The Labor-Supply Chain from South Asia to the United Arab Emirates
And the Plight of Low-Skilled Workers

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Abstract
This research aims to examine the dynamics of the labor supply chain from South Asia to the United Arab Emirates. Nineteen interviews were conducted with affiliates from government and executives in private organizations to provide expert perspectives on the labor supply chain from South Asia to the UAE labor-market and that of the plight of laborers. Three propositions can be advanced: P1: Labor migration from South Asia to the UAE is a voluntary relocation; P2: The labor-supply chain from South Asia to the UAE is based on a push or pull system; P3: The plight of these laborers lies in the complexity of the labor supply network from South Asia. The results show that the laborers are lured to their destination due to the economic, social, and political conditions that persist in their own countries of origin; however, for some, the anticipated success is never realized as they become victims of the debt bondage they incurred in their countries of origin prior to their departure to the UAE. This study extends the application of supply chain management to the labor supply; therefore, it broadens the scope of studies on this subject. The focus is only on low-skilled laborers without considering the condition of high-skilled laborers.

Keywords: Labor supply chain, contractual laborers, the plight of low-skilled laborers

1. Introduction
The geographical pattern of contractual laborers migrating from South Asia to the UAE is a network clustered around a multitude of nations with diverse constituents across many jurisdictions that impose prohibitive barriers. This network evolved from the UAE’s scarce native workforce and the Emirate’s apathy in terms of transitioning from rentier capitalism to economic diversification. Part of this transition took place in 1972 with the UAE Labor-Law-Number 8, 1980 (amended by Federal Laws Nos. 24 of 1981, 15 of 1985, and 12 of 1986). This new law ratified an institutionalized sponsorship system that aimed to increase the Emirate’s workforce and, along with it, its industrialization and modernization. Following this, a host of opportunities were launched which worked as a magnet to attract massive numbers of low-skilled laborers. The consequences of this access to leverage the sponsorship system permitted were an increase in magnitude of foreign workers compared to the native workforce, a condition that has persisted over decades of sponsorships.

While sponsors recruit and monitor these laborers, the UAE Immigration Services and the Ministry of Human Resources and Emiratization (UAE, 2018) are responsible for these workers’ administration and protection. The sponsors’ nationality allows them access some of the revenues earned from oil windfalls, which they use to generate financial gains by hiring contractual laborers to work on urban infrastructure developments or to develop domestic services. The sponsors, however, are compelled to provide development settings that are conducive to the Emirates achieving their economic goals. As an economic strategy, the government has budgeted developments that have fueled the emergence of a vibrant non-oil sector, thereby diversifying the economy. While relying on sponsors to enlist several million Asian laborers to set the economic engine in motion, the development that ensued is touted as a triple-win: A win for South Asian governments through the commoditization of its laborers in exchange for the remittances these workers send back to their countries; a win for laborers who fantasized about the possibility of living in a utopia; And a win for the UAE in transforming a relatively obscure country, into a prosperous and modern one with a global presence. However, some of these contractual laborers do not fare so well.
This strategy, by design, entails systematically replacing selective laborers from a diverse pool of contenders, based on their nationality, capability, age, gender, race, and ethnicity. These workers are not considered immigrants but temporary migrants with no rights of citizenship. At the same time, their impressive footprint fulfills four of the UAE government’s major objectives: to deter populism; to embrace rentier capitalism; to enhance their native clientelism; and to strengthen its supremacy. Still, each emirate in the UAE’s federation is bound to the government’s priorities for the region and to its sociopolitical structure.

The UAE is a two-tier society of: the rulers and the ruled (Emmitt, 2016). This is a system of socioeconomic stratification in which the rulers occupy prominent positions with a de facto hierarchical primacy and supreme rights and privileges. They control the country's financial system and its constitutional branches (legislative, executive, and judicial), holding them on pillars of supremacy. Defined by its unique fiscal prudence, this hierarchy is ingrained in UAE tradition as a hallmark of the governance of the seven emirates (Abu Dhabi, Dubai, Sharjah, Ajman, Ras Al Khaimah, Um Al Quwain and Fujairah). Each is tied to a system of rule wherein relationships of political power and exchange are both asymmetric and mutually beneficial. This relationship subjects the ruled to a traditional clientelism where luxurious lifestyles are flaunted as symbols of status and prestige. Behind this two-tiered façade of wealth lies the shadow of migrant laborers who unconsciously buy into the notion of trickle-down theory that leads them to believe that toiling in segregation along class and ethnic lines will eventually lead to utopia.

2. Statement of Problem

The UAE’s impressive riches have never trickled down to its laborers. As natives indulge themselves through the labor of millions of young, fit, functional, flexible, leasable, knowledgeable, controllable, replaceable and expendable South Asian proletarians, organized racial alienation and exploitation grows increasingly rampant throughout the Trucial States. Speaking out about their plight is marked as a political menace and a malevolent crime against UAE national security; the exception is in what are considered audacious reports produced by human-rights activists (Sönmez et al., 2011; Arab Organization for Human Rights in UK 2014; Amnesty International 2016; Migration Forum in Asia Secretariat 2016; McPhillips, D. 2017).

They have described the systematic violations of these laborers’ human rights, which range from inadequate working conditions to the denial of all aspects of human existence by forcing them to live in conditions similar to those of the tribes of antiquity. These reports have led to the concomitant global criticism of the UAE (World Report, 2015) that is neither trivial nor discrete. These reports state that migrant laborers, including domestic workers, are depicted as commodities who are often loaned or traded to others in violation of their human rights (United Nations Human Rights, 2005). In this process of commodification, while the laborers are trapped between neediness and demise, they are simultaneously being polarized and used as chattels to run an apparent utopia which to them instantiates only a dystopian nightmare. Thus, to prevent the inevitable collapse of UAE capitalism into barbarism, it is important to identify the constituents who govern millions of legal migrant laborers and to address their unfair labor practices.

2.1 Scope of Study

This study investigates the supply chain and the plight of low-skilled contractual laborers migrating from South Asia to the UAE. Central to this study are four contextual questions:

1. Who are these contractual laborers?
2. What are their motives?
3. How do they get to the UAE labor-market?
4. What are their predicaments and where do they occur?

These questions are answered by reviewing published documents and the relevant literature and by drawing on the three propositions that were examined by interviewing the constituents who are accountable for these contractual laborers and the authorities who are responsible for upholding the Fair Labor Standards Act in the UAE.

2.2 Question 1: Who are these contractual laborers?

Contractual laborers are individuals who cross their nations’ international territorial boundaries for many periods of short-term employment over their productive life spans. They move systematically from their origins in South Asia to the UAE, offering their services by accepting temporary contracts that are presumed to be valid and related to a specific job, for a specific beginning and ending date, and specified remuneration. These workers also presume that their work contract does not violate the law through deception or induced requirements, and that it guarantees acceptable accommodations, health insurance, transportation, gratuities, and vacation/holiday benefits, and that it specifies the requirements of meeting the legal age limits, possessing good medical records, having obtained primary education, having good communication skills, and the requisite physical capabilities and stamina their job require (Miller and Jentz 2005; Abella and Martin, 2014)
2.3 How many contractual laborers are there?
In 2013, there were 232 million international migrants, globally. Migrant workers accounted for approximately 64% of this population of which 44.3% were female. By 2017, approximately 3.4% of the world's population or an estimated 257.7 million people had relocated outside their home countries, of which 48.4% were female. While 75% had had moved to high-income, 23% found opportunities in middle-income, and about 2% to low-income countries (International migration Report, 2013). This rising pattern is reflected by the flow of temporary migrant workers to the six Gulf Corporation Council (GCC) states (Saudi, Qatar, Bahrain, Kuwait, UAE and Oman) from surrounding countries.

In 1975, there were two million foreign living in GCC states, 90% of whom were Arab nationals, predominantly Palestinians, Yemenis, and Egyptians. Twenty years later, more than 10 million temporary workers were living in GCC states. According to the Asian Pacific Mission for Migration (September 2017), migration to GCC states continue to prevail during the first decade of 21st century. By 2012, the number of expatriates rose to more than 20 million, with a mix of Asians, Africans, and Middle Eastern migrants dominating the population of these states, from 87% of the total populations in Quarter, 32% of the Saudi Arabian population. Over 8.6 million Asian migrants came from India, Pakistan, Bangladesh, the Philippines, Siri Lanka, and Indonesia (Ahsan, et al., 2014). By 2017 the population of migrants reached 51% while the number of Asian, mainly from South Asians, reached 28.47 million of GCC population (Gulf Labor Market, 2018).

Following the same pattern, the 1975 UAE census indicated that 69.5% of the country's population consisted of foreigners, compared with 36.5% in 1968. Between 1995 and 2005, the population of the UAE grew by 75%, mainly due to labor migration. The population reached 8.33 million in 2010, which is 18 times the 1975 figure. By 2017, migrants made up more than 90% of the country’s population, more than half coming from South Asia (UAE Ministry of Labor, 2018). Eight percent of these laborers were young unskilled Asian males. Of these, 50% are engaged in construction (e.g., infrastructure and urban development), and 30% in natural resource industries (e.g., agriculture, farming, fishing and horticulture), genetic industries (e.g., plant nurseries, cattle-rearing, poultry and cattle-breeding), extractive industries (e.g., mining), manufacturing industries (e.g., chemicals and aluminum), and 20% in service industries (e.g., hotels and domestic work).

2.4 Question 2: What motivates these laborers?
Today, the motives of South Asian laborers are to improve their livelihoods in a myth propagated by their forebears. Separating myth from reality, researchers have assembled a variety of laborers' motives based on varying assumptions, data collection, and levels of analysis within their isolated disciplinary boundaries. Adam Smith (1776) defined migrant laborers as workers who take advantage of employment opportunities that come with regional earning differentials. More than eleven decades later, Ravenstein (1889) came up with laws of migration by analyzing the pattern of labor migration in England and Wales. In 1997, Greenwood investigated Ravenstein’s work and listed these laws as factors that affect migration. These laws state that: 1) migration is commonly from overpopulated to under populated regions that lack manpower; 2) migration arises among adults who commonly live under inferior economic conditions, who migrate to sound economies, particularly to work in labor-intensive industries; 3) in-and-out labor migrations are inversely proportional; 4) the majority of laborers, particularly low-skilled individuals, prefer shorter distance migration; 5) males prefer longer distance migration; 6) urban laborers are less migratory than rural laborers; and 7) females tend to be less migratory than males. Jerome (1926), added economic cycles to these factors, noting that while economic expansion generates more job opportunities, it attracts migrants and tends to push people out during recessions.

The neoclassical theories pertinent to the motives of temporary laborers to migrate, at both the macro and micro levels, are found in the work of Hicks (Flatau, 2000), Lewis (1954), and Harris and Todaro (1970). At the macro level, these authors point to the main factor for migration as being the wage differential between origin and destination due to imbalance between the labor supply in labor-rich origins and the labor demand in capital-rich destinations. Zipf (1946) formulated laborers' motives by replicating Newton's law of universal gravitation. He related the flow of laborers between two regions as being directly proportional to their respective productive populations and gross domestic products (GDPs), and inversely proportional to the square of the distance between the two regions. The intuition is that temporary laborers gravitate toward a region that has a dynamic economy but lacks human resources, while the distances between the regions are proxies for their costs. At the micro-level, Sjaastadl (1962) considered laborers as having the intellectual capability to calculate migration in terms of its investment in their own lives. They make this income-maximizing decision by comparing the value of the opportunities available in each market relative to the opportunities available in their nation of origin and then subtracting the moving costs to evaluate the net present value of this investment. Also, temporary jobs represent progress toward access to better opportunities.
In the extended neoclassical models, Borjas (1987) stated that labor migration is not only influenced by earnings and cost differences between origins and destinations, but also by the degree of skill transferability. Thus, net returns are subject to the skills demanded in the labor market and an essential factor to take into account is the expected rather than actual earnings (Massey et al., 2005).

Both the neoclassical and the extended neoclassical theories assume that laborers decide independently in an isolated setting. But the new-economics theory of migration reacted to this assumption by bringing individuals out of isolation and placing them within the core of their community's network. This theory presents the idea that laborers’ families and communities play a role in influencing their income-maximization decisions, as well as their decisions regarding minimizing lost opportunities (Stark and Bloom 1985; Stark and Taylor, 1991).

A subsequent new-economics theory postulates that network theory, which discusses the existence of the migration chain, influences laborers' decisions in selecting a specific destination (Massey et al., 1993; Faist, 2000). Additionally, the historical-structural theory of migration argues that in the 21st century individuals are swayed by globalization. Here, migrants utilize advanced information technologies to communicate and eventually integrate with other societies (de Haas, 2008).

These theories all assume unity in the labor market as a combination of homogeneous interests, gender, race, and ethnicity. Averitt (1968) looks at a broader range of factors and argues that the labor-market rests on dual economic public/primary and private/secondary sectors with bureaucratic restrictions using heterogeneous criteria to segment the workforce. Vasey (2017) believes that the bureaucratic restrictions of the dual labor market, coupled with socio-cultural phenomena that trap laborers entering the bottom of the labor market, regardless of their relative skills or qualifications, rapidly becomes accepted as a social norm. Collectively, these theories signify factors that push laborers out of their countries and lure them to destinations where a complex process endures, while these laborers are relying on a network of constituents to facilitate their movements.

2.5 Question 3: Who facilitates the labor supply?

The laborsupply has evolved from a simple sequential process that favored intermediate entities to a complex network that is due to an increase in demand for labor to move from different nations to different destinations. This network consists of a multitude of interconnected heterogeneous individuals in government and private organizations who depend and cross-link with one another to coordinate with both internal and foreign authorities so as to facilitate the flow of migrant laborers (Frizelle and Woodcock, 1995).

The structure of the government organization, which determines how organization operates and performs, is viewed in a vertical dimension with a hierarchical configuration where the power emanates from the top. This configuration is characterized by a static complexity that is due to a centralized decision-making with authoritative relationships between superior and underlying levels, defined rules, and a formal chain of control. In the vertical dimension, the differentiation between the heterogeneous constituents is by hierarchy and degree of authority. In the horizontal dimension, the heterogeneous constituents are on the same level, with private establishments categorized by their specialization and grouped according to their types of operations (Busch, 2008). The people in these categories routinely interact with each other, performing sequential activities (approved by the authorities) in vertical dimensions so as to flow laborers into, throughout, and out of nations.

As the demand for labor increases, the mechanism is made more effective by extending the horizontal responsibilities to third-party suppliers. This creates the spatial dimension that adds to the diversity and irregularity of labor and where the underlying foundation for a social network is formed. According to the United Nations (Vienna, 2015), a social network that focuses on providing a more effective labor supply is now flourishing across the world, especially in developing nations. Its complexity often goes beyond constituents’ anarchical behavioral variability, to one that adheres to a common doctrine: all forms of government and laws are unnecessary, oppressive and undesirable, and no hierarchical superior can resolve disputes, enforce the FLSA act or punish predators. Thus, the characteristics of the heterogeneous constituents in a supply network that is configured in vertical, horizontal and unique dimensions are decentralized, flexible, agile, and unpredictable.

2.6 Question 4: What are their predicaments and where do they occur?

The constant interaction of constituents in these three dimensions results in dynamic complexities due to the behavioral variability that is coupled with the flexible structure of the spatial dimension. This leads to the unpredictability of a labor supply network that is pre-paradigmatic and has no historical trace, but it could be investigated as a case study.
3. Research Methodology

This case study recommended by Eisenhardt (1989) and Patton (1990) to identify the constituents of labor-supply networks that flow from South Asia to the UAE and to identify the origins of these laborers’ concerns. The work of Glaser and Strauss (1967); Eisenhardt (1989) and Yin (1984) also supports this study's methodological justification, since no theoretical framework from which to make predictive hypotheses could be found in the literature. However, three propositions can be advanced:

P1: Labor migration from South Asia to the UAE is a voluntary relocation;
P2: The labor-supply chain from South Asian to the UAE is based on a push or pull system;
P3: The plight of these laborers lies in the complexity of the labor-supply network from South Asia.

3.1 Data Collection

For a detailed analysis of the above propositions, two primary methods of data collection have been selected. First, the internal documents produced by organizations in the UAE’s public and private sectors were reviewed. These documents provide secondary data in the form of background information on the general state of the South Asian recruitment process to the UAE labor market. Second, between October 16, 2016, and June 5, 2017 nineteen face-to-face interviews were conducted with officials and executives involved with the process of the recruitment and employment of South Asian laborers. Since this study is exploratory, the authors exceeded the ten recommended interview guidelines of Corbin and Strauss (1990), Mentzer and Flint (1997), and McCracken (2011) so as to attain information saturation.

3.2 Results of the Interviews

The interview participants included affiliates of governments and private companies. Representatives from government organizations came from within nineteen different governmental and quasi-governmental organizations, as shown in Table 1.

Respondents in all nineteen interviews supported propositions one and two, that the migration of laborers from South Asia to the UAE is a voluntary relocation (P1); and that the labor supply chain from South Asian to the UAE is based on a push/pull factors (P2). Proposition three (P3) is inconclusive due to the lack of consensus among the interviewees. Except for four interviewees number 3, 4, 5, and 14 (Table 1), government and private representatives agreed that the plight of the laborers lies in the complexity of the labor-supply network from South Asia. However, the South Asian affiliates (number 3, 4, and 5 listed in Table 1) accepted Proposition 3 but noted that although the plight of migrant laborers starts in their country of origin, it continues in the UAE under the sponsorship system.

Table 1: Interview Participants and their Responses to the three Propositions

<table>
<thead>
<tr>
<th>Participants Responses to the Propositions</th>
<th>Approved Proposition (P)</th>
<th>Refuded Proposition (P)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Affiliate from Government Organizations:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Abu Dhabi Ministry of the Interior</td>
<td>p1, p2, p3</td>
<td></td>
</tr>
<tr>
<td>2. Abu Dhabi Ministry of Human Resources and Emiratization</td>
<td>p1, p2, p3</td>
<td></td>
</tr>
<tr>
<td>3. Dubai Consulate of India</td>
<td>p1, p2</td>
<td>p3</td>
</tr>
<tr>
<td>4. Dubai Pakistani Consulate</td>
<td>p1, p2</td>
<td></td>
</tr>
<tr>
<td>5. Dubai Consulate of Sri Lanka</td>
<td>p1, p2</td>
<td></td>
</tr>
<tr>
<td><strong>Affiliates from Private and Quasi-Organizations:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Al Ahd General Contracting</td>
<td>p1, p2, p3</td>
<td></td>
</tr>
<tr>
<td>7. Abu Dhabi Construction Company</td>
<td>p1, p2, p3</td>
<td></td>
</tr>
<tr>
<td>8. Arabian Construction Company in Dubai</td>
<td>p1, p2, p3</td>
<td></td>
</tr>
<tr>
<td>9. Emmar Properties Group in Dubai</td>
<td>p1, p2, p3</td>
<td></td>
</tr>
<tr>
<td>10. Emirate Land Tech Contractors in Sharjah</td>
<td>p1, p2, p3</td>
<td></td>
</tr>
<tr>
<td>11. Maid Services in Ajman</td>
<td>p1, p2, p3</td>
<td></td>
</tr>
<tr>
<td>12. QC Plastic Company in Ras Al Khaimah</td>
<td>p1, p2, p3</td>
<td></td>
</tr>
<tr>
<td>13. Dubai Jebel Ali Free Trade Zone</td>
<td>p1, p2, p3</td>
<td></td>
</tr>
<tr>
<td>14. Nepal Future Employment Services</td>
<td>p1, p2</td>
<td></td>
</tr>
<tr>
<td>15. Emirates Landscape in Abu Dhabi</td>
<td>p1, p2, p3</td>
<td></td>
</tr>
<tr>
<td>16. Park Rotana Hotels in Abu Dhabi</td>
<td>p1, p2, p3</td>
<td></td>
</tr>
<tr>
<td>17. Beach Rotana Hotel in Abu Dhabi</td>
<td>p1, p2, p3</td>
<td></td>
</tr>
<tr>
<td>18. Waldorf Astoria in Ras Al Khaimah</td>
<td>p1, p2, p3</td>
<td></td>
</tr>
<tr>
<td>19. PAK Pearls in Ras Al Khaimah</td>
<td>p1, p2, p3</td>
<td></td>
</tr>
</tbody>
</table>
3.3 Interview Discussions

**Proposition one (P1): Labor migration from South Asia to the UAE is a voluntary relocation.**

Public officials and private executives endorsed proposition one (P1) by stating that South Asian laborers are low-skilled workers, often from impoverished environments, in search of employment opportunities outside their place of birth. Four common factors explain why they cannot find employment in their own country: 1) structural unemployment, which results from a mismatch between skills acquisition and business requirements in the region; 2) cyclical unemployment, which is related to abysmal government performance in the creation of jobs and an economy that is performing below its full potential; 3) frictional unemployment, which are temporary transitions that occur either from moving for better pay or a job or because of family relocation; and4) the Hindu caste system; this is a form of social and economic governance based on principles and customary rules that are determined by birth and heritage. Although this involves massive violations of civil, political, economic, social and cultural rights, Hindus exclude women, people with disabilities, and ethnic minorities from three main employment categories: Brahmins/priests and teachers; Kshatriyas/warriors and rulers; Vaishyas/merchants; and farmers or Shudra laborers.

In this environment, wages fall because the labor supply is much higher than the labor demand due to the above-mentioned reasons and the influx of qualified workers from neighboring countries. Thus, any employment opportunity is highly desirable, particularly with the wage disparities that exists between South Asia and the UAE. Even including distance as a proxy for expenses and comparing the net return to laborers based on currency differentials, the pay is between 1.3 and six times higher in the UAE than in South Asia, as shown in Table 2.

**Table 2: Low-Skilled Labor Average Monthly Wage in UAE, 2018**

<table>
<thead>
<tr>
<th>Country</th>
<th>Wage in their Country</th>
<th>Wage in UAE</th>
<th>Wage Increase in UAE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sri Lanka</td>
<td>$70</td>
<td>$230</td>
<td>329%</td>
</tr>
<tr>
<td>India</td>
<td>$215</td>
<td>$300</td>
<td>140%</td>
</tr>
<tr>
<td>Pakistan</td>
<td>$119</td>
<td>$272</td>
<td>229%</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>$33</td>
<td>$200</td>
<td>606%</td>
</tr>
<tr>
<td>Nepal</td>
<td>$75</td>
<td>$245</td>
<td>327%</td>
</tr>
<tr>
<td>Afghanistan</td>
<td>$73</td>
<td>$250</td>
<td>345%</td>
</tr>
</tbody>
</table>

**Source:** NationMaster: https://www.nationmaster.com/country-info/stats/Labor/Salaries-and-benefits/Minimum-wage

**Proposition two (P2): The labor supply chain from South Asia to the UAE is based on push/pull system.**

This proposition was approved by affiliates from both public and private organizations. Considering migration as a form of relocation diffusion, the laborers are rational individuals who calculate the positive net returns of their dispersions, while the shares of persuasion in sending them outside their place of birth are equal among these migrants’ families, social networks, and governments. The interviewees added that bilateral agreements between governments also stipulate the rising movement of temporary laborers across borders that are due to push and pull factors.

3.4 Push Factors

The respondents identified the following interrelated factors that push their citizens out of their places of birth in Afghanistan, Bangladesh, India, Nepal, Pakistan, and Sri Lanka:

- **Financial inequality.** Over the last two decades the region has experienced an average annual rate of economic growth of 6%, yet it is characterized by a high contrast in economic status and income inequality since extremely rich people live alongside an increasingly deprived populace.
- **Inflation.** The constant increase in inflation reduces regional purchasing power and the standard of living. For the period 2015–2016, among the South Asian nations, the Nepal had the highest inflation rate, followed by Bangladesh, Pakistan, and Afghanistan while India and Sri Lanka showed the lowest inflation rate.
- **Foreign debt.** High foreign debt is so prevalent in South Asia that it risks the balance between making payments on this debt and struggling to run economies.
Overpopulation. This region covers 3.4% of the world's land mass and is home to 1.749 billion people, making it the most crowded and the world’s most densely populated geographical region, thus, leading to its high unemployment rate.

Mass poverty. The South Asian region has the largest concentration of people living on less than $1.90 a day per person or extreme economic hardship. With 40% of the world's poor, or 399 million people living in absolute poverty, Bangladesh is the worst off, followed by Afghanistan, India, Nepal, Pakistan, and Sri Lanka. Considering the international indicator of living on less than $3.10 a day per person in purchasing power parity units, the percentages of the population’s poor has risen drastically in Bangladesh, followed by India, Afghanistan, Pakistan, and Nepal.

Low standard of living. This is measured as the level of wealth available to purchase necessities, and it exerts a significant impact on the GDP per capita as it affects children’s education and influences the physical and psychological wellbeing of the region's population. While Afghanistan has the history of the lowest GDP per capita, it is followed by Nepal, Bangladesh, Pakistan, India (particularly Kerala—a state with 32 million people earning a per capita income of $675, below the Indian average of $730) and Sri Lanka.

Lack of investment in human resources. This is measured by the rate of literacy for people above 15 years of age. In South Asia only 22% of the population is considered literate, while the global literacy rate is 86.3% (90.0% for males and 82.7% for females).

Unemployment. The overall unemployment rate is 39.6%, with the 60% of the labor force between the ages of 19 to 35 being unemployed. This is mainly due to low literacy and low GDP per capita.

Burden of intergenerational residence. The tradition of joint-family dependency throughout the region lowers the average family income and standard of living.

Gender discrimination. In South Asia, there is a common tradition that privileges men over women. Thus, the percentage of income earned by female workers, compared to male workers, is 50% in Nepal, 46% in Bangladesh, 42% in Sri Lanka, 34% in Afghanistan, 31% in India, and 29% in Pakistan.

Regionally isolated laborers. The lack of physical infrastructure isolates laborers within rural areas, especially populationsthat speak a different language from that mainly spoken in the region (of which there are about 500), practice a different religion (Hinduism, Islam, Sikhism, Buddhism, and Christianity, etc.); and are part of a different social structure.

Poor sanitation and hygiene practices. Today, 41% of the South Asian population defecates in the open and 75% do not have access to piped water. This also holds true for 72% of the rural population in India. This situation leads to the spread of toxic biological agents which release chemical pollutants into the air, water, and into open wells that are the only source of drinking water.

Low life expectancy. The region is well behind the world's life expectancy, especially Pakistan and Afghanistan.

Political instability. The rise of terrorism has been detrimental to the region’s political and economic stability. Countries troubled by cycles of violence experience 20% higher poverty rates. Particularly noteworthy is the violence that takes place between Baluchistan and the North-West Frontier Province in Pakistan; in Chhattisgarh, Jharkhand, Bihar, over the province of Kashmir and Bangladesh; and in Afghanistan and Pakistan, regarding the Taliban issue.

Social diversity. This factor leads to minimal property rights, inequality of access to public infrastructure, and weak state capacity in the delivery of services.

Natural calamities. Devastating typhoons, floods, earthquakes, drought, and unstable landforms are the causes of displaced laborers.

Deforestation and soil degradation. Unplanned growth proliferation and non-engineered construction, and deforestation and soil-degradation set off a devastating chain of events (lack of water, species extinction), both locally and regionally.

Lack of nonrenewable energy. With rapid economic growth and over 23% of the world’s population, the energy deficit has been a challenge for the South Asian region.

Irreversible and unintentional consequences of globalization. Globalization has led to wealth inequality, hunger, and rural–urban disparities in South Asia.

Decline of small businesses. The lack of entrepreneurial support has posed serious threats for small businesses hitherto accustomed to dominating their domestic markets.

Inadequate investments in infrastructure development. The region needs at least $2.5 trillion to bridge its infrastructure gap over the next ten years (World Bank, 2017). The poor and marginalized laborers are the most seriously affected by the lack of investment in this type of development.

Lack of economic diversification. The absence of government commitment to invest in new industries and services or to attract foreign investors contributes to the region’s adverse economic conditions.
• Trade barriers. Insufficient improvements in trade barriers (tariffs and non-tariff) and excessive requirements for customs clearance create additional hardships for private businesses.
• Lack of regional collaboration. This problem leads to losing out on opportunities to integrate into and benefit from the global market.
• Market liberalization and structural adjustment policies. Although structural adjustment policies have been a major source of prosperity in the region, they have also generated shocks in the labor market, thereby displacing workers from their local livelihoods.
• Fragmented industrial composition. South Asia’s private sector consists of many small to medium-sized companies that lack an industry leader. Thus, the sector suffers from the high cost of inventory and transportation, and a product/service differentiation that is highly customized to cater to individual clients as oppose to incorporating economies of scale; so it can compete in the global market.
• Lack of participation in the supply chain network. The lack of trade integration has created a gap in the region’s trade infrastructure and mechanisms.
• Aspirations to economic empowerment. Encouraging labor migration has resulted in a substantial flow of remittances that exceed the region's foreign direct investments and net official assistance, thereby creating positive spillovers for the economies of South Asian nations, as shown in Table 3. Although the actual size of these remittances, including the unrecorded amounts that flows through formal and informal channels, is assumed to have been significantly higher, for the period 2007 to 2016. India was the largest remittance-receiving country, with an estimated $598 billion flowing into the country (including $5 billion to Kerala, equivalent to 20% of Kerala’s state GDP), followed by Pakistan ($129 billion), Bangladesh ($121 billion), Sri Lanka ($52 billion), and Nepal ($44 billion).

Table 3: Total Remittances Received by Country ($US Million)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sri Lanka</td>
<td>2,057</td>
<td>2,920</td>
<td>3,330</td>
<td>4,123</td>
<td>5,150</td>
<td>5,999</td>
<td>6,422</td>
<td>7,036</td>
<td>6,999</td>
<td>7,259</td>
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<tr>
<td></td>
<td>India</td>
<td>37,210</td>
<td>49,980</td>
<td>49,200</td>
<td>53,470</td>
<td>62,490</td>
<td>68,800</td>
<td>69,970</td>
<td>70,388</td>
<td>68,909</td>
<td>67,750</td>
</tr>
<tr>
<td></td>
<td>Pakistan</td>
<td>5,998</td>
<td>7,039</td>
<td>8,720</td>
<td>9,690</td>
<td>12,260</td>
<td>14,007</td>
<td>14,629</td>
<td>17,224</td>
<td>19,306</td>
<td>19,855</td>
</tr>
<tr>
<td></td>
<td>Bangladesh</td>
<td>6,562</td>
<td>8,940</td>
<td>10,520</td>
<td>10,850</td>
<td>12,070</td>
<td>14,119</td>
<td>13,866</td>
<td>14,987</td>
<td>15,380</td>
<td>13,680</td>
</tr>
<tr>
<td></td>
<td>Nepal</td>
<td>1,734</td>
<td>2,720</td>
<td>2,980</td>
<td>3,464</td>
<td>4,216</td>
<td>4,793</td>
<td>5,580</td>
<td>5,888</td>
<td>6,729</td>
<td>6,289</td>
</tr>
<tr>
<td></td>
<td>Afghanistan</td>
<td>150</td>
<td>150</td>
<td>152</td>
<td>342</td>
<td>185</td>
<td>251</td>
<td>313</td>
<td>268</td>
<td>301</td>
<td>301</td>
</tr>
</tbody>
</table>


3.5Pull Factors

Information from the interviews shows that there are twenty factors that induce labor migration to the UAE, including:

• The vigorous UAE economy. This is due to an increased oil production underpinned by healthy oil prices. From 2000 to 2009, the UAE’s GDP grew at an unprecedented average annual rate of 6.62% due to increases in oil prices. Since 2010, however, the economy has grown at a lower annual average rate of 4.4%, due to the worldwide financial crisis. Nevertheless, this still compares well to the 2.3% annual average GDP growth rate for advanced economies as a whole.
• Boosting petroleum exports. Increasing oil and gas exports has strengthened the business climate and fostered the emergence of a more vibrant and diverse private sector. This has augmented the need for migrant labor since 2000.
• Economic diversification. The UAE has increased efforts to invest oil revenues in infrastructure and urban development. By 2017, the economy had diversified into two major sectors, industry/public services (44.6%) and services/private enterprises (54.7%), while agriculture contributed only 0.7% (Khaleej Times, 2017). According to the national authorities, from 2000 to 2011, the annual GDP growth attributed to the public and private sectors was 6.4%. And although in 2012 growth dropped to 3.3%, it rose to 5.4% in 2013 and remained at around 5% to 2016. Diversification and total GDP growth contributed to 28.4% of total employment provided by the public sector, while the private sector employed 71.6% of the workforce, this proportion of which was mainly composed of foreign laborers.
• Low national population. Nationals make up less than 10% of the total UAE population while foreigners dominate 95% of the private sector workforce (UAE Ministry of Labor 2017).
• Lack of skills development among nationals. While skills have become the South Asian currency, the native UAE population neither develops nor uses these skills. In fact, the UAE lags behind the world's leading economies in the provision of vocational education. This means it relies on workers from outside the country to fill critical job placements.

• Barriers to female participation. While the UAE female labor force is largely underutilized, there is little effort to dismantle the traditional barriers women continue to face. This is due to the social structure, religious norms, and women’s traditional roles are caregivers for their children and for senior family members.

• Lack of support for people with disabilities. General work preparation in terms of providing accessible work space for those with accessibility is lacking as part of joint employer and government strategies.

• Reluctance to accept certain jobs. Nationals refuse to accept certain jobs in the service (such as driving and domestic work) or manufacturing sectors due to social and cultural norms.

• Voluntary unemployment. Emiratis’ voluntarily accept unemployment owing to generous government welfare programs. The culture of clientelism provides monetary benefits in exchange for political support; thus, involving an asymmetrical relationship between groups of political actors and citizens.

• Emiratis’ early retirement. While there is no mandatory age for retirement in developed nations, the age limit for employment in the UAE is sixty, while people may decide to retire even in their early fifties.

• Emiratis’ reluctance to work in the private sector. About 90% of Emiratis are employed by the government, which provides long-term job security along with far more disposable income than the private sector; further, the performance expectations in government are also lower.

• Religion. The country's Islamic religion, which underpins every social, political and economic system, limits female participation in the workforce. It also limits working hours and holidays for all nationals. Thus, it offers more opportunities for foreign laborers.

• High demand for diverse skills. Migrant workers fill positions for which nationals lack the required expertise.

• Foreign female services. There is a growing demand for foreign female labor to fill jobs in the service sector. This is because legislation-induced rigidity means that UAE women are restricted from undertaking work in hospitality and domestic services. The demand for female workers has escalated since 1990, particularly from Sri Lanka, Bangladesh, and Pakistan. Other female migrants work in private or public establishments in entertainment, in restaurants, or as hotel staff. An increasing feminization is also observed in domestic services, representing 20% of the total migrant labor population.

• Numerous free trade zones. There is a demand for low-skilled workers in the UAE’s numerous free trade zones (there are presently 45 such zones) and a reluctance among Emiratis to take low-skilled jobs. The UAE’s economic policies create high employment. These policies include permitting 100% foreign ownership of firms located in the Emirates; import and export tax exemptions; repatriation of capital and profits; corporate tax exemptions for up to fifty years; no personal income tax; and freedom in labor recruitment through sponsorship and housing.

• Proximity to labor supply. As it is situated in the Middle East/Southwest Asia, the UAE’s proximity to South Asian nations is a factor that attracts slow-skilled laborers due to the travel costs, vacation, and transportation expenses.

• No income or state taxes. The UAE currently does not collect any tax; however, the government had planned to implement a value-added tax (VAT) at a standard rate of 5%, beginning in January 2018.

• Creating a commodity distribution hub in the Middle East. The UAE ranks 13th in the world in trade logistics performance (World Bank, 2017). It is the 16th largest exporter/re-exporter and the top re-exporter in the Middle East and North Africa.

• Digital technologies. The UAE has moved up from a world ranking of 40th to 34th for its use of information and communications technology aimed at improving the quality of services and access to the internet and social media across its seven states.

• The UAE business cycle. The business cycle clearly reflects the trend in oil and gas prices, where booms and recessions are highly unpredictable in terms of both their start date and their duration. These fluctuations also correlate with labor migration in both the public and private sectors.

The flow of contractual laborers from South Asia to the UAE is pushed by 28 factors that are common in South Asia and pulled by 20 factors that are influenced by both the receiving and sending governments, as shown in Table 4.

Proposition 3 (P3): The plight of the laborers lies in the complexity of the labor-supply network.
Table 4: Economic and Human Development Push Factors in South Asia, UAE 218

<table>
<thead>
<tr>
<th>Country</th>
<th>Population (Million)</th>
<th>Population Density (sqkm/1000)</th>
<th>Per Capita ($US)</th>
<th>GDP Million $US</th>
<th>Surface Area (sqkm)</th>
<th>Life Expectancy (Year)</th>
<th>Inflation Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sri Lanka</td>
<td>9.5</td>
<td>109.5</td>
<td>67871</td>
<td>339085</td>
<td>83600</td>
<td>69.9</td>
<td>6690%</td>
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<tr>
<td>India</td>
<td>22</td>
<td>334.3</td>
<td>12262</td>
<td>79524</td>
<td>65610</td>
<td>65.4</td>
<td>6540%</td>
</tr>
<tr>
<td>Pakistan</td>
<td>131</td>
<td>441.9</td>
<td>6616</td>
<td>2182577</td>
<td>3287259</td>
<td>70.5</td>
<td>7050%</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>189</td>
<td>241.5</td>
<td>5106</td>
<td>270961</td>
<td>796100</td>
<td>68.3</td>
<td>6830%</td>
</tr>
<tr>
<td>Nepal</td>
<td>162.5</td>
<td>1236.8</td>
<td>3891</td>
<td>226760</td>
<td>147630</td>
<td>59.3</td>
<td>5930%</td>
</tr>
<tr>
<td>Afghanistan</td>
<td>28.5</td>
<td>198.9</td>
<td>2313</td>
<td>21356</td>
<td>147180</td>
<td>68.2</td>
<td>6820%</td>
</tr>
</tbody>
</table>


Interview with officials and executives in the UAE’s private organizations believe that the predicaments of South Asian laborers are rooted in their countries of origin. The labor-supply network in South Asia is a complex configuration of multiple layers of constituents grouped into governments and private businesses that are in situations of chaos and disorder in the absence of any cohesive factor. The manner in which each government interfaces with its country’s private constituents is not ideological but instead is a pragmatic reaction to the labor market and its need fulfill its constitutional role in regard to the demand for employment. These governments see their role as controlling the trade in labor with foreign nations and synchronize migratory flows by utilizing international instruments (bilateral agreements and memorandums of understanding).

These instruments are used to expand labor imports from source countries on terms and conditions of trade that have the specific goals of controlling the flow of migrants; reducing undocumented migration; and creating a formal structure to deal with a temporary labor market. While bilateral agreements are internationally binding instruments between states, they describe specific responsibilities and actions each of the contracting parties are to take and the international laws by which they are governed. A memorandum of understanding is used as a non-binding mechanism that details the operational processes of sending or receiving foreign workers. In fact, these instruments are controlling devices used to increase the flow of labor during economic growth and to repress the labor flow during economic contractions, according to oil price volatility.

The second constituents of the labor-supply network are private establishments, including agents in the sending nations. According to officials, these agents are the “merchants of laborers” who are expected to act on behalf of individuals and to legally bind them in business transactions with their sponsors in the receiving country. Their responsibilities often extend from soliciting individuals, or selecting candidates who match specific jobs based on the sponsors' requirements, to negotiating contracts, making travel arrangements, requesting visas, and conducting pre-departure orientations. With growth in demand for unskilled workers, these agents create networks of and delegate responsibilities to sub-agents/recruiters who are tasked with finding candidates in remote villages who match the UAE sponsors' requirements. With the imperative of making livelihood, individual laborers are compelled to rely on these recruiting agencies.

The third constituents are sponsors in the UAE who are “labor entrepreneurs”. This constituent is a corporate instrument whose task is to gain regulatory access to any human resources. Sponsors are entities that are driven by private sector rentiers who are empowered by the UAE government to legally control the labor market and thrive on foreign labor. While sponsors in the UAE cover workers’ travel expenses, South Asian agents are frequently engaged in immoral practices such as taking advantage of these individuals by taking the fees for the travel costs and not disbursing them appropriately and even by offering jobs that may never fully materialize in the UAE. Unethical recruiters falsify information about the type of job, the working conditions, the duration of the contract, and the associated benefits; they even forge documents for earnings and offer nonexistent jobs. They also charge high fees that exceed legal limits or that might be prohibited altogether.

Putting this scenario into perspective, recruiters charge from $500 to $700 per person. When they add charges that may include successive layers of agents/recruiters, the total fees can range from $2000 in Bangladesh, to $3000 in Nepal, and $5,000 in other South Asian nations. This induces deprived workers to borrow money from relatives or commercial money-lenders, or to raise money by selling their homes, farmland or livestock, thereby jeopardizing the welfare of the families left behind. With loans taken at high compounded interest rates (8–14% for 1–3 years), while earning from $200 to $300 per month, repayment consumes their entire salary often for the duration of their contract.
Unpaid debt results in threats to laborers' family members or the loss of family property, further adding to the pressure to work for no wages until their loans are paid back. If the bonded laborer becomes disabled or dies, their debts are often passed on to their spouse and the next generation.

Although the United Nations has described debt bondage as a form of "modern-day slavery and forced labor," the practice is still prevalent in South Asia, particularly in India, Pakistan and Bangladesh, where recruitment fees and debt bondage are prohibited. The respondents estimated that around 85% of the laborers from these countries are heavily indebted when they leave for employment in the UAE.

**Proposition 3 (P3): The plight of the laborers lies in the complexity of the labor-supply network.**

Interviews with South Asian officials, South Asian executives, and other representatives show that the sending nations and their existing laws have failed to regulate recruiting processes and to protect workers from the unfortunate exploitative environment that exists in the region. Still, they argue that UAE sponsors should not benefit from the conditions in which South Asian laborers presently exist in and wish to escape from. The interviewees added that sponsors flout the UAE’s Federal Labor Law by regularly trading laborers in a competitive labor market rather than treating them as human beings who perform a constructive socio-economic activity. Often, sponsors are only nominally involved in the employment of these migrants. These are middle-men who allow their names to be used to sponsor foreigners in exchange for payment from the employers or recruiters.

With the power vested in sponsorship by law, sponsors can evade accountability and become a detriment to both the laborers’ human rights and the country’s integrity. They force work-contract issues, confiscate passports to prevent workers from leaving, change laborers’ hours of work, tie laborers to a single sponsor who could sub-lease them to a third-party, provide no termination notice, offer no standard of occupational health and safety, forbid family reunifications in the UAE, enforce restrictions on laborers’ movement, and control payments and exchange.

Foreign workers often live in overcrowded camps, with inadequate sanitation, sewage, and ventilation, situated on the periphery of cities; as such, they are segregated from nationals both geographically and socially. These camps are ideal incubators for the spread of fungus and communicable diseases, especially when the humidity is high, and the temperature reaches above 40 (104° F). In these labor camps, there are between 8 and 12 workers per room, share a lavatory and a stove. Injuries and epidemics of infectious diseases are the norms. Often workers arrive with no understanding of the terms and conditions of their contract (written in English or Arabic), no flexibility to change jobs, and no chance to return home; but they also face the threat of deportation while they are under debt-bondage, which forces them to flee and become undocumented fugitives.

4. **Domestic Workers**

Domestic work is the most gender-segregated sector, where low-skilled jobs (three per household, on average) are offered to young women from Sri Lanka, Bangladesh and Pakistan. These women represent by far the largest reserve of labor outside the formal wage labor market of their societies. Domestic laborers are legally excluded from enforcing federal, state, and civil laws. Once they arrive, they automatically become part of the home structure: a form of gender-based dual-deprivation that has been diagnosed as a vicious and multi-layered cycle of constraint, restricting female laborers’ abilities to make decisions concerning their own lives. This traps them in servitude and prevents their access to legal channels to address their exploitation and violations of their human rights.

The widespread coercive mechanisms which subordinate these domestic workers include restrictions on their occupational mobility, achieved via the confiscation of travel and personal identity documents; withholding wages; forced confinement; controlling their bank accounts by confiscating their bank cards; sexism; and social antagonism. Although these are manifestations of deeply entrenched group-based social hierarchies, these young women are reduced to commercial commodities, while threats of deportation terrorize them into remaining silent about their abuse and exploitation.

5. **Summary**

The flow of contractual labor from South Asia to the UAE stems from the latter’s scarcity of low-skilled native workers for the country’s economic diversification. Contractual laborers are low-skilled workers in search of employment; they come from impoverished environments where their options are limited to earning meager wages. They are pushed outside their places of birth and into migration for reasons that are classified as economic, social, environmental, and political. While they are attracted to the UAE by the possibility of better job prospects, higher wages, a higher standard of living, and safe and clean working environments, their movements are at first facilitated, then constrained by a pool of manipulative constituents across a diversity of hierarchies with economic motives that form the basis of the labor-supply network.
This is a complex network of multiple constituents that are grouped into governments and private establishments and cross-linked with each other to generate a system that ultimately benefits both the countries of origin and of destination while the variability of benefits is inherent in the behavior of these countries’ constituents. This variability moves individuals toward an unsynchronized, chaotic process and absolute anarchism in a labor-supply chain that commodifies low-skilled workers. The commodification of contractual laborers as an appropriate source of profit is the result of both the seductive power of anarchy and an elaborate form of labor exploitation. Consequently, the laborers who come to the UAE already shackled by the high-interest loans are further shackled by protracted contractual arrangements that obligate them to perform inferior jobs at low wages.

These contractual preconditions are meaningless to UAE sponsors while they derail the legal structure of the UAE Federal Labor Law and evade fair labor practices. Under this system, laborers frequently experience hazardous working conditions, long hours, and are cramped in unsanitary housing. Once their passports are confiscated and access to legal and judicial remedies is limited, they are coerced into servitude. Thus, the desperation of the world's poor in a crowded corner of the planet devoid of opportunities for them and prolific in fraudulent recruiting practices puts millions of South Asians at risk of becoming trapped in a cycle of indentured labor in a privileged society. This practice indeed rehashes Lenin's doctrine (1963) that the seal of parasitism is carved into societies where laborers are legally unprotected, economically pressured, mentally shattered and tragically betrayed as they attempt to escape perpetual poverty.

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