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국제학석사 학위논문

**Mongolia's labor export to South Korea:  
Its Impact and Policy Implication**

한국으로의 몽골 노동 수출이 가지는 효과 및 정책적 함의

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# **Mongolia's labor export to South Korea: Its Impact and Policy Implication**

한국으로의 몽골 노동 수출이 가지는 효과 및 정책적 함의

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by

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to

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Seoul National University

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## **ABSTRACT**

### **Mongolia's Labor Export to South Korea: Its Impact and Policy Implication**

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The labor migration in Mongolia is increasing year-by-year, in terms of low-job opportunities and low-wage in the country. Therefore, many people started to migrate to foreign countries to seek for jobs to improve their income and living starting from 1990s after the market transition. This paper focuses on Mongolian labor force export to South Korea, and its impact on personal level and further national level. To ascertain these issues whether labor export have significance in Mongolian economy and social matter in terms of employment condition or people's living standard. This study follows theoretical model of push and pull factors to reveal the reasons of Mongolian's migration to abroad. Method of the study relies on in depth interview with the contract workers in South Korea, which mostly analyzes the current trends of labor migration data findings. Additionally, the paper aimed to improve some findings of previous literatures that has not been studied. The paper investigates a number of key findings on Mongolian employment condition, wage

difference between South Korea, pros and cons of working in South Korea, worker's income and living improvement, current policy implications of Mongolia and South Korea towards labor export and labor force receiving and future prospect of Mongolia's labor force export in the long-term.

**Keywords:** Labor export, labor migration, employment, wage, Mongolia, South Korea,

**Student ID:** 2008-23624

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## ABBREVIATIONS

ADB	Asian Development Bank
EPS	Employment Permit System
E-9	visa type for foreign workers
FDI	Foreign Direct Investment
HRD	Human Resource Development Service of Korea
ILO	International Labor Organization
ITS	Industrial Training System
KIS	Korean Immigration Service
LWSO	Labor and Social Welfare Service Office
MDGs	Millennium Development Goals
MOEL	Ministry of Employment and Labor of republic of Korea
MONEF	Mongolian Employment Federation
MOU	Memorandum of Understanding
MSWL	Ministry of Social Welfare and Labor of Mongolia
NSO	National Statistics Office
OPHI	Oxford Poverty and Human development Initiative
SME	Small Medium Enterprises
SNA	System of National Accounts
TOPIK	Test of Proficiency in Korean
UNDP	United Nations Development Program
3D	Dirty, Difficult, Dangerous job

## **I. INTRODUCTION**

After the social transition in 1990s Mongolian employment situation changed in many ways. Previously, the government was the center of most employment actions and unemployment was scarce in the effect of support system of workplaces for workers. However, the privatization took place heavily and many of the companies and institutions moved to private owners, which started to established high quality demand from workers. Also the wage and working condition became unfavorable. Therefore, many people started to look for higher paying better jobs that lead to work abroad.

In recent years, there have been high urban to rural migration, increasing young population without basic skill (vocational) and education, the unemployment rate and idleness took place.

In consequence, the government adopted labor exporting policy to send surplus labor force to foreign countries such as South Korea (only country with governmental agreement signed), Czech Republic, Japan, USA, Germany, Taiwan, Singapore etc. Thereafter, many Mongolian young workers migrate abroad in purpose of gaining income. In order to investigate the current labor exporting system, this paper aimed to make an analysis of Mongolian worker's employment condition in Mongolia and South Korea.

In chapter one, the purpose of study and previous literature review is conducted. Chapter two will make an analysis on Mongolian employment condition and aims to

reveal the barriers of employment creation and job opportunities in Mongolian labor market. In Chapter three, the paper will make an analysis on the type of job sectors of contract workers, why Mongolian worker's ratio is high in South Korea, their motives and reasons of migration will be conducted. Moreover, government policies of both countries are analyzed in order to reveal the improvement of labor sending and receiving system. Chapter four is aimed to reveal pros and cons of labor export and its impact on personal and national level, in order to investigate the future prospect of Mongolia sending labor force to Korea.

### **1. Purpose of study**

The purpose of this study is to investigate what will be the impact of sending Mongolian labor force to foreign countries in a long term for Mongolia, especially concentrated in South Korea. What policy of sending labor force to foreign countries have optimistic part on personal level (more specifically, worker's health, safety and personal development) and further national level (more specifically, whether the policy implication mitigates economic downturns, social condition and living standard) and based on the conducted study, what should the government take action in the long run to amend the labor exporting policy. Moreover, the study aims to suggest some recommendations toward the existing matters.

This paper aims to examine mostly of labor export system between the two from Mongolian point of view.

## **2. Research question**

According to the purpose of study, followings are the important research questions to be investigated on Mongolian labor export implication in Korea. The following can be possible areas of research:

*In terms of sending labor force to South Korea directed by the government, what will be the future prospect of Mongolia on exporting labor?*

*Will it help Mongolian economy in the future, and moreover, its society to tackle the emerging problems in unemployment, economic condition and poverty?*

## **3. Literature review**

This paper aims to capture individual factors that influence people to migrate to another nation (more developed nation with better job opportunities) to improve their income and living. In terms of evidence findings, this paper will examine its impact on the personal level and in national level context.

This paper's topic of labor export will be more related to labor migration - migration if defined as "move from one place in order to go and live in another place for a continuous period of at least one year."<sup>1</sup>

There is some previous literature<sup>2</sup> studied in the terms of labor export and migration

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<sup>1</sup> European communities, *Push and pull factors of international migration* a comparative report, (Luxenburg: Office of official Publications of the European Communities, 2000).

<sup>2</sup> Munkhjargal Bold, *Mongolian policy toward its citizens in South Korea*, (M.A. diss., Inha University,

of Mongolia. However, the study did not show concrete evidence of wage differences, negative or positive impacts on workers and employment condition in Mongolia. Mostly, the previous study aimed at Mongolian labor and migration policies and to describe remittance condition related with the workers in overseas and its reflection to national economic condition. There were no concrete conclusions made for the future labor migration, especially in South Korea. Therefore, this paper will aim on making analysis on matters that has not been included in the previous studies and do further study on labor export related situations between South Korea and Mongolia. Also, this paper conducted an in depth interview with Mongolian contract workers, in order to investigate their working experience in South Korea.

In a theoretical viewpoint, there are no critical integrated theoretical models for examining labor export, however, in order to examine international migration there are some existing theories on this matter. One of the most well-known model of labor migration is “push and pull” model, which explains the reasons of workers’ migrating reason to other countries.

The international migration theory has been initiated by Ravenstein (1885;1889), who wrote about it in his book “Law of migration”. He saw migration as an inseparable part of development, and he asserted that the major causes of migration were economic<sup>3</sup>. At the macro-level, neoclassical economic theory explains migration by geographical differences of the supply and demand for labor. The resulting

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2011).

<sup>3</sup> Hein de Haas, *Migration and Development: A theoretical perspective*, COMCAD Arbeitspapiere, working papers, No.29, 2007, p.11.

differentials in wages cause workers to move from low-wage, labor surplus regions to high-wage, labor scarce regions. At micro-level, neo-classical migration theory views migrants as individual, rational actors, who decide to move on the basis of a cost-benefit calculation. Assuming free choice and full access to information, they are expected to go where they can be the most productive, that is, are able to earn the highest wages<sup>4</sup>.

Further this theory developed by many other scholars, such as Everett S. Lee who introduced the *plus* and *minus* factors, which relatively became the push-pull factor. The push-pull model is basically an individual choice and equilibrium model, and is, therefore largely analogous to neo-classical micro models. The model has gained enormous popularity in the migration literature and has become the dominant migration model<sup>5</sup>.

Scholars such as, Ranis and Fei, (1961), Todaro, (1976), and Harris and Todaro, (1970) have made some further researches on the matters of neoclassical macro-economic theory. There are more recent researches made on family and household factors rather than individual decisions on migration.

Advocates of the push-pull theory approach international population flows as generated by macro-level disequilibria between regions or countries in the supply of and demand for labor and the resulting wage differences these imbalances create. The *push* force operate in the economically under developed areas affected by insufficient

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<sup>4</sup> Ibid,

<sup>5</sup> Ibid, p.17

supply of labor and low wages, sending people out in search of livelihoods. The *pull* forces operate in the economically developed area where the labor demand and wages are higher, attracting migrants pushed out of their economically depressed regions or countries<sup>6</sup>. The push-pull model assumes that international labor migration will, over time, equalize the forces of economic growth between countries that display economic imbalances. After the departure of the sufficient number of labor migrants raise wages in the sending areas, and after wages are lowered in receiving areas as the result of migrants' joining the labor market, international migration between these countries is expected to cease<sup>7</sup>.

As stated previously, push factor basically pushes workers out of their country because of negative factors such as, *low-wage, low-employment benefit and security and lack of better job opportunities*.

In contrast, pull factor indicates more positive factors in other countries to lure workers with better job opportunities with higher wage and work benefits to increase their income and living standard.

Whereas, in this paper, there will be more concrete evidences on wage differences and employment improvement factors to those who are willing to find job in Mongolia. In order to protect returned citizens from foreign country from not turning back into unemployment sectors.

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<sup>6</sup> Ewa Morawska, *International Migration: Its various mechanisms and different theories that try to explain it*, Willy Brandt series of working papers in International Migration and Ethnic Relations, 2007.

<sup>7</sup> Ibid.

This paper will concentrate more on factors that attract people to migrate in terms of wage differences, living condition and benefits, and employment improvement plans to make suggestions to the government implications by increasing the quality of skill and education of the country to lessen the unemployment and idleness of people.

As of the situation in Mongolia, the *push* factors are as follows;

- *Low-wage*
- *Low employment benefits and standard of living*
- *Lack of job opportunities*
- *Low-skilled or un-experienced youth*
- *Poverty*
- *Increasing number of rural to urban population (especially youth who makes low-skilled youth labor force rate higher)*

The *pull* factors that attracting Mongolians to migrate to South Korea are;

- *Higher wage than in home country*
- *Better living condition*
- *Higher educational and technologically developed environment*
- *Relatively favorable living expense than other countries*
- *Geographical convenience (which takes 3.5 hours to travel between two countries)*
- *Increasing Mongolia-South Korean relations in trade and labor export program etc.*

Even though, Mongolian contract workers in South Korea have higher wages than home countries, their expected better living and work condition before departure of home country is non-existent in a real life after arriving to South Korea. Sometimes, this makes matters worse by contract workers change their status to illegal, encounter into crime because of stress, and develop health and security problems, which can become one of the negative parts of *pull* factor in South Korea.

Intrinsic labor demands in modern industrial societies create a constant need for new workers at the bottom of the social hierarchy, who will accept low wages and lack of social mobility perspectives, motivated by a desire to increase status in their community of origin rather than at destination. The demographic aging process taking place in modern industrial states may further enhance the demand for low-skilled immigrant labor<sup>8</sup>.

In the comparative report made by European communities (2000), and its survey result on motivation of workers to migrate overseas was mostly related with economic reasons and family reasons<sup>9</sup>. Therefore, in Mongolian circumstance, it is not very different from how its' described.

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<sup>8</sup> European communities, *Push and pull factors of international migration*, a comparative report, (Luxenburg: Office of official Publications of the European Communities, 2000). p.4

<sup>9</sup> Ibid, p.76

## II. MONGOLIAN EMPLOYMENT ENVIRONMENT

### 1. Overview of employment situation

Before starting the chapter, there are some definitions of labor related expressions;

\* According to the Article 40.1.3, 109.2 in Law on Labor in Mongolia, “working age population” is defined as 15-59 years of aged people<sup>10</sup>.

\* “Economically active population” (labor force) comprising all persons of either sex who furnish the supply of labor for the production of economic goods and services (employed and unemployed, including those seeking work), as defined by the System of National Accounts (SNA), during a specific time reference period. Economically active population is divided into *constantly active* population and *active population in a certain period of time*<sup>11</sup>.

\* “Employed” (worker) means all citizens engaged in economic activity for pay (wages or salary) and having an employment status of some sort. One can be regarded as employed if engaged in economic activity for pay more than an hour for the last week<sup>12</sup>.

In Mongolian circumstance workplace is scarce. Not only low-educated but unskilled labor force is becoming an issue to employment increase. As introducing the employment situation in Mongolia, after the transition to market economy, there were many changes in Mongolian market status. In the centralized system, only the government was work supplier, which, unemployment was scarce. However, after the transition unemployment rate grew rapidly therefore, poverty rate has risen and also,

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<sup>10</sup> *Law on Labor of Mongolia*, legal document.

<sup>11</sup> National Statistical Office Mongolia, *Monthly bulletin of Statistics*, (Ulaanbaatar: January 2012).

<sup>12</sup> *Ibid*,

living standard become unstable. From 1970 to 1990, in terms of population growth, working age group population grew significantly. In Mongolian circumstance, overall the labor market is not using its labor force accurately with 5.8% is being left unused<sup>13</sup>. This percentage refers to number of unemployed, underemployed and idle population in all job sectors.

Therefore, government implemented the labor outsourcing policy, which opened up the legal environment to sending labor force to foreign countries. As of the report from Ministry of Foreign affairs in 2002, there are more than 100.000 people working and studying in abroad. In 2001, the law of “Sending labor force to abroad and receiving labor force and specialists from abroad”<sup>14</sup> passed the government procedure. The law has been revised two times in 2006 and 2008.

In addition, most of the people who are working abroad, are aged from 20 to 35, the average age group of 31.3 is working in foreign country<sup>15</sup>. Among this people, it accounted that out of 27 to 34 percent of them is men, and 18 to 20 percent of women had no profession<sup>16</sup>.

As illustrated in table 1, labor force participation rate decreased about 10% by 61.6 in 2010 from 73.9 in 1993. The reason of this decrease is connected with the aftermath

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<sup>13</sup> Ministry of Social Welfare and Labor, Science and Technology Foundation and Mongolian Employment Federation, *Hudulmuriin unelemj, nukhtsul, tuluvshilt, ajillah huchnii chanart hiih sudalгаа*, project report, (Ulaanbaatar: 2007).

<sup>14</sup> The Mongolian term correspond with the translation of International Labor Organization English version.

<sup>15</sup> Narmandakh.D, *Mongol улс дaхи зaхи зeeлийн eeийн зaсaгт шилжikh уyiин зaлуучуудийн khудulmur erkhleл*”, [Youth employment in Mongolian market transition period], Research report, Mongolian Employment Federation (MONEF), (Ulaanbaatar: 2005).

<sup>16</sup> Ibid,

of market transition. However, the main reason is likely to be the low skill of the population and high skill demand from the institutions, which is showing labor mismatch of supply and demand. Another reason of declining labor force participation rate and its result of high unemployment (and unregistered unemployment) is likely to be low job security, low-wage, uncontrolled working hour and also high demand of quality and skill of workers from employer's demand. In table 1, unemployment rate shows overall decrease from 1993 to 2010. However, starting from 2007, the unemployment rate shows increase which, the lowest unemployment rate was until 2007 with 2.8%. But from 2009, it grew again to 3.6%. This rate reveals the increasing unemployment in the coming years. It is likely that the new policy influence of sending labor force abroad, that many youth are going abroad to work which is making the employment condition worse. To lessen this influencing matter, there should be better working condition and wage increase to allure workers to work in the country. Also, partnership between government and the private sectors are equally important to employ returned workers and existing unskilled workers who finished the vocational and skill training programs.

As of the labor force outsourcing policy, there are some optimistic impacts that the workers can improve their skill in terms of language learning, experiencing many new technologies etc.

**Table 1. Labor force, labor force participation, employment and unemployment rate,  
1993-2010**

	Labor force (%)		Labor force participation rate	Employment		Unemployment rate
				Total	Agriculture + Industry	
1993	-2.6	837.3	73.9	765.4	426.3	8.6
1994	-0.3	834.7	71.6	759.8	439.5	9.0
1995	-2.6	812.7	68.5	767.6	462.3	5.5
1996	1.5	825.0	68.0	769.6	462.8	6.7
1997	0.5	828.8	67.4	765.1	474.9	7.7
1998	1.6	842.4	67.0	792.6	492.1	5.9
1999	1.3	853.2	66.7	813.9	501.2	4.7
2000	-0.7	847.6	62.9	809.0	484.5	4.6
2001	2.9	872.6	62.2	832.3	495.7	4.6
2002	3.3	901.7	62.7	870.8	490.6	3.4
2003	6.4	959.8	64.5	926.5	497.0	3.5
2004	2.7	986.1	64.4	950.5	495.0	3.6
2005	1.5	1001.2	63.5	968.3	500.1	3.3
2006	4.1	1042.7	64.4	1009.8	510.3	3.2
2007	1.1	1053.9	64.2	1024.0	498.7	2.8
2008	1.7	1071.5	63.5	1041.7	501.7	2.8
2009	-2.5	1044.4	66.8	1006.3	462.0	3.6
2010	2.6	1072.0	61.6	1033.7	465.7	3.6

*Source: Collected from ADB, Key indicators for Asia and Pacific, 2011.*

As illustrated in table 1, total employment rate is increasing, but at the same time unemployment rate is high in despite of growing labor force. The reason of this situation is assumingly rapid rural to urban migration which leading the labor force rate rise. But lack of skill is becoming a reason of difficulty to find workplace.

In the employment sector terms in table 2, the highest number of employment is in agriculture, hunting and forestry sectors with slightly decreasing rate of employment every year at 377.6 thousand persons of annual growth of -0.5% until 2008. Wholesale and retail trade indicator on the other hand, is rising continuously with 169.7 thousand persons in the year 2008.

**Table 2. Employees by sector, 2005-2008***Thousand persons*

<b>Divisions</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Total</b>	<b>968.3</b>	<b>1009.9</b>	<b>1024.1</b>	<b>1041.7</b>
<i>Agriculture, hunting and forestry</i>	386.2	391.4	385.6	377.6
<i>Mining and quarrying</i>	39.8	41.9	44.1	46.5
<i>Manufacturing</i>	45.6	47.0	47.9	47.5
<i>Electricity, gas and water supply</i>	28.5	30.0	31.1	30.1
<i>Construction</i>	48.9	56.3	6.0	66.8
<i>Wholesale and trade, repair of motor vehicle, and personal and household goods</i>	141.9	160.6	162.2	169.7
<i>Hotel and restaurants</i>	29.5	31.0	35.4	34.5
<i>Transport, storage and communication</i>	42.4	41.2	44.1	46.3
<i>Financial intermediation</i>	16.1	16.8	17.4	19.8
<i>Real estate, renting and business activities</i>	9.0	12.0	14.5	12.0
<i>Public administration and defense social insurance</i>	46.7	46.9	48.5	50.9
<i>Education</i>	58.8	62.0	64.8	66.2
<i>Health and social security</i>	39.5	39.3	40.2	42.3
<i>Community, social and personal service</i>	26.7	22.9	19.7	19.7
<i>Others</i>	8.7	10.6	11.6	11.8

*Source: National Statistics Office of Mongolia, Yearbook 2008.*

The construction, education, manufacturing and mining sectors are increasing relatively by year-on-year until 2008. The construction sector's increase is related to the real estate boom of Mongolia over the years.

Also, in figure 1, we can see clearly that construction, mining from the industrial sectors and wholesale and retail trade and hotel and restaurant from service sector is the fastest growing job sectors. On the other hand, manufacturing is decreasing relatively from 2000 and still at the same level of 1992. Within manufacturing, the main employers are in garments, food beverages and textiles<sup>17</sup>. Mining sector on the other hand is a capital intensive one that less people work in while more technology

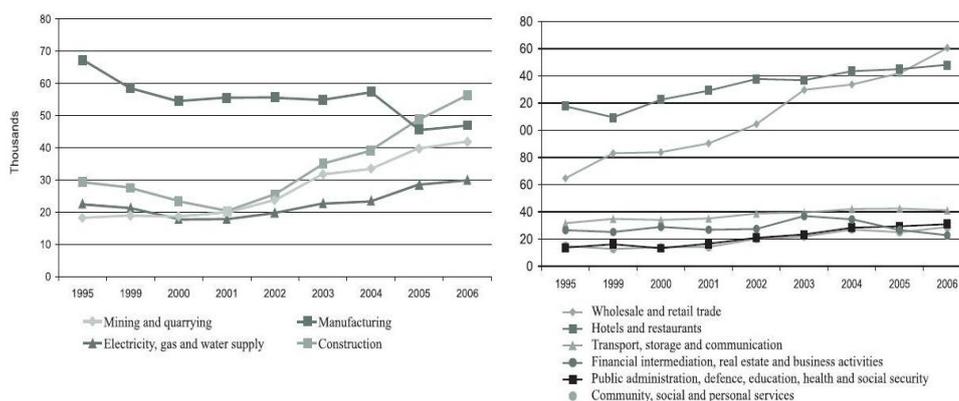
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<sup>17</sup> Government of Mongolia by the Development Policy and Strategic Research Branch, Regional Strategies and Field Operations Division, *Strategic directions on industrial policy in Mongolia*, United Nations industrial development organization, (Vienna: Austria, 2011).

and mechanisms take place. If, the employment in mining sector rises there will be better wages. Depending on Mongolian abundant natural resources, mining sector will continuously increase in the future, therefore government and private sectors should implement better cooperation to create more job opportunities in this sector.

Total industrial employment in 2008 reached at around 12% of the employed workforce and is still below the 1990 level, although it has been growing around 4% annually since 2000<sup>18</sup>.

**Figure 1. Number of people employed in industrial and service sector, 1995-2006**



Source: National Statistics Office of Mongolia, Mongolian statistical yearbooks 2001, 2002 and 2006.

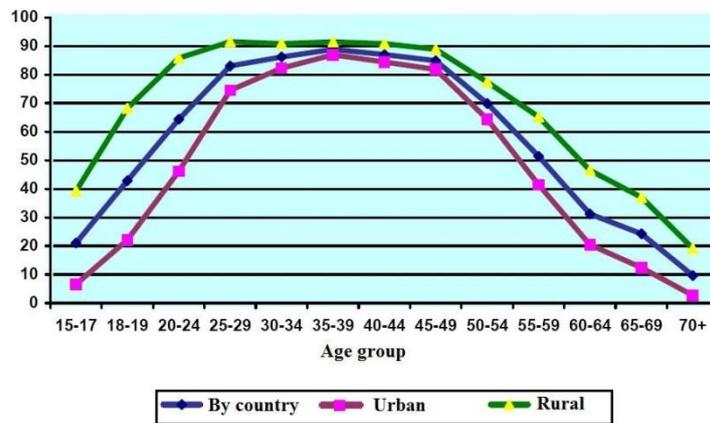
Now, in figure 2, it shows that there are some differences in urban and rural area's labor force participation among population of 15 to 30 of age. Among the age group of 15 to 17, urban area's labor force participation rate is 6.6% and in rural area, it rated 39.2%, which is showing that more youths in this particular age group in rural

<sup>18</sup> Ibid,

area are more likely to work rather than urban youth by 6 times higher in percentage.

Also, in the age group of 18 to 19, the rural area's youth participation rate is still 3 times higher, that urban with 22.1% and 68.2% in rural areas. As moving to 20 to 24 age group population, the urban area's participation rate is 2 times lower than rural population, which shows that urban population have low participation rate than rural area or there is lack of job capacity in urban area. However, in the age group of 30 to 44, urban and rural population's labor force participation rate is almost similar with each other. Moreover, further older age group labor force shows low rate of participation in urban area as well. Therefore, it is obvious that in urban area there is high rate of unemployment or idleness happening.

**Figure 2. Labor force participation rate by age group**

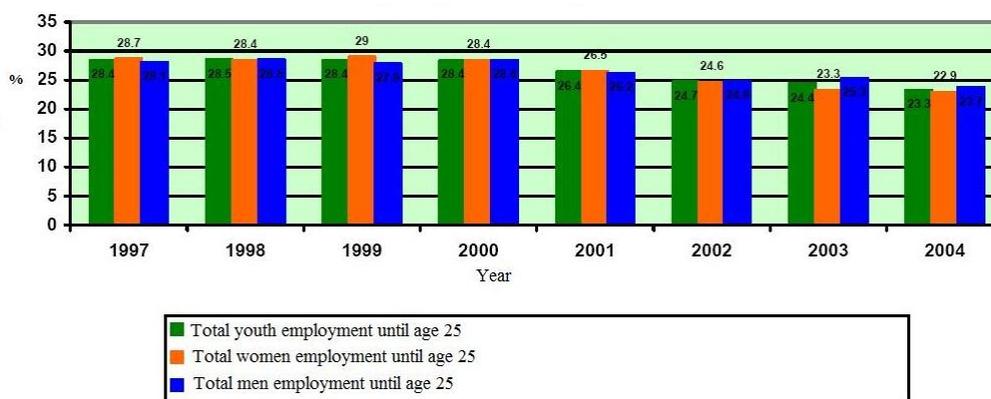


*Source: "Youth employment in Mongolian market transition period" research report, MONEF, Ulaanbaatar, 2005.*

According to figure 3, total youth employment rate until age 25 has been declining

from 28.4% to 23.3% from 1994 to 2004. It is similar with age group of until 35 that it's also declining from 61.1% to 54.3 percent in the same period. Therefore, youth unemployment is likely to rise in the coming years.

**Figure 3. Total youth employment until age 25, 1997-2004**

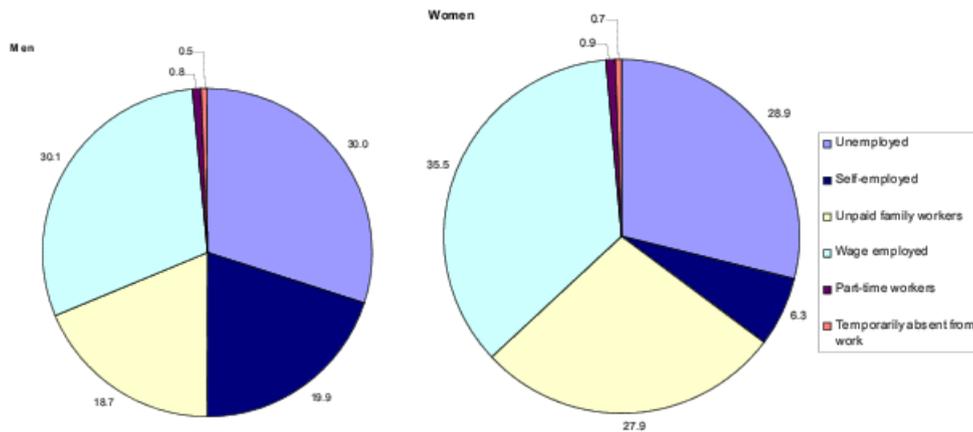


*Source: "Youth employment in Mongolian market transition period" research report, MONEF, Ulaanbaatar, 2005.*

As from figure 4, women's wage employment rate of 35.5% is higher than men of 30.1%. However, men unemployment rate is almost same as their employment rate of 30.0%. It shows that approximately one third of men are unemployed. Self-employment in men is much higher than women and women are occupied in unpaid family work more rather than men accounting 18.7% in men and 27.9% in women. Those who are engaged in unpaid family work are higher in age group of 20-24. Supposing that unpaid family workers join in unemployed sector, where there are many who are economically inactive taking place in family unpaid works rather than

enrolling in school or work.

**Figure 3. Status of youth workforce by gender (%)**



*Source: International Labor Organization, Employment working paper No.14, 2008.*

According to table 3, women are more likely to be enrolled in tertiary or specialized education than men. Also, women’s migration to foreign country is more related to educational improvement than men, whereas, most of the men migrate to seek for jobs. Therefore, it probably influenced the wage employment of women which is higher than men, that is likely to participate more in self-employed in Mongolian condition. We can see that unemployment among youth workforce is about one third of the total labor force, particularly, unemployment rate in men is higher than women. Also, other than unemployment, there is big amount of unpaid family workers, where there are more women than men are participated.

**Table 3. Educational attainment and distribution by sex, age group and urban rural**

	15–29 population		Of which						
	('000)	%	Male (%)	Female (%)	15–19 (%)	20–24 (%)	25–29 (%)	Urban (%)	Rural (%)
Total	808.8	100.0	49.4	50.6	41.6	31.3	27.1	55.0	45.0
Uneducated	27	3.3	68.7	31.3	38.3	40.2	21.5	19.2	80.8
Primary	97.2	12.0	58.0	42.0	45.7	28.7	25.7	24.1	75.9
Basic (Grade 4–8)	264.6	32.7	51.2	48.8	69.1	14.1	16.9	45.2	54.8
Secondary (Grade 9–10)	270.1	33.4	47.0	53.0	34.3	43.0	22.6	72.0	28.0
Vocational technical education	27.7	3.4	52.3	47.7	15.0	42.3	42.7	55.5	44.5
Diploma, specialized secondary	18.4	2.3	39.7	60.3	2.7	38.4	58.9	63.7	36.3
Tertiary/bachelor	100.7	12.5	38.8	61.2	1.9	41.4	56.7	72.1	27.9
Masters degree and above	3.0	0.4	37.5	62.5	–	12.5	87.5	87.5	12.5

Source: International Labor Organization, *Employment working paper No.14, 2008*.

### ***Status of job opportunities***

The government of Mongolia has announced year 2011 as “Employment support” year. The strategy of this policy is to support with tax or loan discounts to manufacturing, herding and agriculture sectors that are creating jobs. Also, mitigating tax pressure on Small and Medium Enterprises (SMEs), amendments on legal regulations, establishing vocational and skill training centers in large enterprises and offer them tax decrease in order to promote employment<sup>19</sup>.

According to the report from Ministry of Social Welfare and Labor of Mongolia, there were 339<sup>20</sup> new jobs created in the period of January 2012. Out of all the new employees entered new workplaces, 55.5% of them are women. From overall created

<sup>19</sup> Khudulmur erhleltiig demjih jil - MSUT (mergejiliin surgalt uildverleliin tuw) baiguulj bui companiudiiig tatveraar uramshuulah shiidver, [Employment promotion year – Awarding companies establishing vocational education and industrial center with tax], *Tsahim toil.mn* online news engine, January 16<sup>th</sup>, 2011. Accessed date: November 12<sup>th</sup>, 2012.  
[http://www.tsahim-toli.mn/index.php?option=com\\_content&view=article&id=489:hudulmur-erhlelt-demjih-jil&catid=68&Itemid=453](http://www.tsahim-toli.mn/index.php?option=com_content&view=article&id=489:hudulmur-erhlelt-demjih-jil&catid=68&Itemid=453)

<sup>20</sup> National Statistical Office of Mongolia, *Review January 2012*, (Ulaanbaatar: 2012).

job sectors, wholesale and retail sector constitutes 17.7% followed by 15% from manufacturing sectors and 12.1% from mining and quarrying sectors<sup>21</sup>. From overall job received employees, 36.3% of them were 25-34 years of age. 31.6% of them were in 35-44 age group and 13.6% was in 15-24 age group.

As illustrated in table 4, the agriculture sector is the highest in employee numbers. However, the productivity meets not even half the national average level. Also, the wage level is the lowest from all the sectors. This fact can be related to the low job productivity level that lowers the wage rate. Additionally, low quality and low wage in the agriculture sector becomes the trigger to push workers to urban areas to join the unemployed population in cities, which becomes inner migration. On the other hand, trade is the second largest sector in employee numbers, also with low wage level with average productivity. However, there are many number of new jobs created in this sector. According to the analysis of table 4, Mongolian new job creation is centered in mostly low productivity and low wage sectors, which still needs more government role for implementing better paying jobs for workers.

**Table 4. Job creation, real wage and productivity by sector, Mongolia, 2003-2006**

Industrial classification	Percentage of total employment, 2006	Share of new jobs, 2003-06	Real monthly salary, in thous.tugriks		Real salary percentage of change	Labor productivity, current price, in thous.tugriks 2006
			2003	2006		
Agriculture	38.8	3.9	41.8	44.5	6.5	1494.12
Mining	4.1	10.0	77.2	98.8	28.0	23328.90
Manufacturing	4.7	-7.9	72.0	83.9	16.6	4006.70

<sup>21</sup> Ibid,

Electricity	3.0	7.3	84.5	94.3	11.6	2715.70
Construction	5.6	21.2	74.8	89.8	20.1	1230.50
Trade	15.9	30.9	56.2	57.9	3.1	3973.70
Hotels and restaurants	3.1	7.7	76.6	88.4	15.4	886.40
Transport and communication	4.1	1.7	92.3	87.7	-5.0	8271.30
Financial intermediation	1.7	4.2	90.3	172.8	91.2	6664.90
Real estate	1.2	2.7	56.8	61.9	9.0	3257.30
Public administration	4.6	2.1	68.1	95.5	40.4	2177.00
Education	6.1	6.7	67.4	83.6	23.9	1620.60
Health and social security	3.9	2.5	52.9	78.8	48.9	1203.10
Social services	2.3	-14.1	46.7	61.7	32.1	1019.40
National average			70.9	86.3	21.7	3207.40

*Source: Mongolian Human Development Report, "Employment and Poverty in Mongolia", 2007.*

In contrast, mining and construction sectors show positive increase in employment and also wage increase. As government sector workers demanded to increase wage in public sectors, the wage level is showing growth in public administration and health and social service sectors.

According to table 4, the low wage and low quality jobs will exist continuously. Therefore the worker's migration is likely to continue in the next decade.

### ***Issues impacting on employment***

In terms of low employment opportunity taking place in Mongolian society, the paper will introduce some of the problematic barriers of employment creation.

#### **Urbanization:**

Urbanization is another type of migration taking place in Mongolia, causing

one of the *push* factors of workers in the labor market. The urban<sup>22</sup> population in Mongolia is increasing year by year as illustrated in table 5, also, the working age people<sup>23</sup> is growing. As of growing supply of labor, there needs to be more workplaces implemented. In Mongolian profile, the labor supply and demand is in mismatch. Which the demand part wants more skilled and educated workers in terms of the developing technology in market by globalization. Therefore, growing working age people need more skill training and education development in order to lower the unemployment level and idleness issues happening in Mongolian labor market.

So, in this chapter this paper will try to show the growing population, particularly youth population in the growing economy. Also, aims to show the growing population in urban areas<sup>24</sup> who are prone to unemployment and idleness.

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<sup>22</sup> The Law on “Legal status of the cities and villages in Mongolia” defines a town as a settlement “with no less than 15 thousand residents, the majority of which works in industrial and service sector, with developed infrastructure and local governance”. The same law states that “a town with more than 50 thousand residents (or up to 50 thousand in some case) can be given a national status (degree or grade) with regard to the role the given town plays in economic and social development of the country, its urbanization and level of infrastructure development.” According to this definition there are 3 towns (namely, Ulaanbaatar, Darkhan and Erdenet) in Mongolia that has national status. At the international level, economists determine a city as a settlement characterized by high population density, and sustainable regular activities such as industry and trade, by which their economic features are defined and which are based in highly developed infrastructure. Sociologists define a region as an urban area if it is characterized by isolated social relationships and lifestyles, and by the non-transparency and interests of an individual.

<sup>23</sup> Ages 15- to 64 are estimating 68.7% (1.074.949 male and 1.076.455 female) of the total population.

<sup>24</sup> The Law on “Legal status of the cities and villages in Mongolia” defines a town as a settlement “with no less than 15 thousand residents, the majority of which works in industrial and service sector, with developed infrastructure and local governance”. The same law states that “a town with more than 50 thousand residents (or up to 50 thousand in some case) can be given a national status (degree or grade) with regard to the role the given town plays in economic and social development of the country, its urbanization and level of infrastructure development.” According to this definition there are 3 towns (namely, Ulaanbaatar, Darkhan and Erdenet) in Mongolia that has national status. At the international level, economists determine a city as a settlement characterized by high population density, and sustainable regular activities such as industry and trade, by which their economic features are defined and which are based in highly developed infrastructure. Sociologists define a region as an urban area if it is characterized by isolated social relationships and lifestyles, and by the non-transparency and interests of an individual.

**Table 5. Population profile of Mongolia, 1990 to2010**

	Resident population as of the end of year (th. persons)	Total population		Annual population (%)	Urban population (%)	Pop. under 15 years age (%)	Pop. 15 to 64 years age (%)	Pop. 65 years age and older (%)	Infant mortality rate (per 1000 live births)	Economically active population (th. persons)
		Male (%)	Female (%)							
1990	2153.4	49.9	50.1	2.6	54.6	41.5	54.4	4.1	64.4	
1995	2243.0	49.7	50.3	1.6	51.6	38.0	58.2	3.8	44.4	812.7
2000	2407.5	49.5	50.5	1.4	57.2	33.1	63.0	3.9	32.8	847.6
2001	2442.5	49.5	50.5	1.5	57.2	32.8	63.7	3.5	29.5	872.6
2002	2475.4	49.6	50.4	1.3	57.4	32.6	63.9	3.5	29.6	901.7
2003	2504.0	49.6	50.4	1.2	58.5	32.7	63.8	3.5	23.0	959.8
2004	2533.1	49.6	50.4	1.2	59.1	32.6	63.9	3.5	22.3	986.1
2005	2562.4	49.6	50.4	1.2	60.2	32.7	63.8	3.5	20.7	1001.2
2006	2594.8	48.8	51.2	1.3	60.9	28.5	67.3	4.2	19.1	1042.8
2007	2635.2	48.7	51.3	1.6	60.8	28.6	67.3	4.1	17.6	1054.0
2008	2683.5	48.8	51.2	1.8	61.8	28.2	67.7	4.1	19.4	1071.5
2009	2735.8	48.9	51.1	1.9	62.6	27.6	68.3	4.1	10.0	1137.9
2010	2780.8	48.6	51.4	1.6	63.3	27.3	68.8	3.9	20.2	1147.1

*Source: National Statistics Office of Mongolia, Mongolian Statistical Yearbook, 1990-2010.*

By the estimation of 2010 human development report, 63% of the Mongolian population is residing in urban areas. During 2000 to 2010, the urban population is likely to increase. In the meantime population is decreasing slightly in the rural or in other smaller city areas. Like this particular way, every year the urban population increases, there will be more labor force in the city that is leading the labor supply surplus in the urban areas and push the unemployment rate or idleness rate higher. The migration to the city makes rural people cost risky that uncertain in their employment, income prospects, housing and many other problems. Many of rural to urban migrants with no income certainty, lack of job skill or higher education usually

move to bad jobs and this makes them to unite in the poor living standard population. (The poor living standard population refers to the following: According to the joint estimation of World Bank and Household Social Economic Survey conducted by National Statistics Office of Mongolia, 29.8% of total population is estimated to be living in below poverty line. Which represents a drop of 9.4% points less than 2010. Out of total poverty household rate approximately 18% is living with \$1.25 a day according to the world multidimensional poverty index<sup>25</sup>). From 2007 to 2008, poverty rate decreased by 0.9%, due to the economic growth for the past decades. However, comparing the poverty rate with total population, the poverty rate still remains high.

The population density in Ulaanbaatar is 246.8 persons per square kilometer. However in other two major cities of Erdenet and Darkhan, it is much smaller in numbers. Erdenet population density is 1051 persons per square kilometer and in Darkhan, it is 290 persons per square kilometer. Also, most of the rural provinces (aimags) have population density of less than 5 persons per square kilometers<sup>26</sup>.

Urban population is continuously increasing as we seen from table 5, especially in the capital Ulaanbaatar over the years. However, population in other cities is likely to decrease. There should be strategies to overcome this high urban concentration and growing rate of unemployment related to this matter.

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<sup>25</sup> Oxford Department of International Development, Queen Elizabeth House University of Oxford, Oxford Poverty and Human Development Initiative (OPHI), *Country briefing: Mongolia*, 2011.

<sup>26</sup> Government of Mongolia, *From vulnerability to sustainability: Environment and human development*, Mongolian human development report, 2011, p.71.

Youth:

From table 6, the age group of 15 to 19 is the highest in number, followed by age group of 20 to 34 which is also showing growth. Mongolian population is relatively young, that there is sufficient number of young labor force, however they lack skill and workplaces to employ them without proper education in a “good job”<sup>27</sup> sectors.

**Table 6. Population, by age group and sex**

Age group	2005		2006		2007		2008	
	Total	Female	Total	Female	Total	Female	Total	Female
Total	2562.4	1291.2	2594.8	1329.5	2635.2	1350.8	2683.5	1373.6
10-14	324.4	161.8	277.5	138.2	270.7	134.4	263.9	130.7
<b>15-19</b>	<b>299.9</b>	<b>147.3</b>	<b>309.3</b>	<b>156.5</b>	<b>308.4</b>	<b>155.7</b>	<b>299.9</b>	<b>149.9</b>
<b>20-24</b>	<b>272.3</b>	<b>135.1</b>	<b>258.9</b>	<b>133.3</b>	<b>267.2</b>	<b>137.9</b>	<b>282.8</b>	<b>145.0</b>
<b>25-29</b>	<b>236.6</b>	<b>119.1</b>	<b>225.5</b>	<b>116.2</b>	<b>232.4</b>	<b>119.7</b>	<b>239.9</b>	<b>123.7</b>
<b>30-34</b>	<b>203.5</b>	<b>102.2</b>	<b>212.4</b>	<b>109.1</b>	<b>216.8</b>	<b>111.5</b>	<b>221.8</b>	<b>114.0</b>
35-39	185.9	93.9	191.7	99.3	195.0	101.3	199.2	103.1
40-44	152.2	77.1	175.9	91.7	176.2	92.0	180.0	93.7
45-49	104.3	52.3	148.2	77.1	152.6	79.6	156.9	82.1
50-54	71.1	36.4	103.1	53.2	104.2	54.4	112.4	59.1
55-59	59.6	30.5	68.9	36.1	69.6	36.7	38.6	72.9
60-64	50.6	27.0	52.8	28.2	51.0	27.4	51.9	28.0

*Source: National Statistics Office of Mongolia, Statistical Yearbook, 2008.*

This growing unemployment in young population is basically pushing them to migrate to other countries to work as unskilled labor force to raise their income.

Foreign workers in Mongolia:

Despite of sending labor force to foreign countries, Mongolia also receive

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<sup>27</sup> According to Park (2005), “good job” refers to jobs with better wage and better working condition.

foreign labor force and professionals from abroad according to the law on “Sending labor force abroad and receiving labor force and specialists from abroad”. By the law on “Foreign citizen’s legal rights”, law on “Sending labor force abroad and receiving labor force and specialists from abroad” and 139<sup>th</sup> Decree of the Government in 2001 on “Regulation of workplace charging, allowing discount and exemption”, Mongolia consented 13053 foreign citizens in 2004 and 14283 foreign citizens in 2005 to work in Mongolia<sup>28</sup>.

In the year of 2012, approximately 17000 Chinese citizens are living and working in Mongolia. However, apart from this official number, the estimated total foreign workers will be higher in number in terms of illegal and undocumented workers (especially Chinese workers). The reason of high number of Chinese workers in Mongolia is because China is neighboring country and the wage they demand is lower than other country workers.<sup>29</sup>

However in comparison of local workers, the wage condition of foreign workers in Mongolia is relatively higher. In the sense of skilled professional worker in mining and construction sectors, most of them come from U.S, Australia, Canada, Japan and European countries and they receive over 30 million tugriks. On the other hand, Mongolian workers receive 1.5 million tugriks<sup>30</sup>. This wage inequality in skilled

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<sup>28</sup> Government of Mongolia, Bureau of National Audit, 2006.

<sup>29</sup> Ariuntuya.B, “Gadaadaas 40 myngan ajilchin awah huselt irjee” [40.000 workers request from abroad], *Time.mn* online news engine, May 16<sup>th</sup>, 2012. Accessed date: November 11<sup>th</sup>, 2012. <http://review.time.mn/content/12472.shtml>

<sup>30</sup> Ariunbileg.O, “Mongol ajilchdiin tsalin 1.5 sayas, harin gadaad ajilchdiih 30 sayas eheldeg” [Mongolian worker’s salary starts from 1.5 million, but foreign worker’s starts from 30 million], *Zuun.mn* online news engine, October 30<sup>th</sup>, 2012. Accessed date: November 11<sup>th</sup>, 2012. <http://www.zuun.mn/news/2212/%D0%90%D0%B0%D0%B2,->

workers can be understandable, however, in terms of unskilled foreign workers such as Chinese workers. There is no qualification or demand on employing them. Most of the Chinese unskilled workers are just as equal as Mongolian workers. However employers pay much higher salary than Mongolian workers. In fact, in the law of “Sending labor force abroad and receiving labor force and specialists from abroad” indicated that the workplace payment and its amount should be equal to two times of the minimum wage approved by Government of Mongolia per foreign citizens. As a consequence, Mongolian unskilled workers in construction and mining sectors receive approximately 7 hundred thousand tugriks, but Chinese workers receive higher salary according to an interview in newspaper. The actual wage document is unrevealed from the employers due to the company confidentiality. However many workers interviewed on the newspaper stated that there is wage inequality among Chinese and Mongolian workers<sup>31</sup>.

A large number of foreign workers in Mongolia are making the employment opportunity worse. Particularly, there is huge number of local unskilled workers need job, however, receiving large number of foreign unskilled worker is inappropriate in terms of current Mongolian circumstance.

## **2. Labor force sending system**

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<sup>31</sup> S.Perenlei, “Oyu tolgoi dahi mongol hytadiin unelmjiin ylgaa” [Value difference of Mongolian and Chinese workers], *Wikimon* online news engine, July 24<sup>th</sup>, 2012. Accessed date: November 12<sup>th</sup>, 2012 <http://www.wikimon.mn/content/30058.shtml>

### ***Mongolian policies on labor export***

After the Mongolian social transition, “Law on Travel and Immigration of Mongolian citizens for Private Business” has been ratified by the government in 1993, which disclosed the opportunities to Mongolian people to travel abroad. The migration to other countries for seeking work also started after this permission.

In present, Mongolians can visit to following countries without applying visa for short-periods;

From 1989-2008, Kazakhstan, Malaysia, Singapore, Ukraine, Philippines, China, Hong Kong, Georgia, Israel, Kyrgyz, Cuba, Macao, Turkey, Laos, Thailand has agreed to allow Mongolians with non-official passport to travel without visa for short-periods<sup>32</sup>.

As previously mentioned in the paper, there are about 107140 people who migrated to overseas in only 20 years after migration permission opened to Mongolian society. Therefore, presumably the number will rise in the coming years, because of the national economy and wage condition is still not comparable to foreign countries. However, in the long-term, Mongolia should be preparing for people who will return from foreign countries. Because in the next 20 years, Mongolian economy and wage condition will become higher, therefore many workers and foreign country goers will return back. The government should prepare for this upcoming and implement more

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<sup>32</sup> Consular service of Mongolia, April 13<sup>th</sup>, 2012. Accessed date: November 5<sup>th</sup>, 2012. [http://www.consuls.net/index.php?option=com\\_content&task=view&id=44&Itemid=36](http://www.consuls.net/index.php?option=com_content&task=view&id=44&Itemid=36)

jobs in the labor market to avoid more growth on unemployment matter.

According to Martin and Straubhaar (2002), in the effort of improving living and working conditions in source countries to reduce unwanted migration, there are three major economic instruments: *trade policies, foreign direct investment (FDI)* and *aid*. The best policies are to accelerate “stay-at-home” economic growth, involve freeing up trade and facilitating FDI. In these same lines, Johnson (2002) sustains that the countries that have attracted their students to return have often opened up economic opportunities for the host countries (i.e. US) through science and technology partnerships<sup>33</sup>.

The Mongolian legal environment and policies on regulating labor and labor export is illustrated as follows;

- Constitutional law of Mongolia (1992)
- Law on Travel and Immigration of Mongolian citizens for Private Business (1993)
- Law on Labor of Mongolia (1999)
- Law on Employment Promotion (2001)
- Law on Sending labor force to abroad and receiving labor force and specialists from abroad (2001)
- Mongolia-South Korean Memorandum of Understanding (MOU) (2004)
- Millennium Development Goals (MDGs) based Comprehensive National Development Strategy (2008-2021)

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<sup>33</sup> Kuzvinetsa Peter Dzvimo, “The international Migration Skilled Human Capital from developing countries”, HDNED, World Bank, 2003, p.12

These legal regulations help Mongolia to regulate the labor exporting and migration issues aimed to tackle the possible issues may emerge. Therefore, this paper will concentrate more on the three latter regulations, which aims on Mongolian labor export.

*Law on Sending labor force to abroad and receiving labor force and specialists from abroad*

The law has been adopted in April 12<sup>th</sup> of 2001 and enforced from June 1<sup>st</sup> of 2001, concerning employment of Mongolian citizens in abroad and foreign citizens in Mongolia to protect their rights and interests.

In the Article 5, the organization and citizen conclude an agreement on employment, industrial training and acquiring jobs in foreign countries for a citizen of Mongolia for purpose of upgrading knowledge and vocation skills of a national labor force. The agreement should comply with international legal standards, provisions of agreement concluded between two countries and legislation of these countries.

In terms of mediating organizations, its permission is granted by the government member of labor affairs. The organization is taken a decision by a state central administrative organization in charge of labor affairs each time of sending labor force abroad on the basis a contract of employment<sup>34</sup>. This particular employment contract later has been conducted by MOU between Mongolia and South Korea.

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<sup>34</sup> Law on *Sending labor force abroad and receiving labor force and specialists from abroad*, legal document, 2001.

The contract workers in South Korea has tendency to be involved with industrial accident or death caused by the working environment. Therefore, in the Article 10 of this regulation included that “in case of death and disability caused by industrial accident, poison and professional disease, the licensed intermediary organization that employed the Mongolian citizens on contractual basis, will be responsible for paying relevant losses and will be in charge of paying the transportation cost to bring their body, in case it is requested by the family”<sup>35</sup>.

#### *Mongolia-South Korean Memorandum of Understanding (MOU)*

The Memorandum of Understanding (MOU) between the Ministry of Social Welfare and Labor of Mongolia (MSWL) and the Ministry of Employment and Labor of the Republic of Korea was the second official agreement on receiving unskilled workers under the Employment Permit System (EPS) after Philippine. The agreement has been ratified in May 3<sup>rd</sup> 2004<sup>36</sup>. Afterwards, there have been 8 more country’s governments agreed on this bilateral agreement. The purpose of this MOU is to establish a concrete framework of cooperation between the two countries and to enhance transparency and efficiency in the process of sending Mongolian workers to South Korea. By setting out an agreement between the two countries concerning the sending of workers is under the EPS for managing Foreign Workers in South Korea<sup>37</sup>. As stated in provision 3.1of MOU that “the mediating agency should be branch

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<sup>35</sup> Ibid,

<sup>36</sup> Kim, Sujin, *Bodo jaryu Mongol*, [Report on Mongolia], Foreign labor force policy department, Ministry of Labor, 2004.  
[www.molab.go.kr](http://www.molab.go.kr)

<sup>37</sup> The official English document of “Memorandum of Understanding” between the Ministry of Social Welfare and Labor of Mongolia and the Ministry of Employment and Labor of the Republic of Korea on the Sending of Workers to the Republic of Korea under the Employment Permit System.

agency of Ministry of Social Welfare and labor, which is a legal organization which can regulate legal order”<sup>38</sup>. However, the previous mediating agency was not a full-government agency therefore problematic issues took place such as increasing the registration fee and receiving additional charges from applicants. Therefore in May, 2007 “the Center of Sending Labor Force to Overseas” a government agency established. Recently, a government-affiliated agency named the Labor and Social Welfare Service Office (LWSO) of MSWL has been established, which financed by the national budget and directly in charge of recruiting and sending workers to Korea. The Ministry of Employment and Labor of the Republic of Korea (MOEL) is the government agency primarily responsible for receiving Mongolian workers who are sent to Korea under the EPS<sup>39</sup>. However, in implementing this MOU, the two countries jointly decided that the MOEL designates the Human Resource Development Service of Korea (HRD) as the receiving agency.

The MOU included preliminary education for the workers who have signed labor contract in order to help their adaption in Korea.

In the major items of MOU between Korea and all Sending countries<sup>40</sup> stated that if foreign workers are received in condition that they shall be deported if found illegally staying. Therefore, the MOU statements are aimed to reduce the number of illegal workers by encouraging worker’s to voluntary departure from Korea upon the expiry

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<sup>38</sup> Bureau of Mongolian National Audit, *Ajilllah huch gadaadad gargah, gadaadaas ajilllah huch mergejilten awah tuhaj huuli togtoomjiin heregjilt*, [The implementation of Law on sending labor force to foreign country and receiving professionals from overseas], (Ulaanbaatar: 2006).

<sup>39</sup> The official English document of “Memorandum of Understanding” between the Ministry of Social Welfare and Labor of Mongolia and the Ministry of Employment and Labor of the Republic of Korea on the Sending of Workers to the Republic of Korea under the Employment Permit System.

<sup>40</sup> Kil-Sang Yoo, *Foreign workers in the Republic of Korea*, Working paper, Korea labor institute, 2005.

of their employment period.

*MDGs based Comprehensive National Development Strategy*

This strategy has been adopted in 1998 by the Mongolian parliament. The Government initiated a process of such a long term strategy with the assistance of United Nations Development Program (UNDP). This strategy is very broad and covers all the national development areas such as human and social development, economic development, industrial development policies and environment policies etc. Therefore, this paper will concentrate more on labor market development policies. The strategy aim is to achieving middle income country by 2015, by developing national economy, industry, society and environment.

The labor related national policies of the MDGs based Comprehensive National Development Strategy is revealed below. The following content is in part of Social security and labor policy 2007-2021 of strategy two, MDGs based Comprehensive National Development Strategy.

Aim	<p>Strategy two:</p> <p>Supporting workers by allowing better business environment and job security is aimed to protect citizen's labor rights and enhancement of work productivity and wage increase. Also, to support decent labor market management to improve citizen's living standard by implementing employment policy on securing social partnership.</p>
Achievement method	<p>By broadening labor market supply and demand research to improve relation between job seekers, employers and skill training and vocational education institutions. The labor export policy implication should be verified in order to meet the local and foreign labor market supply and demand</p> <p>In order to promote employment, it is important to broaden apprenticeship</p>

	and skill training in the SMEs by establishing special business incubator in implementing SME development policy.
Implementation	<p>A decision of establishing non-governmental skill training agency has been made by the second conference of employers and skill training institutions in 2010. In this conference, the parties discussed their ongoing actions and future cooperation. The skill training centers in aimag provinces are training efficient specialists to meet the central province demands.</p> <p>Bureau of Social Insurance in the aimag provinces have documented 100 citizens to the labor force export to South Korea in 2010.</p>

*Other policies and strategies toward labor and social development*

Implementation of Labor and employment related policies over the years.

	Activity plans	Implementing agencies	Duration	Estimated budget/ Mongolian tugrik	Indicators
1	Developing and revising the issue to amend the “Law on employment Promotion” and law on “Sending labor force abroad and receiving labor force and specialists from abroad”.	Government and Social partners	2005-2006	2.0	Resolution on amending the mentioned laws shall be approved.
2	Revising the National Program on Employment Promotion according to the legal new environment, and multi-type of employment. Within this program, sub-programs on promoting herder’s employment and activities directed to working children and disabilities shall be developed and started implement.	Government and Social partners	Since 2005	5.0 (drawing up related policy documents )	The National Program on Employment Promotion shall be revised. The Government and other relevant decision will be made.
3	Developing and starting to implement the special policy to promote informal economy and employment.	Government and Social partners	Since 2005	360.0 ILO	The policy shall be approved by the Parliament and started to carry out.
4	Improving the abroad employment management and expanding the service for	Government and Social Partners	Since 2005		The legal environment of services for

	employees abroad.				employees in abroad shall be refined and implementation will be improved.
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Source: “National Plan of Action for Decent Work in Mongolia, 2005-2008”, approved at the meeting of the National Tripartite Committee of Labor and Social Consensus dated on 24<sup>th</sup> January, 2005.

### ***Policy on foreign labor force***

The construction and mining sector is increasing in Mongolia, therefore, in 2012, according to the 59th Decree of “Exemption of Workplace change”, it allowed 6672 Chinese workers to enter Mongolia for employment<sup>41</sup>.

The government has decided to allow 4-35% of foreign workforce out of total employment ratio in 2004 in 4 economic sectors, in 2005, additional economic sector of mechanical tool industry added to increase the foreign citizen’s employment to 5-10%<sup>42</sup>. The government also allowed 2-10% increase of foreign workforce in gold and other mineral mining and quarrying sectors in 2005. According to the Article 43.1 of Law on Mining and quarrying, stated that allowing less than 10% of the of foreign workforce<sup>43</sup>. As we seen from table 1 previously, Mongolian unemployment rate and labor force participation rate is high. However, Mongolian government is consenting 10% of the workforce to foreign workers makes national employment situation worse.

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<sup>41</sup> Unknown, “Gadaadaas ajillah huch awah nereer 6 myngan hytad irgediig oruulj irne”, [Six thousand Chinese workers entering by the name of foreign worker recruitment], *Chuhai* online news engine, March 21<sup>st</sup>, 2012. Accessed date: November 30<sup>th</sup>, 2012  
<http://politics.chuhai.mn/txtContent/show/id/6763>

<sup>42</sup> Ibid,

<sup>43</sup> Ibid,

Therefore, the government should pay more attention to decide on recruiting rate of foreign workers depending on the national unemployment rate. As a result of this, it is controversial whether Mongolia send their workforce to foreign countries, or to employ locals instead of receiving foreign workforce?

Even though Mongolia is using the tax from foreign workforce wage into national employment creation and organizing employment related information, the government should decide on balanced regulations on foreign recruitment considering at national employment condition.

### **3. Government supervision**

In order to manage sending and receiving process of Mongolian workers to South Korea, there have been private job mediating centers. Afterwards government-driven centers have been produced.

In the following, job mediating centers over the years will be introduced.

#### *Zag Co.,Ltd*

Zag mediating company sent 997 workers to be trained from May 12<sup>th</sup> 1998 to December 10<sup>th</sup> 2002. Workers have been sent industrial trainees to developed countries to experience new technology, learning language, gain vocational experience, reduce Mongolian unemployment rate, increase foreign currency circulation, 1448 workers from age of 18-28 to be trained to Russia (150 people), USA (22), North Korea (16), South Korea (983) and Japan (277) via mediating

center<sup>44</sup>.

*Mongol news labor Co.,Ltd*

Mongol news labor Co.,Ltd aimed to help improve citizens income status by providing Mongolian workers with new technology and vocational training in relatively higher wage in South Korea. Starting from April 21nd 2003, there has been 5532<sup>45</sup> workers have been sent as industrial trainees.

The age of industrial trainees sent to South Korea by the Mongol news labor accounted 28% of the trainees were aged 20-25, 47% of the trainees were 25-35 years old, 25% accounted with trainees aged over 30. Among the trainees, 48% of them were centered in Seoul, Incheon, Gyeonggi provinces. 28% of the trainees were located in Busan, Daegu, South Gyeongsang and North Gyeongsang provinces, where 2% of them located in Jeolla and Chungchon areas<sup>46</sup>.

*Zuuchlagch Tovchoo Co.,Ltd*

The company was established in 2002, owned by the government for sending labor force to Taiwan. After privatized from the government, the company sent 11500 citizens to South Korea starting from 2004. The Memorandum of Understanding has been signed between Mongolia and South Korean Ministry of Labor in the accounted

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<sup>44</sup> Joint report of Mongolian National Human Rights Commission and Ministry of Social Welfare and Labor, *Bugd nairamdah solongos ulsad ajillaj bui mongol ajilchdiin zarim erhiin heregjilt*, [Implementation of Mongolian worker's rights in the Republic of Korea], (Ulaanbaatar: 2007).

<sup>45</sup> Government of Mongolia, Ministry of Social Welfare and Labor, Research report, 2007.

<sup>46</sup> Joint report of Mongolian National Human Rights Commission and Ministry of Social Welfare and Labor, *Bugd nairamdah solongos ulsad ajillaj bui mongol ajilchdiin zarim erhiin heregjilt*, [Implementation of Mongolian worker's rights in the Republic of Korea], (Ulaanbaatar: 2007).

year. Therefore, Zuuchlagch Tovchoo Co.,Ltd requested an assistance from the Ministry of Labor to settle the company's privatized condition according to the statement of agreement because in MOU, it stated that the mediating company should be government organization. In 2006, the company became government dominant company.

#### *Agricultural Cooperative Association*

There have been 500 citizens working in agricultural sector in South Korea as trainees. The agricultural cooperative system abolished from 2007, therefore, trainees whose working period left unfinished until 2007 have remained in South Korea until their working period terminated.

Currently, a government-affiliated agency of Social Welfare Service Office is in charge of recruiting Mongolian workers to South Korea, which the office is financed by the Ministry of Social Welfare and Labor the Labor.

### **III. FOREIGN WORKER'S EMPLOYMENT IN SOUTH KOREA**

#### **1. Employment permit system in Korea**

##### *Korean policies on labor export*

Around 1960-1980 Korea was a labor exporting country however, in terms of technological and economic development, its educational development rose to lead many people work in white collar (non-farm) jobs, more specifically workers started to avoid 3D jobs. As the scarcity of labor force in blue-collar jobs, Korea started to receive foreign workers. The national policy on receiving foreign work force initialized from 1991, afterwards, there were few improved polices ratified by the government of Korea to regulate increasing foreign workforce.

The Korean government started to recruit foreign workers as trainees. Most of the workers work in 3D working environment. This Industrial Trainee System (ITS) had number of policy and management shortcomings such as weak enforcement on worker's rights and work benefit. The ITS however, caused several problems, such as brokers ripping off a large sum of money from workers, and employers exploiting the status of apprentices by paying low salaries or refusing to pay salaries. Under the ITS, foreign workers usually paid a \$3,509 fee to a broker in 2001, when they only need to pay \$900 with the ministry keeping an eye on the matter. The EPS fully replaced the ITS in 2007, and foreign workers benefited from the ministry's efforts to provide

favorable working circumstances in Korea<sup>47</sup>. More specific policy review is described as follows.

### ***Industrial Trainee Program***

The aim of this program is to mitigate the SMEs pressure in South Korea, which rising shortage of local workers. Also, the program intended to upgrade the foreign workers skill while working in South Korea. Therefore, many foreign workers entered South Korea through this program mostly to work in industrial and manufacturing sectors. The industrial trainee program itself recruit foreign workers as trainees. However, the trainees work in South Korean firms as same as regular workers. The negative part of this working condition was that foreign workers receive less protection and benefit than regular workers, ever though their work amount is equal. There were many other issues such as compensation and living environment. The South Korean labor related regulations did not apply for foreign workers because foreign workers were under the name of “trainees”, not workers. Consequently, the industrial trainee program was criticized by its lacking proper treatment for unskilled foreign workers<sup>48</sup>. Because of protection and management issue of this program, the undocumented (illegal) foreign workers number increased. Therefore, the government abolished the recruitment of foreign workers through this program in order to curve the illegal working.

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<sup>47</sup> Yi Han-woo, “Employment permit system benefits migrants”, *The Korea Times*, Online newspaper, August 22<sup>nd</sup>, 2012. Accessed date: November 28<sup>th</sup>, 2012. [http://www.koreatimes.co.kr/www/news/nation/2012/08/117\\_117973.html](http://www.koreatimes.co.kr/www/news/nation/2012/08/117_117973.html)

<sup>48</sup> Young-bum Park, *Admission of foreign workers as trainees in Korea*, Regional office for Asia and the Pacific, ILO Asian Regional Program on Governance of Labor Migration, working paper no.9, 2008.

Afterwards, the Korean government implemented new system for foreign workers, which is an upgraded version of industrial trainee program with better labor protection and benefits such as providing the workers with insurance, wage regulations, and legal protection while working in South Korea.

### ***Employment Permit System (EPS)***

The implementation of the Employment Permit System (EPS) has been ratified in August, 2004. This particular system is aimed to protect and benefit more foreign workers by tackling their previous problems operated by industrial trainee program.

The number of foreign workers to be received under the EPS, their fields of employment, and sending countries are determined by the Foreign Workers Policy Commission and adjusted every year<sup>49</sup>.

While legal foreign worker's employment condition in South Korea has been improving by this new system, still there is high number of undocumented (illegal) workers remain existent. Implementing protection for illegal workers is a tricky work to diminish and many other developed countries with receiving foreign workers are still suffering for implementations to regulate illegal workers. Even though the new system of EPS has been implemented, illegal workers will remain unprotected for the next decades.

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<sup>49</sup> Kil-sang Yoo, *Foreign Workers in the Republic of Korea*, Korea Labor Institute, 2005.

The Act on the Employment of Foreign Workers legislated in July 2003 provides for Memorandum of Understanding (MOU) to be signed between the government of South Korea and the sending country<sup>50</sup>. This scheme is to enhance the protection of foreign workers and transparency of the recruitment process by tackling the problems of undocumented workers and irregular labor migration.

The contract workers employment period is amended several times in the past years.

After EPS established, workers are able to work in South Korea for 3 year. If the contract workers wish to extend the working period in South Korea, they should depart Korea for one month before extending working period with two more years. Also, the contract workers have the right to change workplace three times, while working in South Korean industries. The following table reveals the change of EPS progress over the years.

*Recent progress:*

Classification	Before	After
Reemployment process and contract period	<ol style="list-style-type: none"> <li>1. Contract: Renewed every year</li> <li>2. Reemployment: 3+3 years (1 month)</li> </ol>	<ol style="list-style-type: none"> <li>1. Autonomy within 3 years</li> <li>2. 3+2 years (1 month mandatory departure was abolished)</li> </ol>
Circumstance upon workplace change	3 times/4 circumstances to change workplace	<ol style="list-style-type: none"> <li>1. 3 times/ Add circumstances</li> <li>2. Shut down business (not counted)</li> </ol>
Job seeking period	2 months	<ol style="list-style-type: none"> <li>1. 3 months</li> </ol>

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<sup>50</sup> Ibid,

upon workplace change		2. Exemption: work-related injuries, disease, pregnancy and delivery
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Source: Lim, Mu-Song, Director General Manpower Policy Bureau, Ministry of Employment and Labor Republic of Korea, 2010<sup>51</sup>.

The South Korean employment permit system is improving in terms of making foreign labor force to receive better environment. Therefore, circumstances for Mongolian contract workers in South Korea showing optimistic improvement. Moreover, the employment permit system allowed undocumented (illegal) workers to have chance of leaving the country without paying any fines. Some of them were given a legal status to stay in South Korea for limited time. As a result of these efforts, the number of over-stayers decreased to 137000 in January, 2004<sup>52</sup>.

## 2. Implementation organization of Employment Permit System

The foreign worker policy is implemented and operated under the Ministry of Labor of Korea. By the EPS, foreign workers are obliged to receive job training due to the working contract implemented by MOU between South Korea and sending country. The Korea Labor Management Foundation is in charge of organizing foreign worker's job training process since October 2<sup>nd</sup>, 2004. This organization is in charge of Mongolia, Vietnam and Thailand workers. Which is an adaptation training for foreign

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<sup>51</sup> Lim, Mu-Song, Manpower Policy Bureau, *Employment Permit System*, Ministry of Employment and Labor, (Republic of Korea: 2011).  
[http://www.unescap.org/sdd/meetings/GFMD\\_mig\\_sep2010/pres\\_employ%20permit%20sys%20korea.pdf](http://www.unescap.org/sdd/meetings/GFMD_mig_sep2010/pres_employ%20permit%20sys%20korea.pdf)

<sup>52</sup> Young-bum Park, *Admission of foreign workers as trainees in Korea*, Regional office for Asia and the Pacific, ILO Asian Regional Program on Governance of Labor Migration, working paper no.9, 2008.

worker who have entered Korea. The purpose of job training is to help foreign workers to adapt in Korean culture and Korean language to overcome the language barriers. Moreover, it also helps to enhance the work productivity of foreign workers whom their entry to South Korea is confirmed.

As stated in the Act of foreign workers employment, foreign workers should receive job training within 15 days after entry to South Korea. Therefore, the workers will receive 3 days (over 16 hours) of training program in order to oblige their work contract provisions (Provision two of Article 11).

The job training include Korean language, understanding Korean culture, understanding of EPS, Labor Standard Act and Industrial Safety and Health Act, basic skill training, Korean history and Korean work life.

### **3. Mongolian Workers in South Korea**

#### *Motivation of Mongolian labor migration to South Korea*

As the paper discussed in Chapter two, high number of unemployment and urbanization, there is insufficient number of jobs being created in Mongolia, especially in the urban areas. Even in the newly created job opportunities, employers demand high qualifications such as second-language ability and work skill or experience. However, from the increasing number of rural to urban population, there are not many people who can be qualified in the certain jobs they want to enter in terms of their lack of skill and abilities.

The solutions to migration pressures, however, lie mostly within emigration countries. Domestic labor market outcomes influence the direction and magnitude of the international migration flow. “When wages are low and jobs are scarce, there is an incentive for workers to migrate to environments where jobs are available at higher wages”<sup>53</sup>. Policy choices, therefore, concentrate not on the migrants themselves nor on the receiving countries, but rather on ensuring that migration is a choice and not the only option<sup>54</sup>.

Nowadays, Korean population is increasingly ageing therefore, there is shortage of young people and also decreasing number of labor force in the 3D sectors with low-wage and low-working condition.

Another attraction of Korea for workers of Mongolia is that favorable geographical location which workers can travel in short time than traveling to other countries such as Europe or America. Also recent Mongolia-Korean relation towards trade and investment is growing, that can become motivational for workers to find business after returning home in personal level. Further governmental encouragements that introduce official working agreements which give workers more security and ease to work in South Korea.

In Mongolian circumstance, non-professional, or even professional worker’s salary is

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<sup>53</sup> Arup Banerji, J.Edgardo Campos and Richard H.Sabot, *The political economy of formal sector pay and employment in developing countries*, Policy research working paper, No.1435, World development Report, 1995, p.32.

<sup>54</sup> Nicolas Van Hear and Ninna Nyberg Sorensen, ed., *The migration-development nexus*, United Nations, IOM International Organization for Migration, 2003. p.19.

barely sufficient for living. Because of high inflation and commodity price in the country resulted from imported goods makes food price high. In a condition of only one bread-earner in the family, it is difficult to sustain living with only one family member's income.

As of the recent growing economy, wage and salary of employees are continuously rising. In the year of 2011, a Resolution of Realignment of Minimum wage has been ratified by the National Tripartite Committee of Labor and Social reconciliation, and the new decision was followed by the Article 5.1 and 5.2.1 of "Minimum wage law". The resolution stated that;

*"Realigning the minimum wage to 835 tugrik 71 mungu (approximately 60 cents<sup>55</sup>) for an hour and 140400 tugrik (\$196) a month, which applies to those who work in unprofessional work or regular works with labor contract, wage contract or any comparable contract."*

However, Ministry of Labor of Korea carried out new resolution for minimum wage to 4580 won<sup>56</sup> (approximately \$5.08) per hour and 1035080 won (\$932) a month, initiating from January 1<sup>st</sup>, 2012. That is 4.7 times higher than Mongolian salary. Therefore, many people eager to earn higher salary in Korea and send them to their family at home to improve their living.

However, there have been many issues such as, delayed wage payment or refusal of salary payment from employers in Korea. Therefore the MOU agreement newly

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<sup>55</sup> Exchange rate of Mongol Bank in November 3<sup>rd</sup>, 2012 (1\$=1397.68 Tugrik)

<sup>56</sup> Exchange rate of Korea Exchange Bank in November 3<sup>rd</sup>, 2012 (1\$=1110.60 Won)

amended the resolutions to protect workers. The following reveals the regulations related to payment.

According to the worker and employers contract condition of contract workers, it stated that the regulation and obligation of the wage compensation should be higher than minimum wage rate. When infringement occurs, “the employer will be sentenced over 3 years or charged not lower than two hundred thousand Korean won”.

- *Employer should pay higher wage than minimum wage to the employee. Lowering wage rate by reasoning of minimum wage is prohibited.*
- *As stated in the labor law, the wage compensated lower than the minimum wage rate will be revoked and re-compensated in same amount to minimum wage.*
- *According to the labor law, industries of shortened working hours (44-40 hours a week) will compensate same amount of wage before shortened working hours by minimum wage.*
- *Protecting own rights: “When employee received lower amount of wage by the yearly ratified amount of minimum wage from Minister of Labor, employee can protect own right by informing the fact to local labor bureaus<sup>57</sup>.*

According to the report of Ministry of Social Welfare and Labor’s Korean branch office One Stop Service Center, the contract workers currently receive comparable amount of wage ratified by the minimum wage regulations. The amount of average salary that contract workers receive is 1 million 3 hundred thousand won a month. This regulation gives protection to workers in Korea from receiving lower amount of

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<sup>57</sup> Ministry of Social Welfare and Labor, One stop service center report, *Introduction of contract workers*, Seoul, Aug, 6<sup>th</sup> 2012.

wage than stated in minimum wage rate. Therefore, in terms of wage difference, many Mongolian contract workers come to South Korea.

#### *Current situation of Mongolian workers*

Mongolia is a big country with small population. However, in terms of insufficient amount of job creation and workplace opportunities, there is high unemployment taking place. After the transition period, many people started to migrate abroad to seek for work or live in either long or short-terms to find better paying jobs. In order to regulate the rising migration of the citizens, the government adopted policy on “Sending labor force to abroad and receiving labor force and specialists from abroad”. This policy made way to expand the labor exporting to overseas through contract workers by government-driven or organization-driven forms. By this program, it allowed contract workers to gain better security while working in the particular country.

In 2008, there have been 21 organizations responsible for sending labor to abroad, such as, South Korea, Czech Republic and Japan. Many citizens migrate to U.S, U.K and other European countries as well. In the accounted year, 5728 workers were sent to foreign countries in construction, agriculture, light and food industries, trade and sales, shipment, computer technology and mechanic manufacturing sectors by the inter-organizational private job mediating agencies. Among 21 organizations, 19 of them mediated 922 workers to Japan. Workers were mostly sent for practice (experience) purposes. One private organization mediates workers to Czech Republic in tailoring industry. In 2008, 427 workers sent and their salary compensation is

accounted by minimum wage system<sup>58</sup> of Czech Republic. Also, one remaining job mediating state organization called “Center of sending labor force to overseas” sent contract workers to Korea starting from May 2007. This organization is government driven organization which, Ministry of Labor of Korea demands public agency to organize the contract workers sending to South Korea stated on the inter-governmental agreement.

Mongolia-Korean labor exporting system is the most official one comparing to the other labor export programs. More specifically, there are no bilateral agreements made between two countries like Korea-Mongolia as of now. The ratification “Special Permission for mediating job in foreign country”<sup>59</sup> of the Government Decree No.36 and State Property Committee Decree No.88 has opened the cooperation between Korean Ministry of Labor and Ministry of Social Welfare and Labor of Mongolia. Hereafter, with the implementation of bilateral agreement of “Memorandum of Understanding” (MOU), Mongolia is officially sending labor force to Korea.

Following table reveals how many workers have been sent by the contract workers system.

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<sup>58</sup> Gerelt.D, “Gadaadad ajillah huch gargaj baigaa baiguulguudiig shalgaltand hamruuljee”, [Examination gone through Labor force sending organizations], *Gogo* online news engine, Dec 2<sup>nd</sup>, 2008. Accessed date: November 29<sup>th</sup>, 2012.

<http://news.gogo.mn/r/46444>

<sup>59</sup> Government of Mongolia, *Gadaadad hudulmur erhleh zuuchlah tuscgai zowshoorol*, [Consent of Mediating labor force to overseas], Government document.

**Table 7. Number of labor force sent to South Korea, 2004-2012**

Year	Total	Total	
		Men	Women
2004	500	420	80
<b>2005</b>	<b>4433</b>	<b>3711</b>	<b>722</b>
<b>2006</b>	<b>4703</b>	<b>3896</b>	<b>807</b>
2007	2471	2198	273
2008	3306	2906	400
2009	1487	1281	206
2010	1847	1659	188
2011	1156		
2012.08.01	2081	1937	166
<b>Total</b>	<b>21823</b>	<b>16071</b>	<b>2842</b>

*Source: Ministry of Social Welfare and labor, One-stop service center in Korea "Introduction of contract workers in Korea" 2012.*

According to the table 7, from 2005-2006 the number of contract workers peaked, however it is showing decrease in the coming years.

In the year of 2010 statistics from National Statistics Office (NSO), Mongolian total population reached 2780.8 and the total labor force accounts for 1072.0<sup>60</sup>.

Total working age<sup>61</sup> people in 2000 was 1323.0 thousand persons and after 10 years this number has increased to 1690.1 thousand persons.<sup>62</sup> Overall in every country, the youth unemployment is being very high, as of International Labor Organization (ILO)

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<sup>60</sup> See table 1, report from Asian Development Bank (ADB), 2011.

<sup>61</sup> In the Article 40.1.3 and 109.2 of Law on Labor of Mongolia, working age people includes 15-59 years of aged people.

<sup>62</sup> Bolormaa Tsogtsaihkhon, *Demographic changes and labor migration in Mongolia*, Economy case studies, (Ulaanbaatar: 2008) p.7.

reported that there are about 88 million youth unemployed around the world. This indicates that 47% of the world unemployed people are youth. This is not exception for Mongolia as well, among total registered unemployed people 57.2% of them are aged 16-35 in 2004<sup>63</sup>, most of who migrate to other countries. We have seen from the table 7, that there are many contract workers in the year of 2005-2006 which supposedly the result from high unemployment in the youth population at the certain year of Mongolia.

According to the National Population Census of 2010, there are 107140 Mongolian citizens living in overseas more than six months<sup>64</sup>. Therefore, from the facts, approximately 3.8% of the total population is living in foreign countries. As a small population country, 3.8% of migration rate can be relatively high comparing to the other countries with larger population. According to the findings, there is an important question occurs, '*how many percentage of the population is working in Korea?*' especially from the labor force?

Korea Immigration Service (KIS) Statistics of 2012 reveals that there have been 27906 citizens of Mongolia sojourned in Korea, among them 10.165 persons are working with the working visa (E-9). The average age counts for 31.3 years of age<sup>65</sup> among all the Mongolian workers in overseas. Because they are comparatively young,

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<sup>63</sup>. Bureau of Labor and Welfare service, *Hudulmuriin zakh zeeliin 2004 onii jiliin etssiin tailan*, [Labor market annual report, 2004], (Ulaanbaatar: 2004).

<sup>64</sup> Oyunchimeg. Sh, "107 myngan irgen gadaadad amidarch baina", [107 thousand citizens are living in foreign countries], *News.mn* Online news engine, December 9<sup>th</sup>, 2011.  
<http://www.news.mn/content/89760.shtml>

<sup>65</sup> Narmandakh.D, *Mongol uls dakhii zakh zeeliin ediin zasagt shiljikh uyiin zaluuchuudiin khudulmur erkhelet*, [Youth employment in Mongolian market transition period], Research report, Mongolian Employment Federation (MONEF), (Ulaanbaatar: 2005) p.11.

they lack skill and experience before coming to Korea, which result in high rate of industrial accidents occur to threaten their safety and health.

Moreover, many of the workers are un-experienced, not ready for adapting in other country language or culture that makes it difficult to handle. As a result, there are some possibilities of undocumented (illegal) working and further, crime. However, there are many other optimistic improvements, such as learning new technologies, language improvement and improvement in their living condition etc.

According to the one-stop service center<sup>66</sup> report, followings are the main job sectors<sup>67</sup> that seek contract workers from Mongolia.

- Metal, steel product
- Beverages, beer industry
- Lignite and patent fuel industry
- Electronic component of computer, television, radio
- Steel products (except auto products)
- Food production
- Furniture factory
- Sports goods factory
- Hospital, ophthalmology components
- Motor, auto, trailer and semi-trailer
- Other autos and components
- Non-metal and natural product
- Pharm, chemical and phylogenic product

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<sup>66</sup> Branch Office of Ministry of Social Welfare and Labor of Mongolia. Establishment of this office is to support and help Mongolian workers in South Korea with employment and welfare reasons. The office initiated from November 19<sup>th</sup>, 2011, Located in Seoul, Republic of Korea.

<sup>67</sup> Ministry of Social Welfare and Labor of Mongolia, One-stop service center document, (Seoul: 2012).

- Publishing and printing industry
- Book, magazine printing
- Music and audio recordings
- Paper products
- Metal, non-metal recycling
- Rubber, plastic production
- Leather industry
- Textile industry
- Tobacco industry
- Wooden products
- Chemical product (except pharmaceutical products)
- Electric components
- Clothing and accessories

Most of these industries demand men rather than women, therefore, high number of young Mongolian male workers come to Korea to find employment. In addition, most of the industries they work are in difficult environment namely 3D, dirty-dangerous-difficult jobs.

Although, Mongolian workers are working in 3D sectors, employer's qualification process<sup>68</sup> and demand is as follows:

*Korean language ability:*

Applicants should take EPS TOPIK<sup>69</sup> for basic communication ability in Korean. It constitutes reading (40 minutes) and listening (30 minutes).

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<sup>68</sup> Human resource development service of Korea, Mongolia EPS center, Foreign manpower consulting center, March, 2012. Accessed date: 2012.11.08  
[www.hugkorea.or.kr/board/bd\\_news/1/egofiledown.asp?..](http://www.hugkorea.or.kr/board/bd_news/1/egofiledown.asp?..)

<sup>69</sup> This terms refers, Employment Permit System Test of Proficiency in Korean.

*Other qualifications of applicants:*

Applicants should be over 18, and below 39 years old,

Health examination,

Persons who have not been convicted of a crime punishable by imprisonment or a more severe punishment ,

Persons who have no record of deportation or departure orders from Korea, and

Persons who are not restricted from departure from Korea.

As a result, Korea is receiving the young and healthy work force from Mongolia. However after finishing their contract period, returned workers develop some health issues in regard of their 3D work result. It is impacting Mongolian workers to hesitate to come as contract workers in Korea in the long-term.

#### IV. IMPACT OF MONGOLIA'S LABOR EXPORT TO SOUTH KOREA

##### 1. Impact on Personal level

In order to reveal the personal level pros and cons of Mongolian contract workers in South Korea, the paper conducted an interview with the contract workers in South Korea. The interview included 30 contract workers. Workers disclosed their opinions on whether working in South Korea improved their income status or personal development. The main interview question constitutes of:

*What is your motivation of working in Korea?*

*Negative and positive points of being as a contract workers in Korea?*

*Whether working in Korea makes improvement in your life. Such as increase of income, technical skill or language skill development?*

*Do you want to come back to Korea after finishing your working period?*

*What is your plan after returning home, do you think your future life in Mongolia has some connection with your work experience in Korea?*

Some of the interviewee's answer is included as follows:

*"I work in a publishing industry in Ilsan. It's been 1 and a half years after I came to Korea. It was hard to get used to new place at first, my factory dormitory is very cold in the winters and hot in the summers. I asked my owner about this problem and he gave heater and fan to tolerate the problem. Except for the dormitory my workplace is not too bad. I think my Korean skill got better after I came to this factory to work because I speak only Korean when I need to communicate with my coworkers. Also my mother could take some medication and her illness got much better after I sent her money every*

*once in a while. (T, 25, male)”*

*“I am working in food production industry located in Ansan area. It has been 2 years after I come to Korea. I wanted to improve my income condition and see foreign country (South Korea). I saved up money for my education after I return home. I am not sure whether I will come back to Korea again. I liked Korea. (B, 23, male)”*

*“It has been only a year since I came to Korea. I have some problems with my workplace and my dormitory. But my work is not very hard. So I am planning to spend one more year. The industry that I am working is sports goods company near in Ansan. My aim was to earn some money and send it to my family. I have 2 children, so I needed to improve my income to send my children to school. I am planning to bring my daughter to Korea afterwards for her education. (S, 33, male)”*

*“I work in Incheon for steel industry. The workplace is unsafe but my aim was to earn money. So I will work until my contract period ends. It will end in few months. Before this factory, I worked in different industry but I applied for workplace change. I will find job after I return and I am willing to spend more time with my family. (B, 28, male)”*

*“I work in Uijeongbu furniture industry. It has been about 1 year after I came here. My work is not easy but I liked it. I am thinking of doing some business related to furniture when I return home. Most of the workers here aimed to earn some money. I think my Korean is getting better. I can communicate with my owner and coworkers with Korean. There are some problems living in Korea, but I do not regret I come to Korea. (A, 31, male) ”*

Also, there is successfully emerging sock manufacturing company in Mongolia. The

owner used to work in Korea as a contract worker. He worked with his wife in South Korea in a sock sewing factory for 8 years learning all the technical and technological details of sock production and return home with a firm intension to implement what he learned. Currently they have employed almost 100 Mongolian workers in the company<sup>70</sup>.

Out of all 30 contract workers interviewed, most of the workers had issues with the workplace related matters. However, 21 of them had positive opinion on their personal and economic improvement. Rest of the workers answered that they are not willing to extend their contract period because they did not find their working condition and wage related matter satisfactory enough to work in foreign country apart from their family.

*Pros of working in South Korea:*

According to the survey report about Mongolian citizens working abroad conducted by the Ministry of Social Welfare and Labor, the report stated that most of the workers send their gained income to their family and friends residing in home country. Their remittances used as daily consumption, children's education, debt payment, purchasing or building real estate and other goods. Also small amount of remittances used for establishing new businesses or business investment<sup>71</sup>. As stated in the survey report, there are some improvements in foreign worker's personal and

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<sup>70</sup> Urantuya.G, "Yanmal sock manufacturer steps up production - Mongolian market is not small", *The Mongol messenger* online newspaper, May 4<sup>th</sup>, 2012. p.6.

<sup>71</sup> Joint report of Ministry of Social Welfare and Labor, United Nations Population Fund and Mongolian Population and Development Association, *Status and consequences of Mongolian citizens working abroad*, Survey report, (Ulaanbaatar: 2005). p.68.

family income condition.

From the interview result, many of the interviewees said that they gained what they aimed for as a contract worker. Almost all 30 interviewees had purpose of improving their economic condition and living. Those who had positive opinion on working in South Korea as a contract worker answered that they liked the fact of working in technologically developed country. They also improved their Korean speaking skill in communicating with native people. Learned more about new technology and gained skill of working with a certain type of technology or machine which they think it will benefit them after returning home country. In addition, some contract workers were willing to study in South Korea after they finish their working period.

*Cons of working in South Korea:*

Apart from increase of income by working in Korea, there are some obstacles occurring. As the paper illustrated in the previous chapters, contract workers mostly work in a very harsh condition. Working in a 3D environment threatens them by their health and security. Also, being distant from their family becomes a trigger for one of the social problems in Mongolia, such as divorce or family separation.

From the 30 interviewees, some of them remarked on some issues such as, university or higher educated people are working in South Korea as a contract worker, which concern them with valuable Mongolian labor force is working abroad as unskilled and uneducated worker is unsuitable. Also, because of workplace

unsatisfactory, many people choose to become undocumented (illegal) worker. Few of the contract workers answered that they do not want to come back to South Korea to work again. They prefer to work in Mongolia close to their family and do professional work.

***Health and security:***

Many of the workers have concern over working in harsh condition. In order to reveal evidence in health and security issues among contract workers in Korea is referred as follows.

Table 8 illustrates the number of people undergo an accident shows decrease year by year, however number of on-job disease is likely to grow, especially in the year 2011.

**Table 8. Number of Mongolian workers undergo industrial accident**

Year	Number of industrial accident	Number of death	On-job accidents			On-job disease		
			Total	Injured	Death	Total	Patients	Death
<b>Total</b>	<b>867</b>	<b>11</b>	<b>845</b>	<b>835</b>	<b>10</b>	<b>22</b>	<b>21</b>	<b>1</b>
2011	135	0	130	130	0	5	5	0
2010	149	0	149	149	0	0	0	0
2009	182	4	177	173	4	5	5	0
2008	201	4	194	191	3	7	6	1
2007	200	3	195	192	3	5	5	0

*Source: Chon, Chun-Hee, Division of Health and Security, Document from One-stop service center, 2012.*

Workers who undergo an accident and disease have difficulties to visit hospitals for treatment. Because many of the factories and industries do not allow them to take work day off or the employers deduct from their salary when they are absent. Also,

some of the workers experience language difficulties to communicate with their employers accurately. In addition, these kind of day-off prohibitions occur in terms of worker's morale by telling false absence which develops mistrust between employers and workers.

Whatever the circumstance is, the employer should allow day-off for those who undergo an accident or sickness in order to protect worker's health, security and further worker's right that composed in the contract.

From year 2011-2012, there were 56 death incidents, however 26 of them died of disease<sup>72</sup>. This fact shows that many of the workers develop disease while they work in Korea.

#### ***Family separation and divorce:***

Family separation is becoming one of the problems of contract workers (E-9 visa type) in Korea. The reason of this issue is regarded in the legal status of the contract worker's guidebook reported by the Ministry of Labor of Korea in 2008. As illustrated in number five of legal status of foreign workers, the guidance compels that "foreign workers may not be accompanied by any members of their family while they are employed in Korea"<sup>73</sup>. This statement is restricting the foreign workers from their family while working in Korea. By this legal limitation, a number of Mongolian

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<sup>72</sup> Ministry of Social Welfare and Labor of Mongolia, One Stop service Center, *Mongol ulsiin hudulmuriin yamdiin hoorond baiguulsan sanamj bichgiin daguu BNSU-d gereegeer ajillaj baigaatai holbogdson sanal dugnelt*, [Recommendation of sending contract workers to Republic of Korea in terms of Memorandum of Understanding signed between Ministry of labor Mongolia-South Korea], (Seoul: 2012).

<sup>73</sup> Ministry of Labor Korea, *Guide to employment in Korea for foreign workers*, (Seoul: 2008). p.9.

contract workers gain personal problems after finishing their sojourn in Korea when returning to their home country.

This particular problem is becoming invisible obstacle of family separation and further, increasing amount of divorce rate in Mongolia.

## **2. Impact on National level**

In terms of receiving labor force and specialists from abroad policy, many companies in Mongolia recruit unskilled foreign workers, particularly Chinese workers for much less salary, by paying \$65 fee for every month salary instead of paying 29% of annual wage in social security tax to the local employees<sup>74</sup>. However, from the fact that the paper illustrated in the chapter two reveals that there is inequality of wage in local workers and foreign workers in Mongolia. In an actual circumstance, foreign workers are receiving higher wage than local workers. Even though, the government is compensating tax from salary payment of foreign workers. This particular policy on recruiting foreign unskilled labor force to Mongolia can have low advantages, where there is still large number of local unemployed and unskilled workers exist.

On the other hand, international remittances received by developing countries in 2005 were estimated at around \$167 billion and have doubled in the last five years<sup>75</sup>.

Migrant remittances constitutes of an important source of foreign currency exchange,

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<sup>74</sup> Mongolian Business, *Chinese workers in Mongolia*, [http://internationalbusiness.wikia.com/wiki/Mongolian\\_Labor](http://internationalbusiness.wikia.com/wiki/Mongolian_Labor)

<sup>75</sup> World Bank, *Global Economic Prospects – Economic implication of Remittances and Migration*, The International Bank For Reconstruction and Development, 2006. p.8.

enabling countries to acquire vital imports or pay off external debts. Remittances also play important role in reducing poverty<sup>76</sup>.

As there is many unofficial remittance sending business channels, the Mongolian government should take action to reveal the remittance records in official documentation in order to track remittance records from overseas. Moreover, this improvement of official documentation on remittance will help the government on tracking how remittances are impacting national economy, external deficits and further more. In order to implement effective remittance policy, the following table will reveal the economic benefits and costs of remittance to receiving countries.

<b>Potential Benefits</b>	<b>Potential Costs</b>
Are stable source of foreign exchange which eases foreign exchange constraints and helps finance external deficits	Ease pressure on government to implement reforms and reduce external imbalances (moral hazard)
Are potential sources of savings and investment and human capital information	Reduce savings of recipient families and thus have negative impact on growth and development (moral hazard)
Facilitate investment in children's education and human capital formation	Reduce labor effort by recipient families and thus have a negative impact on growth and development (moral hazard)
Raises the standard of living for recipients	Migration leads to "brain drain" and has negative impact on economy this is not fully compensated by remittance transfers
Reduce income inequality	Increase income inequality
Reduce poverty	

*Source: Handbook on establishing effective labor migration policies, Mediterranean edition, Organization for Security and Cooperation in Europe, International Organization for Migration and International Labor Office, 2007.*

The table reveals that potential benefit and potential cost of the sent remittance have

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<sup>76</sup> Ibid, p.9.

two impacts on national level. A controversial part is that remittance can benefit nation with reduced income inequality, but also the fact can become increase of income inequality by receivers tend to lower the labor participation rate by only receiving remittance from abroad.

*Advantages and disadvantages of informal transfer systems:*

Informal fund transfer system (IFTs) in some countries have legitimate and illegitimate uses. In some countries, labor migrants find the system quick, cost-effective, convenient, versatile and anonymous. However, IFTs can also be used for illegitimate purposes such as circumventing capital and exchange controls, tax evasion, smuggling, money laundering and terrorist financing<sup>77</sup>. Fees charge as low as 1-2 percent of the remittance amount with a delivery time of 24 hours<sup>78</sup>.

It is recognized by many experts in the field that the most important measure government can take to stimulate remittance flows and realize its development potential is to create a sound policy environment that minimizes macro-economic uncertainty, ensures transparency, and introduces standardized regulation of financial institutions<sup>79</sup>. Government need to pursue sound monetary policies, such as correctly values exchange rates, a positive real interest rate, and liberalized foreign trade. But this is not enough. Government also needs to establish an institutional framework for

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<sup>77</sup> Mohammed El Qorchi, Samuel Munzele Maimbo and John F.Wilson, *Informal Funds Transfer Systems: An analysis of the informal Hawala System*, The International Monetary Fund and The World bank, 2003.

<sup>78</sup> Uday Kumar Varma and S.K. Sasikumar, External Migration and Remittances: Trends, Policies, Impact and Development Potential. The Indian Case, *Labor Migration in Asia: Protection of Migrant Workers, Support Services and Enhancing Development Benefits*. IOM, (Geneva: 2005).

<sup>79</sup> Nilim Baruah, *Remittances to least developed countries: Issues, Policies and Enhancing the Development Impact*, International Organization for Migration, 2006.

the safe and low cost transmission of remittances, for competition and for proper operations by all participants<sup>80</sup>. Government can stimulate remittance flows and realize their development potential by creating a sound policy and legal environment that encourages capital inflows, including remittances. Reducing the cost of sending remittance and increasing access to cost-effective, fast and safe remittance services not only benefits migrants, but also has the potential to increase the level funds remitted and made available to the recipient<sup>81</sup>. Therefore, for most countries to promote more efficient and safe services for remittance policy is included in the following.

- *Promotion of regularization of the informal transfer sector through registration and filing of returns*
- *Promotion of sound macro-economic policies and financial sector capacity building and accountability, such as establishing simplified and clear regulatory frameworks for foreign exchange management and liberalization of the exchange rate regime*
- *Offer of low cost pre-departure loans as a way of encouraging migrants to use formal banking channels*
- *Capacity building through improved consular services for migrants, including creation of data bases and issue of secure identity documents, which facilitate use of formal remittance channels<sup>82</sup>.*

In terms of Mongolian remittance records, there is lack of official documentation. As stated previously,

there ought to be institutional record on official or unofficial remittance channels taking place in

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<sup>80</sup> Ibid,

<sup>81</sup> Ibid,

<sup>82</sup> Mediterranean edition, Organization for Security and Cooperation in Europe *Handbook on establishing effective labor migration policies*, International Organization for Migration and International Labor Office, 2007. p.92.

Mongolia. Also encouraging remittance senders to using formal transfer channels such as banks is a

favorable solution of detecting remittance amount. Table 9 will reveal the remittance actions from

2000-2006. In Mongolian remittance circumstance as well as international remittance, inward

remittance takes more active than outward remittance.

**Table 9. Inward and Outward remittances in Mongolia**

<i>(US\$ million)</i>	2000	2001	2002	2003	2004	2005	2006
<b>Inwards remittance flows</b>	<b>12</b>	<b>25</b>	<b>56</b>	<b>129</b>	<b>202</b>	<b>177*</b>	<b>177</b>
<i>(of which)</i>							
Workers' remittances	12	25	56	129	195	174	
Compensation of employees					7	3	
Migrants' transfer							
<b>Outward remittance flows</b>	<b>3</b>	<b>3</b>	<b>14</b>	<b>54</b>	<b>49</b>	<b>40</b>	<b>40</b>
<i>(of which)</i>							
Workers' remittances	3		14	54	49	40	
Compensation of employees							
Migrants' transfer							

*(\*) 9.4% of GDP in 2005. This table reports officially recorded remittances. The true size of remittances, including unrecorded flows through formal and informal channels, is believed to be larger.*

*Source: Migration and Remittance Factbook, Development Prospect Group, World Bank, 2006.*

In 2005, the remittance amount took 9.4% of the total GDP. This number can be smaller than the true

remittance amount in terms of undocumented and unofficial transfers. Inward remittance shows

increase in the coming years because of migration trend in Mongolia is growing.

According to table 9, in 2005, it stands 9.4% of the total GDP, therefore remittances

from workers in abroad definitely impacting on the national level which is positive.

### **3. Prospect of exporting labor force**

The South Korean government came up with ‘measures to promote bilateral cooperation with developing countries’ in May 2003, in order to improve the image of Korean enterprises investing overseas and Korea’s global status by providing assistance to developing countries<sup>83</sup>. The government budget for bilateral partnership program with developing countries has been continuously rising over the years since 2005. Increase of the national budget on implementing programs on receiving labor force from abroad means that the labor import policy is signifying its advantage to Korean development and globalization concept. From the fact, it is presumable that South Korea’s labor force receiving policy will be continuously active in the next few decades. However, there are still remaining policy shortcomings. From the interview result, most Mongolian contract workers planned to go back home country without extending their contract period. Some of them terminated their contract before finishing the work period because of harsh and unsatisfactory working condition.

From the interview result and Mongolian current market condition, the wage is rising slightly. The increase of wage is better in the professional job sectors. As of the development of Mongolian social and labor condition, contract workers will remain to work in Korea, but the number of workers will not be very high if there is still high policy shortcoming. The aim of the foreign worker receiving policy is to attract and

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<sup>83</sup> Ministry of Employment and Labor, *Korea’s International Labor Cooperation and Its Future*, 2009.

promote Korean firms to better international investment environment. Therefore, Korean policy should revise foreign worker receiving strategy in more favorable way in order to achieve its aim.

## **V. RECOMMENDATIONS AND CONCLUSION**

From the 1970s to 80s, Korea was a labor force sending country similar to Mongolian current condition. Also there are many other developing countries sending labor force to foreign countries. Its impact in society and economy is relatively different because of discrepancies in national characteristics.

The paper revealed some of the current push and pull factors of migration of Mongolians by analyzing the data findings in purpose of answering the research question made previously.

As Mongolian economy and wage increase is weak, the labor migration will continuously take place in the future. The motivation of the contract workers to choose Korea to seek employment is because there is higher wage and working benefits than Mongolia. In addition, the government is supporting labor export to Korea, which is encouraging local workers to seek employment in South Korea. However, Mongolia is also receiving foreign unskilled labor force to the country. Which is becoming barrier to labor employment and further, it is becoming one factor of increasing unemployment especially in the urban areas. The government policy on receiving foreign unskilled workforce should need more transparency in order to regulate the numbers of incoming foreign unskilled workers (more specifically Chinese workers) for the short-term.

In terms of future prospect of Mongolia on sending labor force to foreign countries, it is being a beneficial step on remittances, because migrant's remittance is

impacting national economy in positive way, which constitutes 9% of the national GDP. If the government amend its policy and strategy on remittance recordings, by stabilizing the interest rate, reducing remittance charge nationally and receive remittance record from the unofficial channels, the government will have more concrete decision on future labor exporting actions.

Wage is one of the push factors of Mongolian people's migration. Because of high rate of migration, Mongolia is losing their young and intellectual labor force to foreign countries. In order to curve this issue, Mongolian wage and work benefits should improve in the long-term. In sum, data analysis lead the paper's conclusion of sending labor force to Korea is showing positive impact on Mongolian economy. In despite of some negative factors in workers personal level, such as health and security, workers in Korea is also receiving benefits such as language ability and experiencing new technologies from their working environment. Also some of the returned workers are establishing business in Mongolia, which reveals that their living condition is improving in many ways.

Better working condition and wage increase to allure workers to work in Mongolia. Also, partnership between government and private sectors are equally important to employ returned workers.

Resulting from the interview, most of the workers are willing to go back to work as their profession or doing business. Therefore, the paper would recommend implementing better environment for job opportunities and favorable condition for business establishments. In order to support business establishers the government

should cooperate more with financial sectors to support this particular type of individuals in the future.

## APPENDIX of Conducted Interview

This interview conducted total of 30 contract workers working in South Korea. In the following there will be 25 interviewee's answers. Rest of the 5 answers are included in chapter four.

In order to reveal their opinion on working in South Korea and their future intention, following questions has been asked:

### Questions:

1. *Name, age, sex.*
2. *Where do you work? In which job sector?*
3. *When did you come to South Korea to work?*
4. *What is your aim of working in South Korea?*
5. *Are you satisfied with your work place?*
6. *Is there any improvement in your life after you started working in South Korea?*
7. *Would you like to come to South Korea again after the end of your work period?*
8. *What is your plan after returning to Mongolia?*

The interviewee's answers are revealed by combined paragraph form.

### Interviewee 1:

*"I work in auto mobile component production industry in Hwaseong. I came in 2010. It has been 2 years now. I like it here in Korea. The salary is higher and there are more jobs to do here than home. My purpose of working in Korea is going well. I can speak little Korean and I have some vocational skill. If there is a chance to come back to Korea to work again, I will probably come. (J, 26, male)"*

### Interviewee 2:

*"I live in Hwaseong city, working in auto mobile component production industry. I*

*came to Korea in 2008. I like Korea, as it is more developed country. But it is hard to be apart from my family. My Korean is alright to communicate with my co-workers. My purpose was to earn some money for myself but I do not think I reached my purpose. I want to work in Mongolia as my profession after returning back. (E, 28, male)”*

Interviewee 3:

*“I work in Ansan, steel industry. It has just been 3 months after I come to Korea. I did not know I will work in steel industry first. Maybe they appointed me to this industry because I’m young. But it is very hard and I cannot eat Korean food very well now. Also, my dormitory is very bad. So, I am planning to ask to change my job. I am not sure I will come back again for work after returning. It is just a few months after I came, so I think it will change after I adapt more. Hopefully, I can change my job to better one. (B, 22, male)”*

Interviewee 4:

*“I work in Suwon, in a paper industry. It has been 3 years. I had my purpose of increasing my income and I think it is going well. The contract period will soon end and I cannot wait to see my family back home. If there is a chance to come back for work, I would like to but I do not want to be separated from my family again. And also I’m not very young. So, I will do some business when I return home. (T, 32, male)”*

Interviewee 5:

*It has been a year after I came to Korea. I am working in furniture industry in Suwon. Many people here lives in a bad condition but if they change or find a better job, they can change their apartment. Contract workers have some problem of dormitory or meal issues. In Korean industry, they provide us with Korean food. I cannot eat spicy food, so it was very hard for me to adapt right after I came here.*

*Also, there are some people who had higher education. They all graduated from university but it is really hard to watch them working in harsh environment in foreign country having a degree. I do not think I will come back to work in Korea if I have another chance. It is a good place to live but not very easy when you are not adapted. (A, 29, male)”*

Interviewee 6:

*“I work in Bucheon, in sports good production industry. It is not very bas. My workplace is good and I adapted fast here. It has been 2 years after I came. I think I gained what I aimed. I want to find a business when I return home. I worked in sports good production industry, so I would like to do some related business. But it does not have to. I might do something different. (Z, 28, male)”*

Interviewee 7:

*“I am working in paper production industry in Anyang. It has been a year and a half. The dormitory is not very good but the job is not very hard. I have some of my relatives here in Korea. So, it is not very bad. I do not think I earned what I was aiming. But there is some time left until my contract period ends. I can do well then, I think. I would like to come back again to work after finishing my contract. (G, 27, male)”*

Interviewee 8:

*“I work in Yongin. It is electronic components industry. It has been 3 years after I came here. I think I adapted here. But still there are some issues in workplace. Dormitory is always not good. I changed my workplace once before. I think I am doing well on what I aimed for. My family economic condition is better now after I came. I gained some experience in electric technology after I started to work here. Maybe I can do some work related to this after I return home. I like Korea, it is nice place but I want to find a work in Mongolia. (E, 33, male)”*

Interviewee 9:

*“I work in wooden products production industry in Yongin. It has been a year. There are some issues for every worker here. Especially, dormitory and health is the problem. Few of my work friends developed some backaches or injuries. All the foreign workers in Korea have the same kind of problems. My purpose was to improve my income. I do not think I made my purpose yet, but it is not bad. If the dormitory and workplace issues become better, it is not bad to work in Korea. I did not think about coming back to work in Korea again but I want to return home and settle down. (P, 26, male)”*

Interviewee 10:

*“I work in plastic production industry in Ansan. It has been 2 years. My work is not very easy but I like it here. I am doing well and I think I gained my aims to come here. Just like most people. I would like to come back if there is chance. (B, 28, male)”*

Interviewee 11:

*“I work in furniture industry in Suwon. It has been a year working in Korea. my workplace is alright. I wanted to improve my personal income. I am still working on it. I would like to come back to work again if there is chance. I do not have any plan for what to do after I return home but I think I will find a job. (D, 25, male)”*

Interviewee 12:

*“I work in auto mobile component production industry in Hwaseong. It has been 3 years after I came to Korea. I changed workplace once. The previous job was very harsh and the working environment was very bad. I am happy that I changed it. If I did not it would be really bad for me. My aim was to see Korea, have some experience in foreign country and of course improving my income. I think Korea is nice and people here are not very different from us. Many Koreans say that I look*

*like Korean and my co workers are nice to me. I would come again to work, but I am thinking of working in my home country. I do not think I will do something related to my work here when I return. (M, 29 male)”*

Interviewee 13:

*I “I work in steel industry in Incheon. It is pretty hard. It is almost a year after I come to Korea. Because my work is very hard and dangerous I would like to change it. But it is complicated. I aimed to earn some money but I am planning to go back if I cannot find a better job after I change my current workplace. It is not very good for my health. I had an injury before, so I do not want to develop one again. I do not think I will come back to Korea for work. I want to be with my family. (S, 27, male)”*

Interviewee 14:

*“I work in textile industry in Uijeongbu. It has been a half year now. I like it so far here. I have some of my friends living in Korea for study and work. I learned Korean when I was in Mongolia, and I think my Korean get a bit better after I came here. I would like to come here in Korea again, but not for work. I want to study if there is chance. after I return home, I probably look for a decent work to settle in. (Ts, 24, male)”*

Interviewee 15:

*“I work in non-metal recycling industry in Namyangju. It has been 2 years since I came to Korea. I wanted to improve my income. I think it is going alright. Many people have issues working here. Food, apartment and workplace issues. I also had apartment issue. I think I will work in Mongolia after my contract period ends. I want to live close with my family. (B, 26, male)”*

Interviewee 16:

*“I work in auto component production industry located in Gimpo. It has been 3 years. I wanted to see foreign country and working in Korea is not bad. The*

*technology here is very advanced, so I think it is nice. I would like to do some business after I return because I do not have college degree to work in company. (E, 28, male)”*

Interviewee 17:

*“I work in paper industry in Anyang. It is been a year after I came here. My job is not too harsh. The salary here is higher than Mongolia, so it is not bad to work in Korea. I am planning to go back after a year. The experience was great. Before I go back home, I want to travel around in some Korean cities. Such as Jeju Island. If I have chance I would like to think about coming again to work. But after I came here, I felt that home country is the best. (U, 26, male)”*

Interviewee 18:

*“I work in paper industry in Namyangju. I think it is not bad. There are many problems but we workers manage because we are here to improve our income. I came here just after I graduate my school. So, I would like to work as my profession after I return. (O, 25, male)”*

Interviewee 19:

*“I work in wooden product industry in Yongin. It has been a year. My workplace is bit hard to work and I would like to change it. If I cannot change my workplace, I am planning to go back home. I do not want to spend my youth in Korea working in a harsh condition. (Z, 23, male)”*

Interviewee 20:

*“I work in furniture industry in Suwon. It has been 2 years since I came to Korea. I would like to work for another year and return home. I miss my family and child. My reason to come here was to improve my family income. I am doing good, I think I reached my aim. I would like to work in Mongolia after I return. (B, 27, male)”*

Interviewee 21:

*“I work in steel industry in Paju. It has been 2 years and I am planning to return home soon. My purpose was to experience foreign country especially Korea. And of course, improving my income condition. I decided to return because my health is not good now. I want to go see my family. After I return I would like to do some business or work in Mongolia. (N, 31, male)”*

Interviewee 22:

*“I work in food production industry near Gimpo. It is not very bad here. My workplace is fine. I wanted to improve my income and learn Korean. But when you are working language skill does not improve that much. (N, 29, male)”*

Interviewee 23:

*“I work in publishing industry in Ilsan. The work is not that hard but it is very cold in the winter. It has been a year but I am planning to return soon because of my health. My aim was to improve my income and experience Korean life. I think it is enough for me. I want to return home and work as my profession. (D, 27, female)”*

Interviewee 24:

*“I work in publishing industry in Ilsan. It has been a few months since I came. From the first day of my work, the dormitory and workplace was very bad. It was hard to live there and work at the same time. So I requested for workplace change. The work wasn't very easy. I came here to earn some money for myself. But I am planning to go back soon. I think the working environment is bad, rather I would like to go home and find a different work with lower wage. (B, 22, male)”*

Interviewee 25:

*“I work in publishing industry in Ilsan. It has been 2 years since I came to Korea. At first everything was very difficult. Food, apartment, language and people. Now it is better but I am planning to return to Mongolia. Mongolian salary rate is getting higher and it is not very easy to work in Korea. For me, the food is the problem for*

*me. Every meal here is spicy and not very nutritious. I think I would not want to come back to Korea for work again. I would like to work in Mongolia and stay close with my family. (I, 28, female)”*

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## 국문 초록

### **Mongolia's Labor Export to South Korea: Its Impact and Policy Implication**

#### **한국으로의 몽골 노동 수출이 가지는 효과 및 정책적 함의**

몽골 노동력 이주는 매년 증가하고 있으며 이 것은 낮은 취업 기회와 낮은 임금 때문에 발생하는 일이라고 할 수 있다. 이에 따라 많은 사람들이 개인의 생활 수준 향상을 위해 외국으로 이주를 하기 시작하였고, 특히 1990년 몽골 시장 변화 이후로 외국으로의 이주는 보다 활발해졌다. 본 논문은 한국으로의 몽골 노동 수출을 중심으로 하여 이의 국가 및 개인에게 미치는 효과를 살펴볼 것이다. 또한 몽골 경제 및 사회 문제로 인한 취업 현황과 생활 수준에 있어서 노동 수출의 필요성을 확인하고자 한다. 본 연구에서는 몽골 사람이 외국으로 이주하는 이유를 *push and pull* 모델로 설명하고 한국에 있는 몽골 계약 노동자들과의 인터뷰를 바탕으로 하여 결과를 분석하고자 한다. 또한 본 연구는 선행 연구에서 언급하지 않은 문제들을 포함하여 심도 있게 다루는데 목적이 있다. 몽골 고용 현황, 몽골과 한국 간 임금 차이, 한국에서의 노동에 대한 장단점, 노동자들의 생활, 임금 수준의 향상 여부, 현재 몽골과 한국 간 노동 수출과 노동력 수입에 대한 정책의 함의 및 앞으로의 몽골 노동 수출의 전망을 조사결과를 통해 살펴보며 제시하고자 한다.

주요어: 노동 수출, 노동력 이주, 고용, 임금, 몽골, 한국

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