Precarious Work and Flexibilization in South and Southeast Asia

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Abstract
This article briefly recapitulates the social, economic, and political factors that led to the rise and consolidation of precarious work in various countries in Asia and the definition of “precarious work.” The article then considers the utility of precarious work for describing the growth of work that is uncertain and insecure and in which risks are shifted from employers to workers for several countries in South and Southeast Asia, namely, Indonesia, Thailand, the Philippines, Vietnam, Sri Lanka, and India.

Keywords
precarious work, globalization, flexibilization, labor, Asia, neoliberalism

In our introductory essay to the issue of the American Behavioral Scientist on “Precarious Work in East Asia” (Kalleberg & Hewison, 2013), we drew on the conceptualization by Vosko (2010, p. 2) to define “precarious work” as work that was uncertain, unstable, and insecure. We noted that this form of work shifted the risks to employees, while reducing the risks for businesses or governments. In such circumstances, workers receive limited, if any, social benefits or statutory entitlements.

In adopting this approach to precarious work, we emphasized that the most usual binary distinctions made between “standard/nonstandard” and “informal/formal” work arrangements have proven inadequate for capturing the complexities of the contemporary world of work. The ways that people work are undergoing very rapid change as investment and production have become increasingly financialized and globalized (see O’Connor, 2010; Palley, 2007) and have come to be promoted by

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national and international economic and social policies best described as neoliberal (Robison & Hewison, 2005; Scholte, 2005). Changes to regulatory regimes and transformations in product, capital, and labor markets have been driven by demands of investors and employers for enhanced liberalization and privatization (see Akram-Lodhi, 2006).

The resulting global marketization of the economy and society has provided a platform that has permitted capitalism to free itself of the spatial “locks” that had come to constrain its mobility and profitability under previous Fordist models of accumulation (Harvey, 2001). Contemporary production effectively demands that states compete for highly mobile investments and that workers compete for decent jobs globally. Competition between economies has become a hallmark of global capitalism as governments and local businesses seek to attract financial capital, investment, and production. States promote their territories with the advantages they offer in cheap, skilled, and/or controlled and disciplined labor, access to markets and materials, tax advantages, and so on. Such policies have been implemented so broadly that they are now seen as orthodoxy; they are the “natural” policies for delivering “progress” and “development” (Gamble, 2006, p. 32).

Regular, standard, or formal employment is usually taken to include full-time and continuous employment offering regularly paid wages and work for designated hours, and where employment rights are determined by laws and/or legal contracts. Precarious work is frequently associated with work that is done on a fixed-term contract and unregulated, part-time, self-employed, casual, temporary, on-call, done at home, outsourced, and often provided by (often global) labor recruitment agencies. Precarious workers generally have low wages, few or no benefits, limited or no collective representation, and little job security. The various forms of precarious work are not especially new (Seymour, 2012). However, earlier forms of informal/nonstandard work have been redefined by state agencies and employers and put to use in new and competitive contexts.

It is important to understand how precarious work is changing not just the way people work but also the way that they live. As Kalleberg (2009, p. 1) explained it, “Work is a core activity in society. It is central to individual identity, links individuals to each other, and locates people within the stratification system.” Without regular and predictable employment, precarious workers also experience forms of social precarity (Seymour, 2012). Income generation is maintained as an endeavor that involves an extended family. Other families may be shattered as migration for work and income generation become family survival strategies, with both rural-urban and cross-border migration being significant in the Asian region. Educational and housing stability become difficult to maintain. Social exclusion may also result from unemployment, precarious employment, poverty, and inequality (Bayón, 2006).

In this issue of the American Behavioral Scientist, we examine the origins, extent, nature, and consequences of different forms of precarious work in six countries in South and Southeast Asia. The articles in this issue consider the middle-income economies of Thailand, the Philippines, and Indonesia; the rapidly developing late-developers
of India and Vietnam; and Sri Lanka where, until recently, a long civil war has hampered sustained development. These countries differ both in their level of development and in their historical trajectories and cultural traditions. These varied trajectories mean that the growth and persistence of precarious work will have different patterns in each country. A striking example of difference is seen in the dependence of the Philippines and Sri Lankan economies on the remittances of overseas workers, reaching 8% to 12% of GDP in 2010 (World Bank, 2011). Whereas remittances to Vietnam are rising, none of the other countries in this issue show such dependence. Yet even while acknowledging differences, there are also similarities among these countries in precarious work and its correlates.

The articles in this issue outline the range of strategies that have provided employers with greater flexibility in hiring and firing and on the conditions of employment, and have also allowed for limiting and denying workplace protection and worker rights. They indicate patterns across the region where precarious forms of employment are used to reduce costs, reduce the permanent workforce, and maximize “flexibility” for employers. The most common precarious employment practices include the use of short-term contracts; casualization; a widespread use of labor supply agencies; putting-out systems; and the use of migrant workers, domestic and foreign. The articles note that these strategies have also been used to restrict collective bargaining and to further reduce the (already limited) power of unions. At the same time, several of the articles also indicate that workers and unions are responding to these changes and challenges with legal action, workplace activism, and political struggle, with Thailand and Indonesia being two prominent examples.

As flexibilization and precarious work are “normalized,” critical challenges emerge for the governments and workers of all Asian countries. As these economies have developed and industrialized, capitalist relations of production have become dominant over relatively short periods of time. Growth and capitalist relations have been accompanied by extensive economic and social transformations that have seen urbanization, demographic change, remarkable increases in national wealth, and so on. Economic change in Asia has been indubitably associated with the massive shifts that have taken place in global patterns of production and investment. Hence it is no surprise that the economies of the Asian region, at significant nodes in global production chains and networks, have seen considerable competitive pressures that have promoted the movement to precarious forms of employment.

“Precarious work” is not a term that has come into regular use in any of the countries represented in this issue of the American Behavioral Scientist. This is so even as the number of workers engaged in work that is uncertain, unstable, and insecure has grown. In all of these countries, state, labor, and academic attention has remained focused on the so-called informal sector. The data presented in the articles show that the “informal” sector is very large—ranging from more than 60% to 90%—and generally expanding in these countries. Although it is true that most of those experiencing
uncertain, unstable, and insecure work in these countries continue to be those employed in the agricultural sector, each country also reveals important processes of informalization that are occurring within what was once the “formal” sector.

A striking feature of these country studies is that they indicate a pattern of employment development that appears different from the past. There has been a tendency to consider the economic development of the West as a defining pattern where, at least in terms of modernization theory, it has been assumed that economic growth eventually produces a more affluent worker. Growth leads to the establishment of a mass consumption society where workers are integrated as the consumers necessary for the maintenance of the capitalist economy. Workers do better and work becomes less grossly exploitative. Indeed, the very notion of an informal sector assumes a transition to formal employment as “surplus labor” is absorbed and wages rise (Lewis, 1954; Ranis, 2004). This pattern may see some support in the experience of industrialization in Japan, South Korea, and other “late developers,” as we showed in the issue of American Behavioral Scientist on “Precarious Work in East Asia.” In these relatively highly industrialized countries, precarious work is largely experienced as a recent development to deal with demands for flexibilization, international competition, and economic downturn and restructuring.

The experiences of the countries of South and Southeast Asia are different. In each case, workers are moving from the agricultural sector to the industrial and service sectors. However, these latter sectors have already been subject to processes of flexibilization and are characterized by the extensive use of precarious forms of employment. Industrialization in these countries is taking place in the context of international competition in global production chains and the enormous expansion of service sectors, both requiring flexible employment. This means that uncertain, unstable, and insecure employment practices are the “standard” and generally not a wholesale transformation of previous patterns. These practices are implemented to reduce costs and maximize flexibility for employers competing globally. In addition, in several of these countries, there are small groups of workers in the so-called modern or formal sector who have had some benefits, relative security, and even access to collective bargaining. However, each article shows that this small formal sector is undergoing rapid informalization at the same time that the informal sector is persisting and expanding. It is in this context that “precarious work” is a potentially more useful conceptualization than binaries like informal sector/formal sector and nonstandard work/standard work for describing the transformations in work that are taking place in these countries.

The articles in this issue also indicate that there are small groups of workers in the so-called formal sector who have limited benefits and some security in employment. However, for the growing working class, their experience is now mostly one of a loss of any opportunity for a more secure and predictable life. At the same time, precarious work strategies seek to limit the already limited capacity for collective bargaining. The cases of the Philippines, Thailand, and Indonesia show that demands for flexibilization are often a means for weakening existing unions and limiting the capacity for collective action by workers. The case of Vietnam, where the existing union is an official
one, indicates that whereas a newfound dual function to meet the needs of both party
and workers is recognized, both precarious work and social precarity remain major
challenges. In all four countries, workers are responding to changes with activism and
political struggle, though unions are facing the challenge of maintaining or expanding
membership and of strategy in responding to the challenges posed by precarious forms
of work.

For Indonesia, these processes are described as a “labor flexibility regime”
where the state adopts liberalizing policies that promote precarious employment in
support of employers while deregulating the labor market (Tjandraningsih &
Nugroho, 2008). But this is not deregulation in terms of simply reducing the state’s
role. In fact, what is usually referred to as deregulation is actually a different kind
of “re-regulation” where states become market facilitating rather than intervention-
ist (see Carroll, 2012). Increased flexibility requires this kind of state re-regulation
as policy makers trumpet policies that they claim grow the economy and employ-
ment. These ideas about deregulation/re-regulation have been promoted and normal-
ized by international institutions and practices designated as providing the “good
governance” required for attracting and maintaining investment (see Cammack,

Flexibilization has generated fierce contestation over the prerogatives of employ-
ers. For employers, a flexible workforce is essentially one that allows for a quick
response to market demands and competition locally, nationally, and globally. Often
this translates to the capacity of firms to change wages (usually downwards) and to
hire and fire at will. As the World Economic Forum Global Competitiveness Report
succinctly explains,

The efficiency and flexibility of the labor market are critical for ensuring that
workers are allocated to their most efficient use in the economy and provided
with incentives. . . . Labor markets must therefore have the flexibility to shift
workers from one economic activity to another rapidly and at low cost, and to
allow for wage fluctuations without much social disruption. (Sala-i-Martin &
the Centre for Global Competitiveness and Performance, 2011, p. 7)

This “pillar” of competitiveness is a measure against which competing economic
jurisdictions are measured and compared. In essence, this is also a recipe for precari-
ous work and state-business power over labor. The result is often the shedding of
“regular” workers and the outsourcing of the jobs they previously held and the use of
temporary and contractual workers. The article on India demonstrates how precarious
work has expanded as the country has undergone economic liberalization. The pattern
is seen in each of the other cases as well.

Economic liberalization has been implemented in Thailand, India, and the
Philippines in such a way that it is not surprising that real wages have been stagnant
or declining, often despite increased labor productivity. Whereas the Thai case has
seen some state-sponsored amelioration of this wage trend through the
establishment of broader social security and universal health care, the rapid growth of the service sector and of labor outsourcing/dispatching means that up to three quarters of the population are missing out on social security. Sri Lanka, which has had considerable legislation that is socially protective since colonial times, has seen a similar failure of inclusion as employment patterns have changed. It is not surprising that several of the articles call for the development and expansion of state-mandated social welfare systems.

For precarious workers, the insecurities and instabilities that result from flexibilization and casualization have important consequences. The consequences for workers include being deprived of ever more of the protection afforded by labor legislation, especially for those without permanent contracts; being engaged in increasingly intense work patterns that expose them to increased health risks; and being delinked from labor unions and collective bargaining.

Such negative consequences of precarious work can be exacerbated by social precarity, which is highlighted by the case of Vietnam. Social precarity in Vietnam is associated with the mediation of rural-urban migration by the household registration system. This system, a legacy of communist organization, is also seen in China. It means that a range of significant issues, from access to housing and health care to contract type and union organizing, are negotiated in uncertain circumstances where inclusion and exclusion act as a means of exercising control over the internal migrants who are critical for Vietnam’s industrial development. Outsourced workers are often recent internal migrants in Vietnam, Indonesia, India, Sri Lanka, and the Philippines. In Thailand, the form of control and associated social precarity is seen in the use of large numbers of often undocumented migrant workers from Burma, Laos, and Cambodia.

These country cases are valuable in indicating how precarious work is an integral element of global production and investment. While precarious work is not new for these countries, neoliberal globalization and the competition it engenders have normalized uncertain, unstable and insecure work in all economic sectors. As a result, workers and their families, with diminishing conditions and rights, are increasingly bearing the risks associated with work.

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