

DOCUMENTATION STATUS AND LABOUR MARKET OUTCOMES OF LOW-SKILLED MIGRANTS: EVIDENCE ACROSS DESTINATION REGIMES

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ABSTRACT

Low-skilled migrants do not move through a single regulatory world. Alongside the permanent-residence and enforcement-based systems of North America and Western Europe, employer-tied visa regimes, where a worker's legal status is conditional on remaining with a specific sponsoring employer now govern the majority of low-skilled labour migration across the Gulf states, Malaysia, and Singapore. The role of documentation status in shaping migrants' working lives depends, on which of these two institutional environments they inhabit. This study synthesises 33 peer-reviewed studies on the effects of documentation status across four labour-market outcomes, such as wages, working hours, occupational mobility, and employment duration, drawing on a structured search of Scopus and Web of Science. The wage evidence is robust, a residual penalty of four to seventeen percent for undocumented workers and post-regularisation earnings gains of five to ten percent are documented consistently across the United States and European literature. Roughly half of those earnings gains operate through occupational upgrading rather than wage growth within jobs, meaning a wage-only analysis recovers at most part of the full regularisation effect. Working hours and employment stability respond in directions consistent with a bargaining-friction mechanism, but the evidence base for these outcomes remains thin. Evidence from employer-tied regimes remains limited because legal status is tied to a specific employer rather than determined by entry and enforcement decisions, the channels through which documentation shapes labour-market outcomes likely differ from those documented in amnesty-type settings. Extending the evidence base to sponsorship-based destinations represents a clear direction for future research.

Keywords: Documentation Status, Undocumented Migrants, Labour Market Outcomes, Wage Penalty, Regularisation,

1. Introduction

International labour migration has expanded substantially over the past three decades. Low-skilled migrants, now move through a diversifying set of regulatory regimes, alongside the permanent-residence pathways characteristic of North American and Western European destinations. On the other hand, employer-tied temporary work-permit systems have become the dominant mode of regulating low-skilled labour migration in the Gulf states, Malaysia, Singapore, and parts of East Asia. Across these regimes, documentation status, is considered as a tool to understand if a migrant worker holds valid authorisation to live and work in the destination country. This has emerged as a central axis along which labour-market experience varies.

The labour-market consequences of documentation status have been studied extensively, most intensively in the United States context, where the Immigration Reform and Control Act of 1986 and subsequent policies generated quasi-experimental variation for empirical identification (Kossoudji & Cobb-Clark, 2002; Rivera-Batiz, 1999). Studies found that undocumented workers earn lower wages than documented migrants, face greater occupational segmentation, and experience more unstable employment trajectories (Amuedo-Dorantes & Bansak, 2011; Hall, Greenman & Farkas, 2010). European regularisation programmes provide complementary evidence that documentation gives measurable post-regularisation gains in earnings and occupational mobility (Devillanova, Fasani & Frattini, 2018; Kaushal, 2006). Research on Asian and Gulf destinations has also grown, but it remains predominantly small-scale, describing conditions in specific corridors without the systematic quantitative identification that characterises the North American and European literature (Crisis, 2010; Kaur, 2010; Sok, 2019). Despite this body of evidence, existing reviews concentrate predominantly on the wage margin, with less attention to working hours, occupational mobility, and employment duration. These outcomes are not independent. Documentation status shapes labour-market experience through several channels at once, including bargaining position, access to different segments of the labour market, freedom to move between jobs, and stability of employment. A synthesis that tracks only wages therefore misses the full picture to examine the role of documentation status on migrants' labour market outcomes. This narrowness is compounded by a geographic bias, the evidence base has developed almost entirely for North American and Western European settings, leaving employer-tied visa regimes in Asia and the Gulf comparatively understudied. The present review was motivated in part by this gap, with particular reference to the Bangladesh-Malaysia corridor, where documentation is produced through bilateral recruitment arrangements that tie each migrant's authorisation to a single sponsoring employer (Crisis, 2010; Dannecker, 2005; Kaur, 2010). This study addresses these limitations by examining the effects of documentation status on the wages, working hours, occupational mobility, and employment duration of low-skilled migrant workers, with particular attention to variation across destination-country institutional regimes. By destination-country institutional regime, the review means the broad regulatory framework through which documentation is produced and enforced in traditional settler destinations such as the United States, where status is determined largely by entry decisions and enforcement policy, and employer-tied visa regimes such as those of Malaysia and the Gulf, where legal status is conditional on continuing employment with a specific sponsoring employer. These two regime types produce documentation to migrant workers through fundamentally different mechanisms. Additionally, the channels through which documentation affects wages, hours, mobility, and tenure are likely to differ systematically. Drawing on a structured search of Scopus and Web of Science including 33 studies, this study makes two contributions. First, it examines wages, working hours, occupational mobility, and employment duration together rather than treating the wage penalty in isolation and in doing so shows that the literature has developed unevenly across these outcomes, with working hours and employment duration far less studied than wages. Second, it brings destination-country institutional context to the foreground, arguing that the channels through which documentation affects labour-market outcomes differ systematically between deportation-risk regimes and employer-tied visa systems, a distinction whose importance has grown as sponsorship-based migration has expanded across Asia and the Gulf. Understanding the scale and distribution of these effects requires engaging with the theoretical mechanisms through which documentation status enters the employment relationship.

2. Conceptual Background

The labour-market effects of documentation status are best understood through several complementary theoretical traditions. Each illuminates a distinct channel through which legal status shapes migrants' labour market outcomes. In sum, they generate expectations across all four outcomes like wage, working hours, job mobility and employment duration which is covered in this study. The segmented labour market perspective associated with Piore (1979) and Massey et al. (1993) describes destination-country labour markets as divided into a primary segment of stable, well-paid jobs with internal advancement and a secondary segment of unstable, low-paid work. Migrant workers are drawn disproportionately into the secondary segment, and documentation status highlights this division. Undocumented migrants, without legal protection against exploitative practices, are largely confined to the secondary segment, whereas documented migrants at least retain the possibility of moving into primary-segment employment. Empirical work has mentioned that irregular status sharpens occupational segregation and keeps migrants in low-wage industries even when they hold skills that would qualify them for better-paid work. Where destination regulation ties legal status to a specific employer, as in Malaysia's sponsorship system, a structurally similar segmentation is produced through contractual rather than enforcement channels, with workers linked to a single sponsoring employer and the broader wage distribution effectively out of reach. The segmented labour market framework therefore generates expectations about wages and occupational mobility, and about the persistence of disadvantage even after regularisation.

Chiswick (1978) human-capital framework offers a complementary perspective. It mentions that immigrant earnings rise with time spent in the destination as migrants accumulate destination-specific skills such as language, knowledge of institutions, and locally recognised credentials, and the rate of earnings growth depends on the extent to which migrants can invest in and capture the returns to these skills. Documentation status shapes both sides of the investment decision. Formal training, adult education, and credential recognition are often out of reach for undocumented migrants, and the threat of deportation shortens their expected time in the destination and lowers the expected return on investment in destination-specific skills. Recent empirical work on the Deferred Action for Childhood Arrivals programme in the

United States provides strong support for this interpretation. Kuka, Shenhav, and Shih (2020) and Hsin and Ortega (2018) show that legal status raises schooling investment and shifts occupational trajectories among migrants who receive it, consistent with Chiswick (1978) reasoning. For this review, the human-capital framework generates expectations primarily about wages and occupational mobility, and about the pace at which post-regularisation gains accumulate over time.

A closely related body of work examines the fit between a worker's skills and the job held, and the extent to which documentation status forces migrants into occupations below their qualification level. Standard matching models expect workers to sort into occupations where their skills are most productive, yet migrants frequently work below the occupational level predicted by their education and experience. Ortega and Hsin (2022), Hall, Greenman, and Farkas (2010), and Amuedo-Dorantes, Malo, and Muñoz-Bullón (2013) show that documentation status enlarges this occupational gap, because undocumented workers are legally excluded from some occupations and because employers find it difficult to verify the credentials of irregular migrants. Occupational downgrading can persist even after regularisation, suggesting that the matching problem operates through employer screening as well as through formal eligibility rules. This aspect refers directly to occupational mobility but also has implications for wages, since misallocation of skills into lower-productivity occupations depresses earnings independently of the wage rate within any given job.

Besides, related literature argues that undocumented status weakens workers' ability to negotiate with employers. Because undocumented migrants cannot enforce contracts or contest poor conditions without risking exposure to immigration authorities, employers can suppress wages, extend hours, and restrict job mobility in ways they could not do with documented workers. Undocumented migrants cannot credibly enforce employment contracts, contest withheld wages or protest unsafe conditions without risking exposure to immigration authorities. The effect is a wedge that raises the employer's share of the joint surplus and depresses wages, extends hours, and restricts mobility, as documented in the work of Kossoudji and Cobb-Clark (2002), Rivera-Batiz (1999), and Borjas and Cassidy (2019). A structurally similar segment operates in employer-tied visa regimes even when workers are documented. Because legal status is conditional on continuing employment with a specific sponsor, the outside option is effectively absent, and the sponsoring employer can capture surplus through the same channels of low pay, long hours, and restricted mobility. Among these theoretical perspectives, the bargaining argument generates the broadest set of expectations, covering wages, working hours, occupational mobility, and employment duration simultaneously. The selection framework developed by Borjas (1987, 1994) poses an identification concern that cuts across all of the theoretical perspectives outlined above. It analyses migration as a self-selected outcome in which migrants sort on observable and unobservable characteristics depending on the earnings distributions of origin and destination. Because documented and undocumented migrants differ in ways that also affect labour-market outcomes, naive comparisons between the two groups may confound the effect of legal status with pre-existing differences in worker characteristics. Credible estimates of the documentation-status effect draw on policy-induced variation such as regularisation programmes, enforcement episodes, and administrative eligibility cut-offs, which alter legal status independently of worker characteristics (Kaushal, 2006; Kossoudji & Cobb-Clark, 2002). In this review, selection is treated not as a competing explanation but as a methodological caution when evaluating the causal claims of included studies. Finally, a smaller but important body of work has extended the analysis to household consumption and financial behaviour. Dustmann, Fasani, and Speciale (2017) and Adamopoulou and Kaya (2020) show that regularisation improves consumption smoothing and eases financial pressures in ways that exceed what wage gains alone would predict. This strand is treated here as a supporting channel rather than a core outcome, but it is relevant because it suggests that the welfare consequences of documentation status extend beyond what is visible in labour-market data. In sum, these theoretical background point to a common assumption. The documentation-status effect operates through multiple channels simultaneously, and the relative weight of each channel depends on the regulatory framework through which legal status is produced and enforced in each destination. This institutional variation, between deportation-risk regimes and sponsorship-lock-in regimes, organises the synthesis that follows and shapes the interpretation of evidence across the four outcomes.

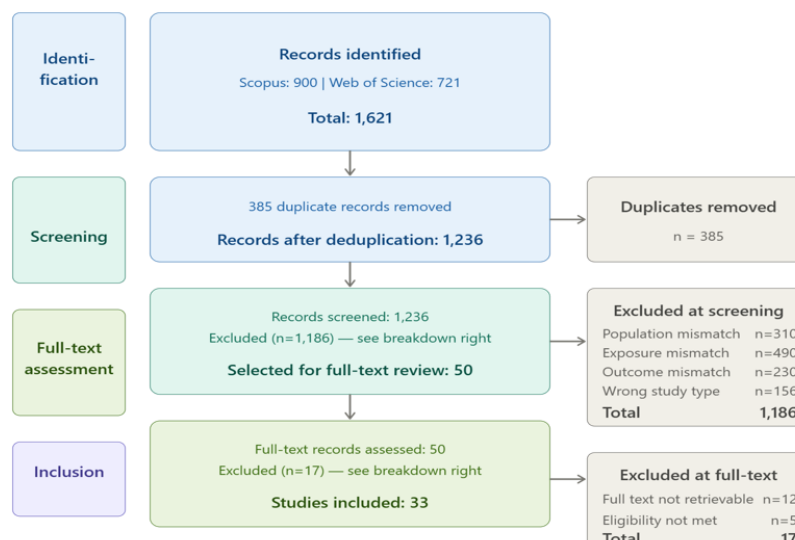
The next section outlines the search and selection procedures through which the evidence base for that synthesis was assembled.

3. Review Methodology

3.1. Design: This paper presents a structured review of peer-reviewed empirical evidence on the labour-market effects of documentation status for low-skilled migrants. A structured review was considered appropriate given the state of the literature, where the evidence base is geographically concentrated, outcome-specific, and methodologically heterogeneous, conditions under which standardised quality appraisal would be difficult to apply consistently across all included studies. The structured approach retains a reproducible search and selection protocol while permitting the synthesis to be organised around the theoretical and institutional framework developed in Section 2. Quantitative estimates from quasi-experimental designs form the primary evidentiary base for causal claims, while qualitative and small-sample studies from Asian and Gulf destinations are treated as contextual evidence describing institutional conditions in sponsorship-based regimes rather than as a basis for magnitude estimates.

3.2. Sources and Selection: Peer-reviewed journal articles were identified in Scopus and Web of Science on 17 April 2026, covering the period 2000 to 2026. Scopus returned 900 records and Web of Science returned 721 records, yielding 1,621 records in total. After duplicates were removed across the two databases, 1,236 unique records were available for screening. The full search strings are given in Appendix A.

Records were screened on title and abstract against three inclusion criteria. A paper had to concern low-skilled international migrants in a destination-country labour market, documentation status had to function as a primary explanatory variable rather than an incidental control and at least one of the four specified outcomes had to be reported. Of the 1,236 records screened, 1,186 were excluded at this stage. The principal reasons for exclusion were population mismatch, where the paper concerned skilled or professional migrants rather than low-skilled workers ($n=310$); exposure mismatch, where documentation status appeared only as a background control ($n=490$); outcome mismatch, where the paper reported exclusively on non-labour outcomes such as health, crime, or remittances ($n=230$); and wrong study type, including conference papers, dissertations, editorials, and theoretical papers without empirical content ($n=156$). Fifty records met all three criteria and were retrieved for full-text assessment. Full-text records were assessed against the same eligibility criteria. Qualitative and small-sample studies from Asian and Gulf destinations were retained where they constituted the only available peer-reviewed evidence on a specific setting or outcome, with their descriptive limitations acknowledged explicitly in the synthesis. Of the fifty records assessed, seventeen were excluded, twelve because full text was not retrievable through institutional or open-access channels, and five because full reading revealed the paper did not satisfy the exposure or outcome criteria despite an apparently eligible abstract. The exclusion categories are not mutually exclusive, where a paper met more than one exclusion criterion, it was assigned to the category representing the primary reason for exclusion, so the reported counts sum to the total number of excluded records without double-counting. Thirty-three studies were retained for synthesis. The full selection process and inclusion and exclusion criteria are summarised in Figure 1.



Inclusion and exclusion criteria

Stage	Type	Criterion
Screening	Inclusion	Low-skilled international migrants, destination-country labour market
Screening	Inclusion	Documentation status as primary explanatory variable
Screening	Inclusion	At least one of: wages, hours, occupational mobility, tenure
Screening	Exclusion	Population mismatch: skilled/professional migrants only (n=310)
Screening	Exclusion	Exposure mismatch: documentation status incidental or absent (n=490)
Screening	Exclusion	Outcome mismatch: non-labour outcomes only (n=230)
Screening	Exclusion	Wrong study type: conference paper, dissertation, editorial (n=156)
Full-text	Exclusion	Full text not retrievable (n=12)
Full-text	Exclusion	Eligibility criteria not met on full reading (n=5)

Figure 1: Full Selection Process, Inclusion & Exclusion Criteria

3.3. Synthesis Approach: The evidence is organised by outcome rather than by paper. Within each outcome, findings are compared across destination countries so that patterns of agreement, divergence, and absence of evidence can be identified directly. This organisation reflects the review's guiding purpose, which is to assess the labour-market effects of documentation status across the full set of outcomes relevant to labour economists, rather than to provide a comprehensive account of any single study or setting. Magnitudes are reported to give a sense of the scale of effects, where quantitative estimates are available. Findings are presented descriptively and their limitations acknowledged explicitly, if only qualitative evidence exists, as is the case for most Asian and Gulf destinations. The range of estimates is reported rather than a single pooled figure, where multiple quantitative estimates of the same effect are available, given the methodological heterogeneity across studies and the absence of a common effect-size metric across settings.

4. Results

4.1. Overview of Included Studies: Thirty-three peer-reviewed studies met the final inclusion criteria. The evidence is geographically concentrated, twenty-four studies examine the United States, drawing on quasi-experimental variation generated by the Immigration Reform and Control Act of 1986 (IRCA), the Deferred Action for Childhood Arrivals (DACA) programme, and sub-federal enforcement initiatives such as Secure Communities. Six studies examine European destinations, principally Italy and Spain. Three studies examine Asian destinations, all qualitative or small sample in design.

Identification strategies of these studies are heterogeneous. Most studies related to United States use difference-in-differences designs exploiting policy rollouts, regression discontinuity at eligibility cutoffs, or panel comparisons before and after regularisation. European studies rely on administrative-data linkages from national regularisation programmes. Asian studies report descriptive evidence from qualitative fieldwork, with no quasi-experimental design identified within the review window.

Outcomes are unevenly characterized. Wages and earnings appear in twenty-eight of thirty-three studies. Occupational mobility is examined in eleven, working hours in eight, and employment duration in six. Four studies examine consumption behaviour as a response to legal-status change.

4.2. Earnings Penalties and Regularisation Gains: A residual wage penalty for undocumented workers, after controlling for education, age, and location, is documented in virtually every study that can make the comparison. In the United States, Rivera-Batiz (1999) estimated a residual hourly wage penalty of approximately ten to twelve percent for undocumented Mexican men. Hall, Greenman, and Farkas (2010) placed the figure closer to seventeen percent, with three to five percentage points persisting after observable human-capital controls. Borjas and Cassidy (2019), drawing on a more recent sample, estimated a smaller residual of approximately four percent, suggesting that the magnitude shifts with the educational and industrial profile of the undocumented population.

Evidence from the IRCA amnesty sharpens the causal interpretation. Kossoudji and Cobb-Clark (2002) reported post-legalisation wage gains of approximately six percent for legalised Mexican men, with larger gains among those initially in low-wage sectors. Amuedo-Dorantes and Bansak (2011) estimated gains of five to ten percent for men and smaller gains for women, attributing the gender asymmetry to pre-amnesty occupational distributions that constrained post-legalisation mobility. Pan (2012) showed that a substantial share of the earnings gain operates through subsequent human-capital investment rather than through an immediate mechanical effect of the status change. European evidence is consistent in direction. Devillanova, Fasani, and Frattini (2018) documented wage and formal-employment gains following the 2002 Italian regularisation, and Amuedo-Dorantes, Malo, and Muñoz-Bullón (2013) reported similar patterns after Spain's 2005 programme. A further dimension emerges from consumption studies, like Dustmann, Fasani, and Speciale (2017) and Adamopoulou and Kaya (2020) show that post-regularisation consumption responses exceed what income gains alone would predict, indicating that legal status reduces precautionary saving and eases liquidity constraints independently of its effect on hourly wages. In sum, United States and European evidence places the causal effect of documentation status on earnings at roughly four to ten percent after controls, a range that is consistent across settings despite differences in method, period, and migrant population.

4.3. Working Hours and Labour Supply: Evidence on working hours is thinner and more mixed in direction than the wage evidence. In the United States, Kuka, Shenhav, and Shih (2020) showed that DACA eligibility raised labour supply among eligible young adults, with the hours response partially offset by increased educational enrolment among those who used the status change to invest in further schooling. The net working hours effect is positive but small.

East, Hines, Luck, Mansour, and Velasquez (2023) examined the hours response to Secure Communities enforcement and documented substantial reductions in employment and working hours among likely-undocumented men in exposed counties, with meaningful spillover reductions onto documented co-ethnics. This finding carries a methodological implication beyond the working hours outcome. When enforcement reduces employment, wage estimates are calculated only from workers who remained in jobs. Those most affected have already exited the sample. As a result, standard wage estimates likely understate the true labour-market cost of undocumented status. The picture looks different in employer-tied settings. Qualitative evidence from Malaysia and Singapore indicates that workers under sponsorship arrangements routinely face overtime imposed by employers and have limited ability to refuse extended shifts, given that termination simultaneously means loss of legal status (Crinis, 2010; Kaur, 2010). Quantitative evidence on the hours effect under employer-tied regimes remains limited, and this represents an area where further research would meaningfully extend the existing evidence base.

4.4. Occupational Mobility and Job Matching: Documentation status restricts upward occupational movement even after accounting for education, experience, and other worker characteristics. Kossoudji and Cobb-Clark (2002) provide the most cited finding in this area, showing that roughly half of the post-IRCA earnings gain operated through occupational upgrading rather than wage growth within the same job. This decomposition matters because it means a study tracking only wages while holding occupation constant captures at most part of the total documentation-status effect. Hall and Greenman (2015) extend this by documenting persistent occupational segregation between documented and undocumented Mexican workers. Undocumented workers remain concentrated in a narrow band of low-skilled occupations regardless of their education and experience, suggesting that the constraint operates through employer screening and legal eligibility rules rather than through skill differences alone. Ortega and Hsin (2022) provide the most quantitatively developed treatment of this mechanism, showing that the productivity gap between documented and undocumented workers is driven predominantly by occupational misallocation rather than by wage dispersion within occupations. Workers are not simply paid less for the same job, but they are kept out of better-matched jobs entirely. Brown (2023) adds that this constraint is not uniform across destinations. State-level occupational licensing rules affecting undocumented workers produce measurable shifts in occupational access, which means the mobility penalty varies depending on the regulatory environment a worker happens to be in.

European regularisation studies report post-programme movement out of informal employment into formally contracted work (Devillanova et al., 2018; Amuedo-Dorantes et al., 2013), consistent with the United States evidence in direction. Neither the Italian nor the Spanish evidence, however, decomposes earnings gains into between-occupation and within-occupation components, so the relative weight of the occupational channel in European settings remains an open question. In employer-tied visa regimes, occupational mobility is restricted by the permit conditions themselves rather than by enforcement risk. Workers tied to a single sponsoring employer cannot move to a better-matched job without employer consent or a change of permit class. The channel that accounts for roughly half the earnings gain from regularisation in the United States evidence is, by design, unavailable under these arrangements, regardless of how long a worker has been in the destination or what skills they hold.

4.5. Employment Duration and Job Stability: Evidence on employment duration is the shallowest of the four outcomes examined, appearing in only six of the thirty-three included studies. However, the studies consistently points in the same direction that undocumented status shortens effective job tenure and concentrates employment risk in ways that are not fully visible in wage estimates alone.

The most comprehensive study is from Tamborini and Villarreal (2021), who track immigrant employment trajectories across the Great Recession and its aftermath using longitudinal earnings records. Their findings show that undocumented workers experience sharper employment declines during downturns and slower recovery relative to documented migrants with otherwise similar observable characteristics. The gap widens precisely when aggregate labour demand contracts, suggesting that employers treat documentation status as a margin of adjustment, releasing undocumented workers first and rehiring documented ones sooner. This cyclical vulnerability is not captured by cross-sectional wage comparisons, which are necessarily conditioned on continued employment and underrepresent workers who have already exited. East, Hines, Luck, Mansour, and Velasquez (2023) provide complementary evidence from a different angle. Their analysis shows that Secure Communities enforcement reduced employment not only among likely-undocumented workers but also among documented migrants of the same ethnic background living in the same location. This spillover matters because it suggests that the employment costs of undocumented status extend beyond the undocumented population itself. If enforcement shortens job spells for a broader group of workers, then standard estimates of employment instability among undocumented migrants alone will undercount the total effect.

Chhour (2025) extends the employment instability evidence to a Non-Western geographical setting, documenting that Cambodian worker in Japan's Technical Intern Training programme face tenure disruption through programme failures and employer non-compliance rather than through deportation risk in the conventional sense. Workers in this corridor lose employment not because enforcement targets them but because the permit structure itself is fragile. Programme terminations, sponsoring-firm closures, and contract non-renewals all extinguish legal status simultaneously with employment, leaving workers without the option of seeking another employer. The mechanism differs from the United States enforcement context, but the outcome is structurally consistent, that shows elevated separation risk concentrated among workers whose legal presence depends on a single employer.

Therefore, these findings suggest that the employment duration effects of documentation status extend beyond what any single-period wage comparison reveals. Undocumented workers bear a disproportionate share of aggregate employment risk over the business cycle, lose jobs sooner when enforcement intensifies, and under employer-tied permit designs, face a simultaneous loss of both employment and legal status that workers in amnesty-type regimes do not. In deportation-risk regimes, job loss and status loss are separable events. Under sponsorship designs, they are the same event, and the employment-duration penalty in such settings carries an immigration-status dimension that existing studies have not yet quantified.

5. Discussion

Three broader findings emerge from the evidence and shape the discussion of this study. In regimes where documentation is determined by entry decisions and enforcement policy, regularisation generates wage gains of five to ten percent, occupational mobility gains that account for a substantial share of those earnings increases, and consumption responses larger than the income effect alone would predict. Enforcement intensification in these same settings imposes costs that extend beyond directly targeted workers onto documented co-ethnics, a spillover that conventional cross-sectional estimates do not capture. In employer-tied visa regimes, by contrast, the quantitative evidence base remains limited, and where evidence exists it is largely qualitative, describing frictions that operate through sponsorship lock-in rather than deportation risk. The occupational-mobility channel that drives much of the regularisation gain in amnesty-type settings is structurally foreclosed under these arrangements. What follows unpacks each of these patterns in turn and considers what they mean for how the literature should develop.

The wage evidence provides the most robust foundation for causal inference. A residual penalty of four to seventeen percent for undocumented workers, documented consistently across the United States and European literature, survives controls for education, age, and location in virtually every included study. Post-regularisation gains of five to ten percent, established through panel comparisons of the same individuals before and after legal-status change, confirm that this penalty is not simply a product of selection on unobservables but reflects a causal effect of status itself (Kossoudji & Cobb-Clark, 2002; Amuedo-Dorantes & Bansak, 2011; Devillanova, Fasani & Frattini, 2018). The four-to-seventeen percent range should nonetheless be read with the selection concern identified by Borjas (1987, 1994) in mind. Quasi-experimental designs exploiting IRCA and DACA identify local average treatment effects for workers near policy eligibility thresholds, and the extent to which these estimates generalise to the broader undocumented population depends on the degree of negative selection on unobservable that instruments cannot absorb. The range reflects genuine heterogeneity across periods, methods, and the changing composition of the undocumented workforce.

The consumption evidence adds a dimension that wages alone cannot capture. Dustmann, Fasani, and Speciale (2017) and Adamopoulou and Kaya (2020) document post-regularisation consumption responses that exceed concurrent income gains, indicating that legal status reduces precautionary saving and eases liquidity constraints independently of its effect on hourly wages. The welfare gain from regularisation is therefore larger than any wage decomposition can show, because it operates through financial behaviour as well as through the labour market itself.

The occupational mobility findings complicate the wage picture in a way the literature has not fully absorbed. Kossoudji and Cobb-Clark (2002) established that roughly half of the post-IRCA earnings gain operated through occupational upgrading rather than wage growth within jobs. This decomposition carries a direct methodological implication, a study that tracks only wages while holding occupation constant is measuring a lower bound on part of the documentation-status effect, not the full effect. Ortega and Hsin (2022) reinforce this by demonstrating that the productivity gap between documented and undocumented workers is driven predominantly by occupational misallocation rather than wage dispersion within occupations. Documentation status determines the set of occupations a worker can credibly enter, and wage renegotiation within a job is secondary to that access constraint. Brown (2023) adds granularity by showing that state-level occupational licensing changes for undocumented workers produce measurable shifts in occupational access, confirming that the mobility constraint is not uniform across destinations but is moderated by sub-federal regulatory variation, a finding with direct implications for the interpretation of cross-state and cross-country comparisons.

The human-capital channel reinforces the occupational mobility findings through a distinct route. Kuka, Shenhav, and Shih (2020) and Hsin and Ortega (2018) show that DACA eligibility raises schooling investment and shifts occupational trajectories among younger migrants, consistent with Chiswick's (1978) reasoning that legal status raises the expected return on destination-specific skill accumulation by extending the planning horizon and opening access to formal training. Pan (2012) similarly demonstrates that a substantial share of the post-IRCA earnings gain materialises through subsequent human-capital investment rather than through an immediate status-change effect. Taken together, these findings mean that the earnings gains from regularisation are not front-loaded: they accumulate over time as workers invest in skills, move into better-matched occupations, and renegotiate employment conditions from a stronger bargaining position. A cross-sectional wage estimate taken shortly after regularisation therefore understates the long-run effect of legal status on earnings and welfare.

The working hours evidence adds a dimension that neither wages nor occupational mobility captures, and it raises a methodological concern for the broader wage literature. East, Hines, Luck, Mansour, and Velasquez (2023) document that Secure Communities enforcement reduced employment and working hours not only among likely-undocumented workers but among documented co-ethnics in the same labour markets. Two implications follow. First, the labour-market cost of documentation vulnerability extends beyond undocumented workers themselves to a broader population that conventional estimates focused on the undocumented group miss entirely. Second, enforcement-driven exit from employment creates a survivor bias in wage samples: estimates of the wage penalty obtained from workers remaining in employment after an enforcement shock are conditioned on survival and therefore understate the total earnings cost of undocumented status. Kuka, Shenhav, and Shih (2020) add that DACA eligibility raised labour supply among eligible young adults, though the hours response was partially offset by increased educational enrolment — consistent with the human-capital interpretation that legal status shifts the allocation of time as well as the return to it. The hours evidence is the thinnest in the review, appearing in only eight of thirty-three included studies, and its mixed direction across settings counsels' caution about strong generalisations. What it does establish is that the labour-supply margin is sensitive to legal-status change in both directions, and that enforcement effects on hours spill over in ways that cross-sectional wage comparisons cannot recover.

Employment duration evidence, discussed in detail in Section 4.4, adds a cyclical and institutional dimension to the picture. Tamborini and Villarreal (2021) show that undocumented workers bear a disproportionate share of employment risk over the business cycle, losing jobs faster during contractions and recovering more slowly. The Secure Communities spillover documented by East et al. (2023) suggests that this instability extends to documented co-ethnics, and Chhour's (2025) evidence from the Japan Technical Intern Training programme illustrates that under employer-tied permit designs, job loss and status loss are the same event rather than separable ones — a bundled penalty with no quantitative decomposition yet available in the peer-reviewed literature.

These findings from the United States and European evidence sit in sharp contrast to what the synthesis can say about employer-tied visa regimes. In amnesty-type settings, the occupational-mobility channel accounts for roughly half the earnings gain from regularisation, the human-capital channel accumulates further gains over time, and the consumption-smoothing response exceeds the income effect, all of which are identifiable because policy variation provides the necessary quasi-experimental leverage. In employer-tied regimes, the outside option is absent by contractual design rather than enforcement risk. Workers under sponsorship arrangements accept wages, hours, and conditions they would not accept if employer transfer were freely available, and the threat of job loss is simultaneously the threat of loss of legal status, which operates as a disciplining mechanism functionally equivalent to the deportation threat in other regimes. The occupational-mobility channel that drives the largest identifiable share of regularisation gains in the United States evidence is structurally closed under sponsorship designs regardless of worker tenure or skill. The human-capital accumulation channel is plausibly muted by the short and contingent nature of most sponsorship contracts, which reduce the expected return on destination-specific skill investment. The consumption-smoothing response observed in United States and European data would, in corridor arrangements such as Bangladesh-Malaysia, manifest through remittance behaviour rather than destination-country consumption, following a structurally different welfare pathway that existing analysis does not capture.

These are not simply differences in the magnitude of a common effect. The mechanisms through which documentation shapes labour-market outcomes differ in kind between amnesty-type and employer-tied regimes, which means that findings from IRCA or DACA cannot be extrapolated to sponsorship settings without specifying how the channel structure changes. No peer-reviewed quasi-experimental evidence on wages, hours, occupational mobility, or employment duration under an employer-tied regime was identified in this review. This reflects genuine methodological difficulty as well as the relative youth of quantitative work in these settings: the designs developed for IRCA and DACA exploit policy variation that employer-tied regimes do not generate in the same form, and new identification strategies exploiting sponsorship transitions, permit portability rule changes, or bilateral recruitment agreement reforms would be needed to generate the causal evidence currently absent. The absence of that evidence reflects genuine methodological challenges in studying these settings, and extending the quantitative evidence base to employer-tied destinations represents a productive direction for future research.

6. Conclusion

This review synthesised thirty-three peer-reviewed evidence on how documentation status shapes the wages, working hours, occupational mobility, and employment duration of low-skilled migrants across destination economies. The evidence supports a clear overall conclusion that documentation is felt on multiple dimensions of labour-market experience simultaneously, with wages displaying the most robust effects and occupational mobility, working hours, employment stability, and consumption behaviour responding in directions consistent with the same underlying mechanisms. In the United States evidence, the Kossoudji and Cobb-Clark (2002) decomposition suggests that occupational upgrading accounts for roughly half of the post-IRCA earnings gain, which implies that a wage-only analysis, if that decomposition holds more generally, recovers only part of the earnings effect of regularisation and misidentifies the primary mechanism behind the larger share. The hours and tenure evidence, though thinner, adds cyclical vulnerability and spillover costs that neither wage nor mobility estimates capture.

Destination-country institutional regime determines which channels are active and how they interact. In deportation-risk settings such as the United States and Western Europe, legal status restores the outside option and opens the occupational-mobility channel, which accounts for roughly half of post-legalisation earnings gains and accumulates further through human-capital investment over time. In employer-tied visa regimes, the outside option is absent by contractual design rather than enforcement risk, and that channel is structurally closed regardless of worker tenure or skill. Evidence from amnesty-type regimes cannot therefore be read directly into employer-tied settings, the mechanisms differ in kind, not only in degree. The policy instruments appropriate to one regime type are unlikely to be effective in the other.

This review is restricted to English-language peer-reviewed articles indexed in Scopus and Web of Science, which excludes working papers and non-English research that may contain relevant evidence from under-represented destinations. Beyond data availability, the identification strategies developed for amnesty-type regimes do not transfer directly to employer-tied settings, meaning that closing this gap will require new methodological approaches rather than simply more data collection. Future research should prioritise primary empirical work in employer-tied destinations, particularly studies that can distinguish between the effects of documentation status and employer dependency, two conditions that existing data do not allow to be separated. Research extending the analysis to consumption, remittance behaviour, and household financial wellbeing in Asian and Gulf migration corridors would also broaden the evidence base beyond labour-market outcomes. The field has established a strong quantitative foundation for amnesty-type destination regimes. Developing a comparable foundation for employer-tied settings remains a pressing and productive direction for the field.

Authors Contribution:

Suchana Das: Writing- Original draft, Editing, Methodology, Software, Data curation

Wye Chung Khain: Conceptualization, Supervision, Validation, Reviewing

Hazrul Izuan Bin Shahiri: Conceptualization, Supervision, Validation, Reviewing

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Appendix A. Database Search Strings

Both databases were searched on 17 April 2026, covering peer-reviewed journal articles published between 2000 and 2026. Searches were conducted in English and restricted to Economics, Sociology, Business, and related subject areas. The search strings are reproduced verbatim below.

1. Scopus

Records retrieved: 900; Search date: 17 April 2026

Search string: `TITLE-ABS-KEY ((migrant* OR immigrant* OR "foreign worker*" OR "migrant worker*" OR "guest worker*") AND ("documentation status" OR "legal status" OR "immigration status" OR "authorization status" OR undocumented OR "un-documented" OR unauthori?ed OR "irregular migra*" OR "illegal migra*" OR "illegal immigra*" OR documented OR "legal migra*" OR regulari?ed OR amnesty) AND (wage* OR earning* OR income* OR "hours of work" OR "working hours" OR "work hours" OR "labour market outcome*" OR "labor market outcome*" OR "job mobility" OR "occupational mobility" OR "labour mobility" OR "labor mobility" OR "job tenure")) AND PUBYEAR > 1999 AND PUBYEAR < 2027 AND (LIMIT-TO (SUBJAREA , "SOCI") OR LIMIT-TO (SUBJAREA , "ECON") OR LIMIT-TO (SUBJAREA , "BUSI")) AND (LIMIT-TO (DOCTYPE , "ar") OR LIMIT-TO (DOCTYPE , "re")) AND (LIMIT-TO (LANGUAGE , "English"))`

2. Web of Science

Records retrieved: 721; Search date: 17 April 2026

Search string (Topic field): `TS = ((migrant* OR immigrant* OR "foreign worker*" OR "migrant worker*" OR "guest worker*") AND ("documentation status" OR "legal status" OR "immigration status" OR "authorization status" OR undocumented OR unauthori$ed OR "irregular migration" OR "illegal migration" OR "illegal immigration" OR documented OR "legal migration" OR regulari$ed OR amnesty) AND (wage* OR earning* OR income* OR "hours of work" OR "working hours" OR "work hours" OR "labor market outcome*" OR "labour market outcome*" OR "job mobility" OR "occupational mobility" OR "labor mobility" OR "labour mobility" OR "job tenure"))`

Filters applied: Publication Years: 2000 to 2026 Document Types: Article; Review Article Languages: English Web of Science Categories: Economics; Industrial Relations and Labor; Demography; Sociology