — among local recruitment agencies. Indeed, an analysis of the variance in complaint rates suggests that accounting for the match between the agency and employer explains over four times more than external factors about whether a migrant reported a complaint about their employment.

This result suggests the importance of future research exploring the reasons behind differences in the quality of services offered by local recruitment agencies. In particular, understanding the processes and mechanisms by which agencies form relationships with and screen potential employers may offer insights into how regulatory policy can influence the quality of placements, and the risks faced by migrants, made by local recruitment agencies.

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ORCID iD

Asanga Nilesh Fernando  <https://orcid.org/0000-0002-0948-7420>

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