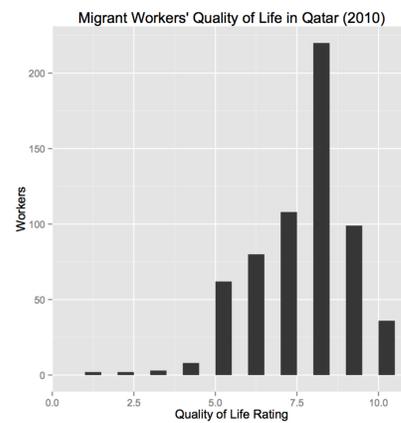


Authoritarian Abdication: The Role of Firms in Non-State Welfare Provision

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1. The Question



The Arabian Gulf states have abdicated almost any responsibility for migrant workers. Most firms provide basic services, including housing, utilities, food, transportation, and camp security. Given such control and absent any real oversight, migrant abuse and exploitation has become common throughout the Gulf. But not all workers are treated the same, exhibiting significant variation in their quality of life and overall satisfaction (see figure above).

This paper explores the welfare effects of this system and the conditions under which migrant workers can extract concessions from their employers. In short, this projects asks, *why do some migrants receive better treatment than others?*

2. Non-State Actors and Welfare Provision

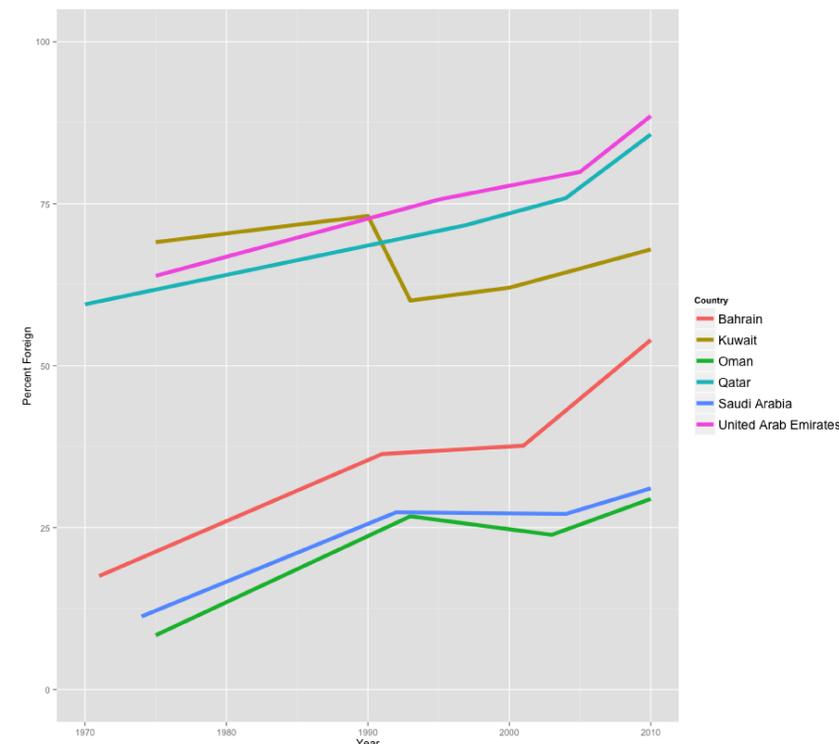
Non-state actors have taken on an increasingly prominent role in the provision of basic goods and services in developing states (Cammett and MacLean 2011; Krishna 2011; Tsai 2011). These actors have become indispensable in many of these communities, having a profound effect on local welfare and broader development outcomes. Non-state services mediate the relationships between citizens and the state, and across groups within society. These services may substitute, complement or even compete with existing state-provided services, having important implications for political development, state capacity and popular compliance (McLoughlin 2014).

While most pronounced in failed or weak states, these actors can also be found in more centralized, even autocratic regimes, like those of the Arabian Gulf. These states are wealthy, authoritarian, and relatively strong, representing a markedly different context from other developing countries where we tend to find non-state actors. In the Gulf, non-state actors are usually private firms or individual citizens who sponsor a migrant worker. And yet despite their ubiquitous presence and influence throughout the Gulf, we know relatively little about the overall welfare effects of these actors. This project contributes to this growing literature while exploring the role that firms play in migrant welfare provision.

3. Foreign Labor in the Gulf

For decades, the Gulf economies have relied on a labor force made up largely of non-citizens (Baldwin-Edwards 2011; Shah 2012). Mostly blue-collar, low-skill workers from Asia, these non-citizens hold positions both banal and critical throughout the Gulf. Today, foreign workers represent a majority of the workforce in every Gulf state, reaching highs of over 90 percent in Qatar and the UAE.

Percent Foreign Labor in Workforce



4. Firms and Migrant Bargaining Power

To manage this population, the Gulf states rely on a set of draconian immigration policies broadly known as the *kafala*, or sponsorship system. The *kafala* formally delegates to firms and other “sponsors” control over migrants’ mobility, housing, and general welfare. Human rights organizations and international media have criticized the Gulf regimes for their complicity in a system that leaves migrants structurally vulnerable, and subject to conditions tantamount to wage slavery and indentured servitude. Within such a system, how can migrants protect themselves and extract benefits from firms? Under what conditions do firms provide better welfare benefits and improved services for migrants?

In answering these questions, I focus on migrant bargaining power. Specifically, I consider the role of contracts and exit options on migrant perceptions of welfare. I argue that however unfair the system, migrants may be able to extract benefits when they have enforced contracts and credible exit options (e.g., mobility and low debt).

5. Data and Variables

This project draws on a series of surveys from Qatar between 2010-2012. Using a stratified random sampling design, the surveys include migrant workers living in camps throughout Qatar. The data include:

Demographics: age, education, number of dependents, nationality

Job and Living Conditions: wages, hours, benefits, camp size

In addition to these controls, the data include measures for capturing worker perceptions of welfare and their bargaining power, their contract rights, and exit options. These measures include:

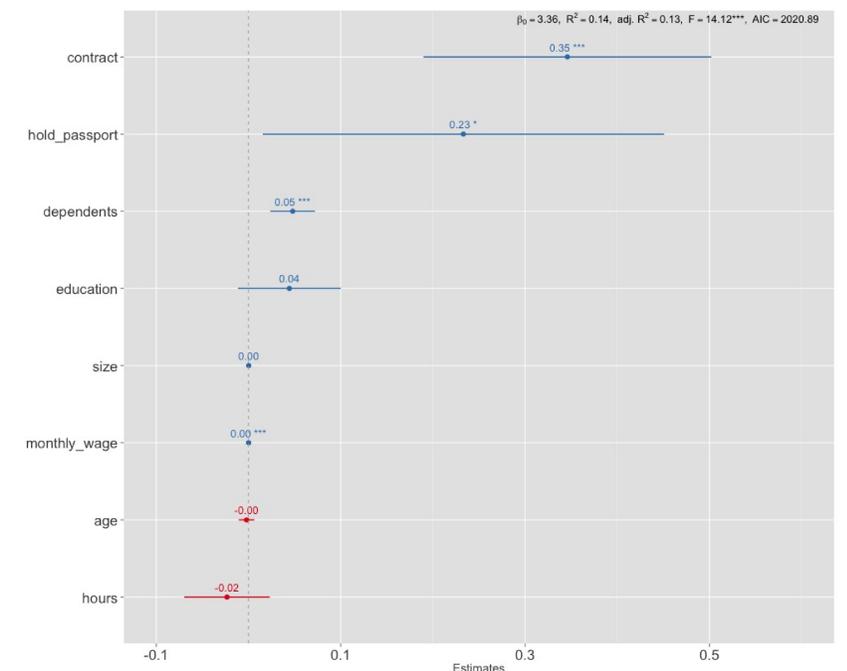
Outcome Variables: job, housing, and workplace satisfaction

Independent Variables: have a contract/passport, relative debt

6. Methods and Results

Using these measures, I estimate a series of mixed logistic and hierarchical models to evaluate the relationship between migrant bargaining power (i.e., holding a contract and having access to a passport) on satisfaction and quality of life.

Migrant Job Satisfaction 2012



Across various specifications, I find strong evidence that contracts associate with improved welfare and job satisfaction. Holding a passport and having little relative debt have qualitatively similar results but are far less robust.

These results challenge the conventional wisdom that contracts are largely unenforced and ineffectual in the Gulf. Contracts appear to provide even the most vulnerable workers a means of formal protection within authoritarian states.