

Study on the Management of Transnational Flow of Workforce

-- Taking Wilmar International Limited, Singapore as An Example

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Abstract: Migrant workers are a cross-cutting and complex issue as the transnational flow of workforce is a sophisticated scenario for managerial practice. In recent years, both pressures from the internal organizational level and the external society have been urging organizations to account for CCIs. This study will critically discuss and evaluate the aspects of migrant workers as a cross cutting issue in contemporary management. The managerial challenges will be identified through the case study of Wilmar International Limited, Singapore. The growing global awareness towards labor inequality and human right makes migrant worker a more evaluative issue for the company. Recommendations for organizational practice will also be addressed in the latter sections.

Keywords: Migrant workers; Transnational flow; Cross cutting issues; Management.

1. Introduction

The environment of organizational operations in the contemporary era has been increasingly integrated with aspects that are intertwined with one another. This has evoked the interest of many theorists and managers to address the importance of these grand challenges in organizational studies [1]. Cross cutting issues (CCI) are grand challenges that perform widespread impacts, extending their influences beyond the organization level [2]. According to Ferraro, there are three major dimensions of CCI: complex, uncertain and evaluative. CCIs arise from the combination of distinct elements in the complex, non-linear process [3,4]. It is difficult for researchers to forecast the future outcomes, especially under unprecedented circumstances, due to the ambiguity of these complicated challenges and risks [2]. In order to understand the CCI faced by the organization, it is necessary

to evaluate the problems, as well as the potential solutions from various perspectives.

This study will critically discuss and evaluate the aspects of **migrant workers** as a cross cutting issue in contemporary management. The managerial challenges will be identified through the case study of Wilmar International Limited, Singapore. Recommendations for organizational practice will also be addressed in the latter sections.

2. Wilmar International and the Migrant Workers

Wilmar International Limited is the Top 3 largest company in Singapore and one of the Asia's leading agribusiness groups in food processing and investment holding (2021 Forbes List). Across the nation, 38% of Singapore's total labor force is depended on migrant workers, with an increasing trend over the decade (MOM 2019a).

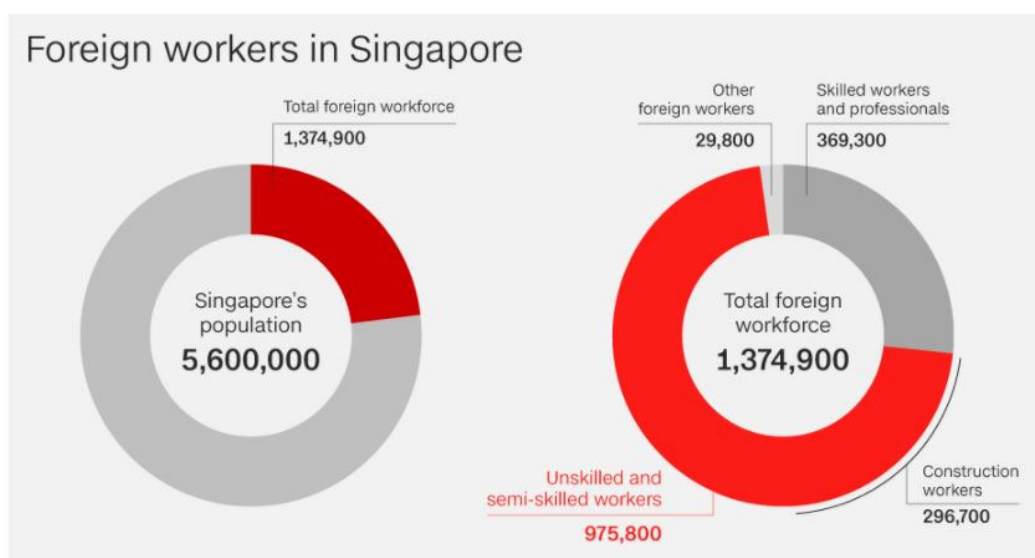


Figure 1. Foreign Workers in Singapore
Source: Singapore Ministry of Manpower/Statistics Singapore

Due to historical reasons, large number of migrant workers moved from neighboring countries (Malaysia, Indonesia, China and India) during the British colonial period to explore job opportunities and help with the construction and development after the establishment of modern Singapore [5]. This has led to a rapidly growing local economy and contributed to Singapore’s significant international position in the world. Since it was founded in 1991, Wilmar has always been including a larger percentage of migrant employees in the organization. In 2023, there are around 100,000 migrant workers in Wilmar [6]. It is based in a highly diversified multiracial country with individuals from various backgrounds. Migration posts direct effects on actionable organizational objectives. It interacts with multiple aspects of workers’ well-being [7]. In the case of Wilmar, migrant workers bring extensive skills and expand the knowledge base for the company.

3. Immigrant Workers as a CCI

Singapore has limited land area for agriculture, hence local workers in Wilmar rarely target practical expertise for agricultural products unless they undergo specific trainings [8]. Being an agribusiness group, Wilmar’s local workers are more concentrated in the technological and investment processes, while the company recruits many migrant workers from the neighboring countries for labor diversification. Migrant workers are lower in payment cost. Compared to the full-time local employees (average income of S\$5873 per month), migrant workers at Wilmar are often temporarily employed, earning an average of S\$2000 for Chinese migrants, S\$602 for Indians and only S\$466 for Indonesians. Hiring migrant farmers and harvesters not only reduces organizational expense for plantation trainings and wage payment, but also grants organization additional expertise in food growths, thus resulting in an overall US\$459.3 million pre-tax profit in Plantation and Sugar Production in [9].

On top of that, the inclusion of migrant workers provides an integrated, multicultural working environment for the Wilmar company. In the 2019 Wilmar International Review, the company was rated 4/5 by its employees for a

transnational organizational culture. This incentivizes creativity and innovations, enhancing labor relations among employees due to collaborative efforts. Skill specialization also promotes workplace efficiency, as well as the productivity in Wilmar Plants and Mills [9]. Owing to the Covid-19 pandemic, the Singaporean agribusiness industry experienced drastic fluctuations between 2019 and 2021. Yet, Wilmar survived the economic downturn despite this global shock. Migrant workers are the main contributing factor to its resilience for which they adapt quickly to the change in international demand. Many migrant workers filled up the temporary occupational vacancies during the covid outbreak, allowing Wilmar to maintain its business operations as usual and diversify risk from job turnovers. Moreover, they helped with managerial decisions based on their familiarity and knowledge towards specific countries. For example, the Wilmar-International management team strategically launched a logistic investment program in India to alleviate logistic constraints, minimizing the loss of their sugar business during the lockdown [9]. The extensive distribution of international networking improved Wilmar’s global recognition, offering it new opportunities to operate in larger markets and regions that are relatively less disrupted by the pandemic (such as Tanzania).

However, having migrant employees could be a complex issue for Wilmar. There are scenarios where Wilmar benefits from recruiting migrant workers. But the cross-cutting nature of migrant worker affects other organizational aspects which could have severe negative drawbacks. Although Wilmar claims to have a “diverse, non-discriminatory, harmonious work environment” that provides equal opportunities to its employees, the threats of inequality, discrimination, exploitation and conflicts arise from the existence of cultural difference. Cultures shape individuals in terms of how they think, act and believe [10]. The study conducted by Varnum, Michel E., et al. [11] states that individuals perform distinct holistic thinking according to geographical regions or the orientation of social origins. Having most of their workers coming from multinational backgrounds (Figure 2) posts a challenge for Wilmar to fully address cultural differences on a larger scale.

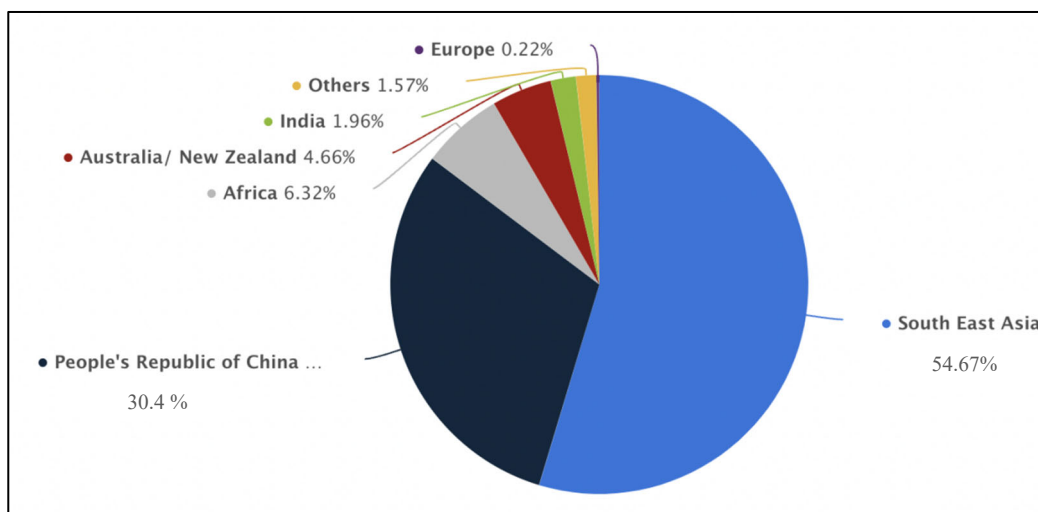


Figure 2. Distribution of migrant employees of Wilmar International Limited in 2021.
Source: <https://www.statista.com/statistics/924693/wilmar-employee-breakdown-by-country/>

Workers might encounter conflicts in terms of the ways of doing things, religious beliefs and different cultures in the workplace. For example, it is difficult for the Wilmar management team to set a standardized calendar due to different holidays in each country. In the Western culture, individuals celebrate Christmas. But for Malaysian and Indonesian migrants, they celebrate Islamic New Year in July, while the Chinese workers celebrate Chinese New Year with slightly different dates each year. This can hardly arrive at a consensus. If Wilmar chooses to exclude certain days, there might be a risk for discrimination or bias. Employee might feel unfair, hence losing the incentive to work in the company. Therefore, Wilmar International decided to include all holidays on its calendar, resulting in less workdays than its rivalry firms. Investment activities are extremely time-sensitive, if there are no shifts to keep the dynamic information updated, the company can easily fail to capture opportunities. In addition to the evaporated potential revenue during off-days, it is more time consuming for Wilmar to adjust and arrange the calendar based on cultural differences. This act reduces Wilmar's competitiveness in the agribusiness industry, sometimes even hurting its ability to run properly. In Figure 3, there are only 10 working days for Wilmar employees in May 2021, in comparison to 19 days in the Singaporean Calendar.



Figure 3. Wilmar International Calendar 2021
Source: Wilmar Calendar 2021

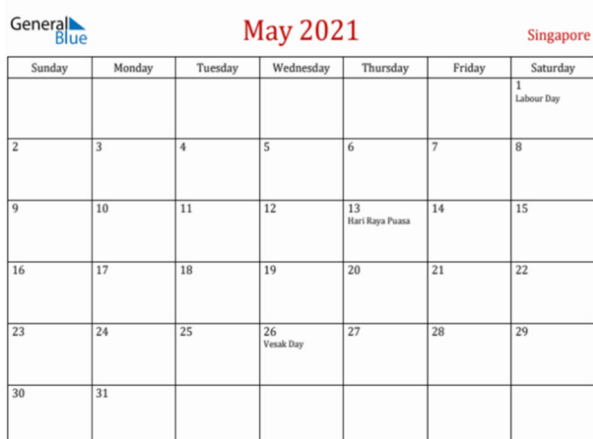


Figure 4. Singaporean Holiday Calendar 2021
Source: generalblue.com

Even though Singapore has a multilingual environment, Wilmar, like other companies in Singapore, sets English as its official language for an easier and standardized operation. It is unrealistic to assume all migrant workers have adequate English skills for work. The two to three months training program is costly and insufficient to turn all migrant workers into linguistic experts. They tend to form group clusters with people who share the same background. The difference in cultural value and identity restricts communication and interaction among migrant employees in Wilmar [12]. This leads to marginalization as they face barriers to be included in the workplace.

The growing global awareness towards labor inequality and human right makes migrant worker a more evaluative issue for the company. In Sabah's report [13], Wilmar's issue was lack of transparency in the recruitment process. Due to the involvement of various parties such as individual intermediaries and registered agents in the recruitment process, creating a standardized record of the recruitment costs with respect to each foreign worker can be difficult. Nevertheless, neglecting to perform adequate research on the expenses associated with recruitment exposes migrant workers to potential risks (including the possibility of bonded labor). Wilmar withholds foreign workers' passports immediately after their arrival until the end of the documentation process. Within the waiting period they are not counted as official employees. According to the labor law, temporary employees are unable to receive full wage. Even with the Work Permit, migrant workers can only stay up to two years (Ministry of Manpower, Singapore). If a worker's legal document expires, the company faces a S\$30,000 charge (MOM, 2022). In some cases, they are only provided with verbal agreement and contracts in language that they did not understand (Wilmar and IOILC Report).

Furthermore, the process of migration subject migrant workers to various health risks under the perilous journey, accompanied by limited access to healthcare. They may experience malnutrition, psychological stress and exposure to infectious disease (IOM, 2018). Consequently, for those who are forced to move and those with lower education or skill levels, Wilmar has to bear extra costs. This increases the organizational peril for Wilmar to hire migrant workers, who are also more prone to health issues, unequal treatment and forced labor [13].

Wilmar's different standards in wage payment (mentioned in the above) has brought forth additional profit from hiring migrant workers, but it still a form of exploitation. Migrant workers might feel satisfied with their wage because it is relatively higher than their income back home. Migrants who work as fruit farmers, harvesters and product processors in the factory face more health risks due to the exposure to chemicals or hazardous operations. Unfortunately, they are often assigned with heavier workload and lower wage with only 53% of permanent positions in 2016 [14]. This goes against workers' welfare on a social level. Another problem that comes along is that migrant workers compete with locals for job positions. Restricted to geographical area, job seekers in Singapore are exposed to intense competitions. Since migrant workers bring cheaper, more diversified labor force to firms, the local workers encounter difficulties to outstand the competition. Under the scope of management, migrant workers also create pressure for Wilmar in its decision-making process to attract and retain more talent for

the company. Wilmar may have to increase their salary and benefits offerings, which could affect the company's financial performance and potentially prompt revisions to its compensation and benefits policies.

4. Organization Practices

The discrepancies in culture and policies intensify the dynamic tensions in Wilmar (Curtin and Gaither, 2005). Due to such challenges, Wilmar needs to invest more effort in the managerial process. To better tackle these problems, the managers must find ways to alleviate the inequality and make

organizational change to improve workers' quality of live.

Addressing the rights of vulnerable groups and remain competitive with other employers for the best candidates, Wilmar actively participated in Labor Taskforce as a member of the RSPO Human Rights Working Group (HRWG). They implemented a standardized payslip, now taking additional incentives, over-time wage, insurance and other organizational benefits into account. Targeting the disadvantages that temporary workers face, Wilmar increased its permanent employment rate by 48% to promote workers' quality of live [14].

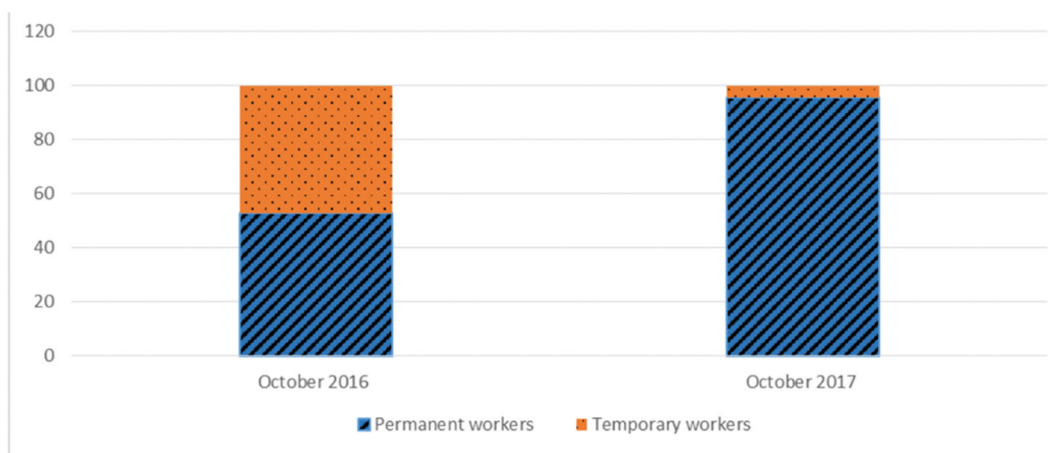


Figure 5. Percentage Increase in Wilmar's Permanent Workers from 2016 to 2017
 Source: Wilmar-Progress-in-Strengthening-Labor-Practice

With the application of piece rate pay (PPP) scheme on top of a guaranteed minimum wage, less productive workers are protected by the base income, while abler workers are rewarded with respect to their individual effort.

To minimize the risk of human trafficking and forced labor, Wilmar undergoes a direct recruitment process in the neighboring countries, bearing all recruitment fees and related costs without using intermediaries [13]. This is because many migrant workers are vulnerable to contract misinterpretation and excessive recruitment fees charged by agents, which is a common issue in the agricultural sector when hiring foreign workers. Wilmar abolished the collaboration with agency in countries where the travelling distance is relatively close, such as Malaysia and Indonesia. The recruitment team provides migrant workers with translated version of contracts to ensure their full understanding. For further countries, Wilmar only use recruitment agencies for documentation support to avoid potential conflicts in international policies. This prevents the risk of exploitation, by ensuring that salaries and remuneration are transacted directly between Wilmar and workers.

However, this requires Wilmar to have thorough knowledge regarding international regulations. Recruiting migrant workers without professional intermediaries can easily lead to asymmetric information. Once the recruitment team fails to acknowledge the differences between Singaporean and foreign policies, or is unfamiliar with other countries' labor practices, the company might face accusation for illegal employment. One possible way to counter this is to hire multiple experienced, stable (long term) HR employees who specialize in the field of international policies. They must have good knowledge about foreign workers and are able to speak their languages to prevent communication barriers.

Wilmar has to regularly review and adapt to new recruitment policies in order to keep their information updated, since the policy varies from day to day.

In terms of difficulties in managing and monitoring multinational workers, Wilmar imposed on its surveillance system [14]. Having high-quality patrol helps standardize worker's practice and reduce malpractice risk during the operation process. The creation of shared value through more activities within the company facilitates better involvement for workers to know each other regardless of their country of origin. In terms of social compliance issues, Wilmar has collaborated with the HRWG in adapting globally accepted UN Guidelines to mitigate unequal treatment among workers. Wilmar's policy against discrimination and workplace inequality promotes cultural inclusion, further cutting down organization's internal conflict. Besides, instead of including every aspect of distinct cultural holidays, Wilmar needs to make a tradeoff between its "cultural inclusion" and sustainable profitability when setting the organization calendar. Excessive holidays can have negative consequences for Wilmar's revenue and ultimately jeopardize the well-being of its workers and the organizational sustainability in the long run. One easier way to elevate cultural inclusivity within a company is to align company events and holidays with the national calendar. This approach helps to prevent any bias towards specific cultures and allows the company to embrace cultural diversity by organizing a range of cultural events and activities throughout the year. Not only does this protect Wilmar's competitiveness at a lower opportunity cost, but it also maintains employee satisfaction on a larger scale.

Lastly, Wilmar introduced the Migrant-Inclusive Health System beyond the Occupational Safety and Health (OSH) training programs [7]. Permanent migrant workers are offered

free on-site healthcare, including dental care benefits and subsidies. Workers who are exposed to chemicals receive regular medical check-ups to ensure that they are not negatively impacted. Blood tests are conducted twice a year to monitor their health status. These initiatives highlight Wilmar's commitment to ensuring the safety and wellbeing of all its employees. Migrant workers are more prone to transnational health issues when they move from one country to another. Offering accessible free health care is a cost-effective practice. It leads to improved health condition, higher productivity and better welfare for workers, which in turn generates positive externalities. The company benefits from incentivized workforce and a socially responsible reputation.

5. Conclusion

In recent years, both pressures from the internal organizational level and the external society have been urging organizations to account for CCIs. Migrant workers, in the case of Wilmar-International, is considered a cross-cutting issue as the transnational flow of workforce is a sophisticated scenario for managerial practice. It intersects with multiple elements such as human right, inequality, health issues and cultural differences. Indeed, having migrant workers could be beneficial in terms of diversification and cost advantages, however, they might also bring potential risks to the company. In light of the challenges that arise from employing migrant workers, Wilmar managers must adopt a comprehensive and proactive approach to labor management, which entails developing robust policies to ensure effective communication. They should also invest in HR/recruitment trainings to better understand migration policies across countries. Working on improving worker's welfare is another way to reduce the inequality from migration. Finally, Wilmar managers need to be aware that each decision must undergo critical evaluation and continuous ameliorations to keep up with the dynamic nature of the contemporary issues.

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