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Worker-paid migration costs in the Viet Nam-Malaysia corridor

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Table of content

Abbreviations

ASEAN	Association of Southeast Asian Nations
CAPI	Computer-Assisted Personal Interviewing
EPS	Employment Permit System [Republic of Korea]
ILO	International Labour Organization
IRIS	International Recruitment Integrity System
KNOMAD	Global Knowledge Partnership on Migration and Development
MYR	Malaysian ringgit [currency]
OECD	Organisation for Economic Co-operation and Development
PLKS	Visit Passes for Temporary Employment [Pas Lawatan Kerja Sementara – Malaysia]
SDG	Sustainable Development Goal
VAMAS	Viet Nam Association of Manpower Supply
VND	Vietnamese dong [currency]

Introduction

According to estimates, in 2013 there were 150.3 million economically active migrants in the world (ILO, 2015a). (83.7 million men, and 66.6 million women.) Asia and the Pacific hosts 21.9 per cent of the global migrant worker population (almost 33 million persons) of whom 17.1 million are male and 15.6 million are female (ILO, 2015a).1 The Arab States have the highest proportion of migrant workers to all workers (35.6 per cent), and host 11.7 per cent of migrant workers worldwide, most of them from South-East and South Asia.

Labour migration in Asia mainly occurs under temporary migration regimes and for less-skilled work. Migrants often fill jobs unattractive to nationals, and some occupations are highly gendered. Flows from Asia are largely intra-regional with flows to the Middle East, within the Association of Southeast Asian Nations (ASEAN), and to East Asia. Asia is also an important source region for skilled workers (in particular China, India, and the Philippines). In 2015, 27 per cent of all new migrants to Organisation for Economic Co-operation and Development (OECD) nations came from Asia (ADBI, ILO, and OECD, 2018).

Migrant recruitment issues have been highlighted in international migration discussions in the recent past. Reducing the costs of migration was one of the eight action points in the United Nations (UN) Secretary-General's Statement at the UN High Level Dialogue on Migration and Development (United Nations, 2013). These costs include the high fees paid to recruiters, which reduce the impact of migration on development, both by exposing workers to indebtedness and by contributing to an inequitable distribution of the migration gains among migrants, employers, and the recruitment industry. High fees charged by recruitment agencies can also lead to irregular migration, by deterring migrants from using legal channels or leading them to abscond from their employer when excessive recruitment fees are being deducted from their wages. The New York Declaration issued in 2016 recognizes the importance of addressing recruitment, including through "reduc[ing] the high costs of labour migration and promot[ing] ethical recruitment practices" (United Nations, 2016, para. 46). In 2016 the International Labour Organization (ILO) adopted the *General principles and operational guidelines for fair recruitment*, which states, "No recruitment fees or related costs should be charged to, or otherwise borne by, workers or jobseekers" (Principle 7).[2]

[1] Does not include Arab States

[2] In November 2018, the ILO will convene a three-day tripartite meeting of experts on the definition of recruitment fees and costs to supplement the guidelines.

The International Organization for Migration is promoting the International Recruitment Integrity System (IRIS), a certification system framework for private recruitment agencies that draws on the ILO's *General principles and operational guidelines for fair recruitment*, as well as the ILO Fundamental Principles and Rights at Work.

Recruitment is one of the major functions of the labour market where employers seek workers and workers seek jobs. Employers broadly have three strategies to recruit workers (and workers to find jobs):

1. directly through job announcements and screening;
2. through public employment services; or
3. through private intermediaries that include licensed recruitment agencies and social networks (of the workers).

With the exception of the Employment Permit System (EPS) in the Republic of Korea, private recruitment agencies dominate international placement of low-skilled workers in Asia. Directly or indirectly, they account for a majority of workers placed abroad from Bangladesh, India, Indonesia, Nepal, Pakistan, the Philippines, Sri Lanka, Thailand, and Viet Nam.

In the case of the Viet Nam–Malaysia migration corridor, the emigration process of low-skilled Vietnamese workers is largely through private employment agencies that are government regulated. The deployment and management of workers is guided by Viet Nam's Law on Sending Contract-Based Workers Overseas (2006).

The study presented here seeks to shed light on the migrant worker-paid migration costs in an important migration corridor: Viet Nam to Malaysia. Viet Nam was selected for two reasons: First, high recruitment fees for Vietnamese workers have been reported in several migration corridors, including those to Taiwan (China) and the Republic of Korea (*The Star*, 2013), and Malaysia, with studies finding that Vietnamese workers may be charged higher recruitment fees than workers of other nationalities for jobs in the same sector (Verité, 2014) The present survey includes an analysis of the various components of migration costs within another significant migration corridor – that with Malaysia – and aims to shed light on where rent-seeking behavior occurs, as well as other factors influencing migration costs, to better understand why migration costs are high for Vietnamese workers. The Vietnamese Government is interested in learning more about migration costs, in particular with a view to informing recommendations on the regulation of migration costs, in order to revise the Law on Sending Contract-Based Workers Overseas.

Chapter 1 provides background on the imperative to reduce migration costs, it lists the main international instruments around fair recruitment and provides an overview of the World Bank–ILO initiative on measuring migration costs. Chapter 2 outlines the main features of labour migration from Viet Nam, and describes the results of the survey. Chapter 3 provides some concluding observations and recommendations on ways forward.

CHAPTER 1

Introduction

1.1 The need to reduce migration costs

Given that the supply of workers in low-wage countries far outstrips the demand in wealthier destination countries and that there are far more workers intending to work abroad than there are jobs, migrant workers are highly vulnerable to abuses during recruitment. Moreover, the high volume of migration (over 5 million workers a year from Asia), often between countries with governance gaps, and the poor bargaining position of migrants, gives rise to rent-seeking behaviour on the part of local recruitment agents and their foreign counterparts, as well as politicians and elites. The recruitment fees charged are, by far, excessive in relation to actual costs incurred.

The cross-border movement of workers potentially offers a triple win for the different parties involved (ILO, 2015b). It is a win for destination countries, as it contributes to economic growth and the provision of labour and skills, and it helps to bridge their demographic profiles. It is a win for countries of origin, as it lowers unemployment, increases remittances, and provides the possibility of returning workers having acquired skills abroad, thereby positively contributing to reaching national and global development goals. It is also a win for migrant workers – provided they are offered decent work – as it gives them the opportunity to earn higher incomes and, often, escape poverty and material deprivation.

However, the triple win is currently not equitably distributed among the parties involved. The ILO has called for "constructing an agenda for fair migration which not only respects the fundamental rights of migrant workers but also offers them real opportunities for decent work" (ILO, 2014a, p. 4). This means a fair sharing of the prosperity migrant workers themselves help to create, and to build migration regimes that respond equitably to the interests of countries of origin and destination, migrant workers, employers, and destination country nationals (ILO, 2015b).

Migration costs are often high for both workers and employers. This can lead to document retention on the part of the employer as well as restrictions to changing employers for the worker. The UN Guiding Principles on Business and Human Rights have also made clear the responsibility of businesses to respect worker rights and there is reputational risk for brands that do not. Labour supply is now considered part of supply chain and social audits.

Lower migration costs would mean:

1. Migrant workers incur less debt and are less compelled to borrow money, mortgage, or sell their assets to finance migration.
2. The development impact of migration is increased. Migrants can potentially save more and send higher remittances to their families, which can be used for investments in the education of their children, increased access to medical services, and productive investments – all contributing to local and national development.
3. Workers are less vulnerable to fall into forced labour situations because of heavy debt liabilities.
4. Migrants can seek redress and compensation in case of fraud and deceit on the part of recruitment agencies at home or abroad.
5. Migrant workers have less reason to resort to potentially unsafe and irregular migration channels.
6. Businesses will benefit in terms of productivity gains from a recruitment process that produces a better motivated and more satisfied workforce, and potentially increase market share as they improve their popularity among consumers and clients.

1.2 International standards and frameworks on recruitment fees

There are a number of ILO instruments that are particularly relevant to recruitment issues and private employment agencies:

- Private Employment Agencies Convention, 1997 (No. 181) and the related Private Employment Agencies Recommendation, 1997 (No. 188);
- Domestic Workers Convention, 2011 (No. 189) and the related Domestic Workers Recommendation, 2011 (No. 201);
- Protocol P029 of 2014 to the Forced Labour Convention, 1930 (No. 29), and accompanying Forced Labour (Supplementary Measures) Recommendation, 2014 (No. 203);
- Maritime Labour Convention, 2006;
- ILO Multilateral Framework on Labour Migration (2005);
- ILO *General principles and operational guidelines for fair recruitment* (2016).

ILO Private Employment Agencies Convention, 1997 (No. 181)

Convention No. 181 recognizes the role of private employment agencies in job placement as well as third-party employment relations. It also sets the standards with regards to fees and costs. Article 7(1) reads: "Private employment agencies shall not charge directly or indirectly, in whole or in part, any fees or costs to workers." Exceptions to this (i.e., charging fees to workers) is provided for if the interest of workers is taken into account and after consultation with representative workers' and employers' organizations.[3] So far 32 countries have ratified Convention No. 181: 18 in Europe; one in the Middle East; two in Africa; two in Latin America; and three States in Asia and the Pacific. These latter three are Fiji, Japan, and Mongolia.

Maritime Labour Convention, 2006 (MLC, 2006)

Standard A1.4 – Recruitment and placement, article 5(b), requires that no fees or other charges for seafarer recruitment or placement or for providing employment to seafarers are borne directly or indirectly, in whole or in part, by the seafarer, other than the cost of the seafarer obtaining a national statutory medical certificate, the national seafarer's book, and a passport or other similar personal travel documents, not including, however, the cost of visas, which shall be borne by the ship owner.

ILO Multilateral Framework on Labour Migration

The UN and ILO standards on migrant workers are complemented by the ILO Multilateral Framework on Labour Migration, comprising non-binding principles and guidelines for a rights-based approach to labour migration (ILO, 2006). It includes guidelines on the licensing and supervision of recruitment and contracting agencies for migrant workers under its Principle 13.

ILO General principles and operation guidelines for fair recruitment

Furthermore, the ILO adopted the *General principles and operational guidelines for fair recruitment* in a tripartite meeting held in September 2016. In its 328th Session, the ILO's Governing Body called on ILO to disseminate these principles and guidelines, and to draw upon them as a foundation for ILO programmes on recruitment. The principles and guidelines draw on a number of international labour standards and related ILO instruments.

Although stimulated by the need for guidelines in the context of labour migration, the principles and guidelines refer to both international labour migration and work in the national context. The principles and guidelines are meant to serve as a central means to address growing recruitment abuses, and they apply to national workers as well as migrant workers. Implementation of these principles and guidelines at the national level should occur after consultation between social partners and the government.

There are 13 general principles, including one on fees and costs: No recruitment fees or related costs should be charged to, or otherwise borne by, workers or jobseekers. The general principles are followed by 31 operational guidelines for the benefit of governments, employers, enterprises, public employment services, and labour recruiters.

Sustainable Development Goals

The importance of decent work and well managed migration is recognized in the Sustainable Development Goals (SDGs) and provides a new opportunity for change. The UN's 2030 Agenda for Sustainable Development includes references to mobility – including labour migration – and recognizes that labour migration is an important contributor to development, and as such, needs to be incorporated in global development policy as well as in national and local migration governance structures.

SDG 8 aims to promote inclusive and sustainable economic growth, with full and decent work for all. Target 8.8 is to protect labour rights and ensure a safe and secure working environment for all workers, including migrant workers and in particular women migrants. SDG 10 aims to reduce inequalities within and among countries. Target 10.7 is to facilitate orderly, safe, and responsible migration and mobility of people, including through implementation of planned and well managed migration policies. One of the recommended indicators for target 10.7 is the "recruitment cost [being] borne by the employee as a proportion of yearly income earned at country of destination". While targets still need to be agreed upon, a current proposal is that recruitment costs should not be higher than the equivalent of one month's salary.

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[3] Article 7(2): "In the interest of the workers concerned, and after consulting the most representative organizations of employers and workers, the competent authority may authorize exceptions to the provisions of [Article 7] paragraph 1 above in respect of certain categories of workers, as well as specified types of services provided by private employment agencies."

1.3 Increasing transparency of migration costs: KNOMAD methodology on measuring migration costs

The World Bank-led Global Knowledge Partnership on Migration and Development (KNOMAD) is a platform to synthesize and generate knowledge and policy expertise on migration and development issues. Its Thematic Working Group (TWG) on Low-Skilled Labour Migration, co-chaired by the ILO, aims to identify policies to reduce the migration costs of low-skilled labour migrants, as well as mechanisms to facilitate the cross-border movement of low-skilled labour.

Since 2014, the TWG has developed and implemented a project to collect migration cost data from workers such that the data are comparable across origin countries. Analysis of these data aims to contribute to setting a global target to reduce migration costs – e.g., to one month's wage. During 2014, the project developed a data collection strategy: a face-to-face interview with a migrant worker in a destination country using a standard questionnaire. The questionnaire was continuously improved to reflect lessons learned from field surveys in 2014–15. The project identified a set of key criteria for sample selection to ensure comparability across survey data:

1. Respondents are migrants who have performed low-skilled jobs (as defined by ILO Skill Level 1) in the destination country, irrespective of the level of their education attainment.
2. It limits jobs to three sectors – construction, agriculture, and domestic work – although this is relaxed to include the manufacturing sector in Malaysia and the Republic of Korea.
3. To address recall errors, surveys of returnee migrants in countries of origin were limited to returnees who left their home country in 2011 or afterwards (including those visiting home on vacation). For surveys of current migrants in destination countries, they were restricted to those migrants who had arrived in the destination country within the past one year.
4. In principle, the survey shall be conducted with regular migrants who left the home country with a work visa/ permit.

For a list of pilot surveys and full surveys, please refer to Appendix I.

Interviews and data collection have been conducted using the World Bank's Survey Solutions Computer-Assisted Personalized Interviewing (CAPI) system in order to reduce errors in surveys, and to improve the quality of data and analysis for the field surveys.

Ultimately, it is envisioned that the survey data contributes to developing a migration cost database that enables comparison of costs across corridors and can provide a first basis for future monitoring and lowering of worker-paid migration costs. Further, the indicator for SDG Target 10.7 is currently "recruitment cost borne by the employee as a proportion of yearly income earned at country of destination". The methodology developed by the KNOMAD TWG and the surveys will contribute towards developing the global standard methodology for this indicator, the methodology of which is being developed by ILO and World Bank (as custodian agencies for the indicator).

CHAPTER 2

Results of migration cost surveys in the Viet Nam–Malaysia corridor

The findings of this case study are based on the Migration Cost Survey conducted between August and September 2015 with 401 Vietnamese migrant workers employed in Malaysia in the manufacturing and construction sectors. The case study presents the demographics of low-skilled labour migration from Viet Nam to Malaysia and identifies the costs paid by these workers to obtain jobs in Malaysia. The survey solicited the specific breakdown of the cost in the hope of shedding light on the rent-seeking behaviour inherent to the recruitment industry.

2.1 Labour migration trends and institutional arrangements in Viet Nam

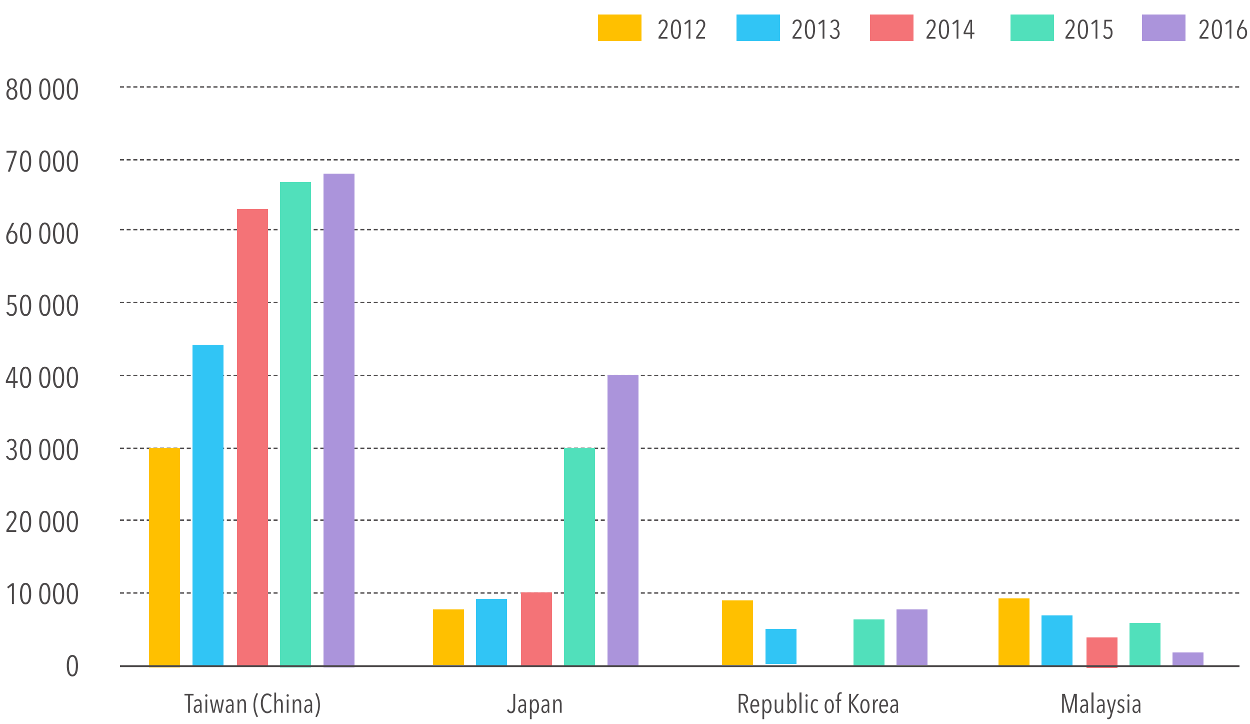
About 500,000 Vietnamese men and women migrant workers currently work in 40 countries and territories. Approximately 80,000 workers are deployed each year, 35 per cent of whom are women (VAMAS, 2013). The number of Vietnamese workers deployed to Malaysia increased from 19,965 in 2002 to 24,605 in 2005 (ILO, 2015c). The number has been much lower since 2011, with only 5,000–10,000 Vietnamese workers deployed to Malaysia each year, half of whom are women. In 2015, 7,354 workers were deployed to Malaysia, of whom 57.5 per cent were women (table 2.1). As of June 2015, there were 56,591 Vietnamese workers in Malaysia (Ministry of Human Resources, 2015). Malaysia is one of the largest destinations for Vietnamese workers after Taiwan (China), Japan, and the Republic of Korea, seen in figure 2.1 (DOL, 2016).

The out-migration process of low-skilled Vietnamese workers is largely government-regulated, and is guided by the Law on Vietnamese Guest Workers, 2006. Articles 20, 21, and 23 pertain to brokerage commissions, service charges, and security deposits of workers (to be refunded after return of the worker to Viet Nam), respectively. Joint Circular No. 16/2007/TTLT-BLDTBXH-BTC dated 4 September 2007 stipulates the details of the brokerage commission and service charge as follows:

- The brokerage commission[4] is set at one month's net salary per worker per year and a maximum of three months' salary for a three-year contract. This was further defined in Decision No. 61/2008/QD-BLDTBXH dated 12 August 2008, whereby the rate for Malaysia is US$300 for men, $250 for women, and $200 for an outsourcing company. Domestic workers in Malaysia do not have to pay a brokerage commission.
- The service charge is the amount payable by a worker to a Vietnamese recruitment agency for the performance of a guest worker contract. The ceiling on the service charge is one month's net salary per worker per year and the total should not exceed three months' net salary.

Circular No. 21/TT-2013/TT-BLDDTBH dated 10 October 2013 and issued by the Ministry of Labour, Invalids, and Social Affairs set the ceiling on the deposit of migrant workers in Malaysia at $300.

Figure 2.1 Top 4 receiving destinations for Vietnamese workers, 2012- 16



Source: Department of Overseas Labour, 2016

[4] Brokerage commission is the amount payable to foreign brokers by a worker through their recruitment agency.

Table 2.1 Number of Vietnamese workers (total and women) deployed to Malaysia, by year (2009–15)

	Total number of workers deployed	Women workers
2009	2 792	n.a.
2010	11 741	5 504
2011	9 977	44 489
2012	9 200	n.a.
2013	7 564	n.a.
2014	5 139	2 249
2015	7 354	4 255

n.a. = data not available
Source: VAMAS, 2015 and Department for Overseas Labour, Ministry of Labour, Invalids and Social Affairs, March 2016

2.2 Labour migration trends and institutional arrangements in Malaysia

Malaysia has been a popular destination and net receiver of migrant workers for many years. From table 2.2 it can be seen that as of June 2015, there were 2.25 million foreign workers registered under the temporary employment visa scheme (*Pas Lawatan Kerja Sementara* – PLKS) (Ministry of Human Resources, 2015). However, the total number of migrant workers is estimated to be much higher, at 6.7 million[5]. Among regular migrant workers in Malaysia, Vietnamese workers make up only 2.5 per cent.

Migrant workers are issued Visit Passes for Temporary Employment (PLKS), which are work permits governed by multiple regulations to control and regulate their entry and employment. Foreign workers in this category are given entry into the manufacturing, construction, agriculture, plantation, services, and domestic work sectors.

There are eight legislative provisions that govern the employment of migrant workers in Malaysia[6]. Although the Employment Act 1955 recognizes migrant workers as equal to national employees and provides an avenue for redress

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5 See : http://mohr.gov.my/index.php/ms/component/content/article/124-in-the-news/1158-stem-influx-of-foreign-labour-into-malaysia

6 **Employment Act 1955:** Article 60L(1) provides an avenue where the foreign worker have the right to file a complaint to the Director-General of the Labour Department in the event where the "foreign employee is being discriminated against in relation to a local employee by his employer in respect of the terms and conditions of employment". Article 69 of the Employment Act provides authority for the Director-General to investigate and issue orders based on terms and conditions of contracts, wages, and provisions of the Employment Act.

Trade Union Act 1959: Section 28(1)(a) states that a person shall not act as a member of the executive of a trade union or any branch thereof, or of any federation of trade unions, and shall be disqualified for election as such member, if he is not a citizen of the Federation. The above statement disallows foreign workers from becoming an office bearer of the trade union, nor forming one. However, it does not forbid them from joining an existing trade union.

Industrial Relations Act 1967: Provision of the institution of the Industrial Court for disputes and regulation of collective bargaining.

Immigration Act 1959/63: Section 55B lays out the penalties for an employer who is found guilty of hiring foreign workers illegally. Penalties include fines no less than MYR10,000 and no more than MYR50,000 and/or imprisonment of no more than 12 months for each such employee. Section 6(3) states that a convicted illegal foreign workers shall be liable to a fine not exceeding MYR10,000 and/or imprisonment of no more than five years with whipping no more than six strokes.

Workmen Compensation Act 1952: Mandatory for employers to insure all workers under an approved scheme.

Occupational Safety and Health Act 1994: All employers with more than five employees are required to prepare and as often as may be appropriate revise a written statement of their general policy with respect to the safety and health at work of their employees and the organization and arrangements for the time being in force for carrying out that policy, and to bring the statement and any revision of it to the notice of all their employees of their workplaces.

Passports Act of 1955: Section 12(1) considers it an offence for any person without lawful authority to have in his possession any passport issued for the use of some person other than himself.

Minimum Wages Order 2012: Extended to include all migrant workers in December 2013, wherein a full-time employee shall be paid an average minimum wages of not less than MYR900 (Peninsular Malaysia) or MYR800 (Sabah, Sarawak, and Federal Territory of Labuan) a month.

against discrimination, the process for filing complaints and resolving disputes is arduous for foreign workers. Malaysia has been under international scrutiny over its lackluster record on migrants' rights, with many cases of abuse highlighted in the mass media in recent years. A 2014 report into the electronics industry by Verité claimed that 28 per cent of the respondents were in a situation of forced labour, and that this condition can be, at least partially, attributed to the high recruitment fees paid by migrants: 92 per cent of the respondents paid a recruitment fee, while 77 per cent borrowed money to afford this fee. Vietnamese workers were found to have paid the highest recruitment fees – 3,500 Malaysian ringgit (MYR), or about $1,100 (Verité, 2014). The 2015 Trafficking in Persons Report by the US Department of State reported forced labour conditions in Malaysia for the agriculture, construction, and electronics industries, as well as the domestic work sector. Examples of forced labour conditions are passport confiscation, wage fraud, contract violations, and restricted movements. Some employers withhold an average of six months' wages from foreign workers to recoup recruitment agency fees and other debts (US Department of State, 2015). Though it is prohibited by law, it is a common practice for Malaysian employers to keep hold of their workers' passports, according to Robertson (2008) and the Malaysian Employers Federation (2014). The Passport Act 1955 clearly states that no person other than the passport-holder should be in possession of the travel document.

Table 2.2 Number of foreign workers registered under the PLKS by sector and nationality, as of June 2015

	Domestic workers	Construction	Manufacturing	Services	Plantation	Agriculture	Total
Bangladesh	133	105 960	106 350	30 284	19 626	14 665	277 018
Cambodia	4 045	268	3 539	1 048	274	350	9 524
China	231	4 475	527	7 114	45	30	12 422
India	949	9 893	4 007	61 196	24 333	39 246	139 624
Indonesia	106 788	248 790	128 553	42 732	259 561	89 915	876 339
Lao PDR	36	3	22	7	2	4	74
Myanmar	130	20 852	98 332	17 653	2 615	5 979	145 561
Nepal	78	18 886	403 675	116 148	7 223	20 174	566 184
Pakistan	53	29 849	828	6 245	8 846	24 393	73 214
Philippines	42 186	4 122	4 663	5 839	4 876	4 835	66 521
Sri Lanka	1 709	177	3 926	1 072	305	297	7 486
Thailand	352	927	358	10 011	557	1 831	14 036
Viet Nam	**895**	**5 533**	**47 626**	**1 830**	**114**	**593**	**56 591**
Others	76	346	142	309	34	12	919
TOTAL	**157 661**	**450 081**	**805 548**	**301 488**	**328 411**	**202 324**	**2 245 513**

Source: Labour Department, Peninsular Malaysia, June 2015.

The Minimum Wages Order 2012 raised the minimum wages of all employees to MYR900 in Peninsular Malaysia and MYR800 in Sabah, Sarawak, and Labuan[7]. This policy aim has been undermined by conflicting policies – after introducing the minimum wage, the Government reversed a decision that required employers to pay a levy for hiring migrants, and instead it could be charged to the migrants themselves through a monthly salary deduction. Previously, employers were required to pay for the levy in an effort to deter an influx of low-skilled migrant workers (*The Star*, 2013). The rate of the levy varies by sector. Workers pay for their PLKS and entry visa, the fee for which is based on their nationality. A bond is imposed on all workers by the Immigration Department of Malaysia. The rate for the fees differs according to nationality and are given in detail in tables 2.3 and 2.4.

Table 2.3 Fee structure for levy, PLKS and processing fee in Malaysia based on sector

	Levy (MYR)	PLKS (MYR)	Processing fee (MYR)
Manufacturing/construction	**1 250**	**60**	**125**
Plantation	590	60	125
Agriculture	410	60	125
Service	1 850	60	125
Domestic worker	410	60	125

Table 2.4 Fee structure for visa and bond based on nationality

	Visa (MYR)	Bond (MYR)
Bangladesh	20	500
Cambodia	20	250
Indonesia	15	250
Nepal	20	750
Viet Nam	**36**	**1 000**

Source: Immigration Department of Malaysia, 2015

2.3 Methodology and sampling

This study adopted a quantitative approach by conducting face-to-face interviews with Vietnamese workers in Malaysia using a standard survey questionnaire. A mix of quota sampling, cluster sampling, and snowballing was employed in the sampling framework design. The interviews were carried out using the CAPI surveying system developed by the World Bank using tablets provided by the ILO. Only workers who had been in Malaysia for less than four years were interviewed, to ensure information could be recalled. This study was also limited to workers with legal working permits, in line with

[7] Effective from 1 July 2016, the national minimum wage was increased from MYR900 to MYR1,000 per month for Peninsular Malaysia and from MYR800 to MYR920 for Sabah, Sarawak, and the Federal Territory of Labuan. The new minimum wage was implemented in all sectors except for domestic work (See: http://www.bajet.com.my/2016-budget-speech/).

the global methodology designed by the KNOMAD TWG. Surveys were conducted in four regions: Klang Valley, Penang, Melaka, and Negeri Sembilan. Klang Valley and Penang are the most industrialized regions in Malaysia and 90 percent of the sample was located here (refer to table 2.5). The study faced challenges in setting a representative sample frame, and in data collection. Further information on the methodology is contained in Appendix 1. Due to the difficulties in developing a comprehensive frame, the findings are indicative, and do not claim to be representative at a national level.

Table 2.5 | Number of respondents by sector and location, per cent

	Manufacturing	Construction	Total	
	% by location			N
Klang Valley	28.4	85.7	33.4	134
Penang	61.7	2.9	56.6	227
Melaka	4.1	11.4	4.7	19
Negeri Sembilan	5.7	0.0	5.2	21
Total (n)	**366**	**35**		**401**
Total (% by sector)	**91.3**	**8.7**	100.0	

Source: Migration Cost Survey for Vietnamese Workers in Malaysia, 2015.

2.4 Profile of respondents

In all, 401 workers were surveyed – 366 worked in the manufacturing sector and 35 were employed in the construction sector. Among respondents, 42.4 per cent were female and 57.6 per cent were male. None of the female respondents worked in the construction sector, underlining the dominance of men in this occupation. Most respondents were between 18–24 (32 per cent) and 25–34 (25.2 per cent) years old, and 47.6 per cent had been in Malaysia for less than one year. In total, 70.8 per cent had been in Malaysia for two years or less, and only 9.2 per cent of the total number of respondents had been in Malaysia since 2011 (i.e., four years at the time of the survey). Most of the surveyed workers (80 per cent) stated that this was their first time working outside of Viet Nam. Among respondents, 93 per cent had dependents back in Viet Nam, with the majority supporting between three to five dependents, which presumably include children, spouses, parents, and siblings. Only 25 respondents had no one to support.

2.5 Total migration costs

The mean and median total expenditure paid by the respondents to work in Malaysia were $1,374 and $1,370, respectively. The mean and median are both higher for male migrant workers (refer to table 2.6). The minimum migration cost was $44.71, which was paid by a woman; while the maximum was $2,473, which was paid by a man. Importantly, the three respondents who paid the lowest migration costs did not pay a fee to a recruitment agency. In one case the employer reimbursed the payment for transportation. However, these cases are considered outliers, as they are outside of the range after taking into account the standard deviation. Table 2.7 shows the disaggregation of total costs paid by the survey respondents.

Table 2.6 | Average and median total migration cost paid by Vietnamese workers in Malaysia, US$

	Total expenditures (US$)					
	N	**Mean**	**Median**	**Std. dev**	**Min.**	**Max.**
Male	228	1 442.69	1 414.04	264.19	91.36	2 472.63
Female	168	1 279.73	1 281.18	279.24	44.71	2 146.91
Total	396[1]	1 373.56	1 370.37	280.10	44.71	2 472.63

[1] Five workers did not know their total expenditures

The total migration cost varied by the recruitment channel used by the migrant worker, with those using government agencies paying the most, though there were only two observations. The small number of respondents who found jobs directly with the employer paid the least (table 2.7).

Table 2.7 | Mean total recruitment cost (US$), by mode of recruitment

	Recruitment agent/broker[1]	**Manpower agency**	**Government agency**	**Relatives/ friends**	**Employer**	**Total**
Mean	1 379	1 340	1 642	1 385	1 105	1 374
Median	1 380	1 333	1 642	1 312	1 438	1 370
N =	378	8	2	4	7	399[1]

[1] Recruitment broker/agent refers to informal brokers (without license) and manpower agencies are referred as those with formal authorization to recruit.
Source: Migration Cost Survey for Vietnamese Workers in Malaysia, 2015.

The total migration cost can be expressed in terms of the number of months that would be required to pay back the cost. According to survey results, it takes a Vietnamese worker an average of 3.21 months to pay back their migration costs. This rises to 4.26 months of wages when the worker found their job through a government agency, and is as low as 2.3 months when the worker found their job directly with an employer (table 2.8). In reality it would be impossible for workers to dedicate their entire months' salary to repaying their migration cost. Instead, they may repay the amount over a longer term. For example, those workers whose employers covered their migration cost (about 70 per cent) are repaying this loan through monthly salary deductions for 25–36 months.

Table 2.8 | Monthly total earnings (US$) before deductions by mode of recruitment

	Recruitment agent/broker		**Manpower agency**		**Government agency**		**Relatives/ friends**		**Employer**		**Total**	
	Wage	Repay cost[1]	Wage	Repay cost[1]	Wage	Repay cost[1]	Wage	Repay cost[1]	Wage	Repay cost[1]	Wage	Repay cost[1]
Mean	427	3.23	443	3.02	385	4.26	380	3.64	481	2.30	428	3.21
Median	408	3.38	446	2.99	385	4.26	375	3.50	369	3.90	405	3.38
N =	372		8		2		4		7		393[1]	

[1] "Repay cost" refers to the months of earning needed to make up the total recruitment cost, if 100 per cent of the salary were devoted to that purpose (i.e., it reflects total recruitment cost/ monthly total earnings).
Source: Migration Cost Survey for Vietnamese Workers in Malaysia, 2015.

2.6 Migration cost, by component

The total migration costs can be made up of 17 components, including: recruitment agency fees, visa, transport (local and international), passport, medical exam, life insurance, police clearance, contract approval, pre-departure training, language training, job training, skills testing, exit approvals, migrant worker welfare fund, informal payments, and other formal payments. Most respondents paid a lump sum to their broker/agent, and the latter made all the necessary arrangements. As such, recounting the breakdown for each item was a challenge as the workers were often not aware of the details. This points to a severe lack of transparency as to what items the lump sum recruitment fee actually incorporates. Recruitment agents should provide a detailed breakdown and receipts for each item to workers and adhere to the official costs for all items. Table 2.9 provides an overview of the cost components, the per cent of workers who were charged the particular cost, and the mean and median costs. Where available, the official regulated costs are shown to compare with the actual costs charged and to shed light on any areas where irregular payments may have occurred.

Table 2.9 | Migration cost, by component (US$)

Components	% of respondents who paid component costs	% of respondents who recalled component cost	Mean cost (US$)	Median cost (US$)	Official cost, where available (US$)
Recruitment agency fee	98.5	98.5	1 284	1 260	Brokerage commission: 300 (men); 250 (women) Service charge: three month's net salary
Visa fee	98.8	2.7	307.2	377.5	Visa: 6.40[1] Security bond: 423 VPTE: 16.92
Local transportation	82.8	71.8	68.7	40.3	
International transportation	100	0.5	87.7	87.7	25.40–150
Passport fee	87.8	72.6	17.9	10.16	9
Medical test fee	99.25	79.3	28.6	24.7	
Life insurance	9	1.2	13.2	12.6	
Police/security clearance	67.6	25.7	2.4	0.99	
Contract approval	73.6	26.7			
Pre-departure training	33.2	27.2			
Language training	5.5	0.7	63.42	74.18	
Job Training	8	0.5	71.1	71.1	
Skills test	6.2	5.5	0	0	
Exit approvals	69.8	3.7			
Workers Welfare Fund	2.5	0.5	7	7	4
Informal payments	11.2	10.5	29.9	16.5	
Other formal payments	21.7	21.5	7	7	Security deposit in Viet Nam: 300

Note: Sum of all components is slightly different from total cost reported in above tables due to missing values.
[1] Actual cost is MYR13
Source: Migration Cost Survey for Vietnamese Workers in Malaysia, 2015.

As shown in table 2.9, fees paid to a recruitment agency make up by far the largest migration cost component, and 98.5 per cent of the respondents paid a fee to their recruiter. The average fee paid was $1,248 (median was $1,260). The male respondents paid a little more than women ($1,306.48 versus $1,212.21). The minimum amount paid was $137 by a woman, while the maximum was $2,077, paid by a man. There is a positive relationship between the fee paid to the recruiter and the total migration cost, meaning that the higher the fee paid to the recruiter, the higher the total migration cost and vice versa. The recruitment process in Viet Nam is mostly managed by recruitment agents: 94.8 per cent of the Vietnamese migrant workers surveyed applied through recruitment agents. Of the remainder, 2 per cent applied through a manpower agency, 0.5 per cent used a government agency, 1 per cent found their job through relatives and friends, and 1.7 per cent were hired directly by their employers.

Nearly all of the respondents (98.8 per cent) obtained a visa to work in Malaysia for their current job, although only 2.7 per cent could recall the amount they paid, which varied greatly from under $150 to over $800. The mean visa cost paid was $307.20, while the median was $377.50. The actual cost for a visa as stated in the official website of the Immigration Department of Malaysia is MYR13 (about $6.40, excluding the fees for security bond, which is MYR1,500 ($423)[8]. Among the Vietnamese workers surveyed, 96.7 per cent did not know the cost of the visa. In all cases the visa fee was paid for by the recruiter, resulting in the conclusion that perhaps workers are not aware of the official visa fees and there could be an exaggeration (and variation) of the cost of the visa fee as stated by the recruiters.

The respondents paid independently for local transportation costs in Viet Nam, while international transport was paid for by the recruiter from the lump sum brokerage fee. The mean cost of local transport was $68.70, while the median was $40.30. Only two respondents paid the international transportation fees on their own; for the rest it was included in the lump sum brokerage fee. The mean and median cost of international transportation was $88.

Other notable out of pocket payments made by the respondents include the cost of obtaining or updating their passport, which was incurred by 87.8 per cent of respondents at a mean of $17.90 (median $10.20). The minimum amount paid for a passport was $5, while the maximum was $202. The official cost for passport is about $9 (200,000 Vietnamese dong [VND]) (Ministry of Finance, 2016). The results suggest that workers are being charged much higher than official costs.

Almost all respondents (99.25 per cent) underwent medical testing before departing for Malaysia, a well-known prerequisite for workers. The mean cost of the medical tests was $28, while the median was $25. The survey finding shows that 19.1 per cent of respondents did not know the cost of the medical test, and the cost may have been included in the brokerage fees. Respondents generally visited a designated clinic or hospital for their medical tests (94.2 per cent).

Out of the 401 respondents, only 9 per cent obtained life insurance coverage prior to working in Malaysia. The mean of the cost of insurance was about $13, while the median varies only slightly at $12.70.

The cost of obtaining a police/security clearance is likely to be included in the brokerage fees[9]. Roughly two-thirds (67.6 per cent) of the workers obtained police clearances, though only 25.7 per cent could recall the cost. The mean cost of obtaining police/security clearance was $2.40, while the median was $0.99.

Approximately 73.6 per cent of the respondents had their contract approved by a national authority, while 1.5 per cent of respondents were not aware of this requirement. The majority of respondents did not know the cost to obtain the contract approval, as it was included in the total brokerage fees.

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8 See http://www.imi.gov.my [accessed 14 Aug. 2018].

9 Brokerage fee is the fee paid to the recruiter.

Surprisingly, the survey findings show that a majority of respondents (66.8 per cent) did not go through pre-departure briefing. However, Viet Nam has mandated that workers undergo 74 hours of pre-departure training. By law, recruitment agencies are responsible for delivering the training (ILO, 2014b). Respondents who did go through pre-departure training either incurred no cost (27.1 per cent) or did not know the cost (6 per cent).

Only 5.5 per cent of respondents learnt the Malaysian language before the start of their job. About 50 per cent of those respondents answered that they did not pay for the language training, and 36.5 per cent of them did not know the cost involved. The costs to learn the Malaysian language as stated by three respondents were $24.73, $74.18, and $91.36.

The vast majority of respondents (92 per cent) did not undergo job training. Of the 8 per cent who did undergo training, 84.4 per cent stated that there was no cost involved for them to undergo skills training, and 9.4 per cent of the respondents did not know the cost of the training. Only two respondents claimed to have made payments (of $50.80 and $91.40, respectively). Similarly, skills tests were not a significant cost component. In fact, 93.8 per cent of the respondents did not take any skills test before starting their jobs in Malaysia. Among those who did take a skills test, 88 per cent did not pay for it, and the remainder could not recall the cost.

Around one third of respondents were unaware of the need for exit approvals, and almost all of the workers who obtained exit approvals did not know the cost involved. Only four respondents knew the cost of the exit approval, while 11 said there was no cost involved.

The vast majority of respondents (95.3 per cent) stated that they are not a member of a migrant worker welfare fund. However, Viet Nam set up a welfare fund in 2008, titled the Overseas Employment Support Fund. Migrant workers are supposed to pay VND100,000 (equivalent to $4) into the fund. Of the ten people who joined the welfare fund, 50 per cent did not know the cost, as it was included in the brokerage fee. Only two respondents recalled the cost to be a member of welfare fund, citing the cost as being $5 and $9, respectively.

A small number of respondents (11.2 per cent) reported making informal payments in order to: (i) speed up the process of obtaining their passports; (ii) receive factory uniforms; and/or (iii) secure transportation arrangements such as airline tickets. The mean cost of informal payments was $29.90, while the median was $16.50. The maximum paid was $230.70. Approximately one fifth of respondents (21.7 per cent) made other formal payments, mostly for security or deposit funds. A similar percentage (21.8 per cent) did not know the cost of the other formal payments, as this was included in the brokerage commissions. In Viet Nam, Circular No. 21/TT-2013/TT-BLDDTBH regulates the ceiling costs of a security deposit to be paid by migrant workers. For Malaysia, this ceiling cost is set at $300.

2.7 Cost of borrowing to finance migration

Vietnamese workers have several options to finance their migration. They may seek a loan to pay the cost upfront. Some recruitment companies in Viet Nam also offer the service of arranging bank loans. Workers may also ask the costs to be borne by either the employer or the recruitment agent first, and make repayments via deductions to their salary. According to survey results, 79.3 per cent of respondents borrowed money to pay for the initial cost of working overseas, and 80.8 per cent of the respondents who borrowed money had no prior overseas working experience. As such, most of them have no start-up funds and had to borrow large amounts of capital. Of those who borrowed money, 53.1 per cent took out a loan for $1,000–$1,499. This means that many workers are coming to Malaysia with substantial amounts of debt. At the time of the survey, 60.7 per cent of respondents who took out loans had already completed their payment, and the majority of these respondents had been in Malaysia for more than one year. Of the 64 workers who had not yet started repaying their loan, 88 per cent (56 respondents) had been in Malaysia for less than a year.

The sources of loans are diverse: 40 per cent borrowed from formal institutions such as banks; while almost 60 per cent borrowed money from family members and other informal providers[10]. A significant proportion of workers (70.1 per cent) asked their employer to pay for them to come to Malaysia, and the majority of these workers were paying this amount back through salary deductions, typically over the course 25 to 36 months. Nearly one third of respondents (30 per cent) had mortgaged their land and other assets, indicating that they took considerable risks to finance their employment overseas. Out of the 97 workers who put up collateral, 10.3 per cent were unable to recover it due to failure to repay their loan (including loss of real estate and motorcycles).

2.8 Wage differentials before and after migration

Earning a higher wage is a key motivator to seeking employment overseas. According to survey results, the majority of respondents' net earnings[11] came to between $300 and $499 a month in Malaysia. Only two male workers were earning more than $800 per month. When comparing their earnings in Viet Nam and current earnings in Malaysia, the wage difference came to an average of $222.70. This wage difference varied from a negative ($539.53)[12] to as high as $766.53. In fact, 56.7 per cent of the workers were earning more than they were promised. However, the results uncovered cases of false promises of high wages, with 11.1 per cent of workers arriving in Malaysia only to earn less than they were promised prior to departure. Interestingly, analysis of the survey results showed that there is no relationship between the wage differential and the total expenditure for migration. Therefore, expectations of a jump in monthly wages does not translate into workers paying more for their migration experience.

Table 2.10 Distribution of workers by monthly wage earned in Viet Nam prior to departure and monthly wage earned in Malaysia, US$

Monthly wage prior to departure	Monthly wage earned in Malaysia (US$)					Total
	Less than 150	150–299	300–499	500–799	More than 800	
Less than 150	1	18	76	30	0	**125**
150-299	1	30	99	26	2	**158**
300-499	2	2	19	7	0	**30**
500-799	0	0	2	1	0	**3**
More than 800	0	0	2	0	0	**2**
Total	**4**	**50**	**198**	**64**	**2**	**318**

Note: 7 respondents reported that they are earning less working in Malaysia. 15 respondents fell in the same pay category in Malaysia and Viet Nam.
Source: Migration Cost Survey for Vietnamese Workers in Malaysia, 2015.

2.9 Remittances

The survey respondents remitted a mean monthly amount of $234 and a median of $217 back to Viet Nam. The mean monthly remittances represented 63.1 per cent of monthly net earnings across the entire respondent group. The amount remitted is only slightly less the median household income in Viet Nam, which was $253.58 in 2011. As the number of

[10] Multiple responses were possible.
[11] Net wage refers to earnings after taxes, social security contributions, and foreign worker levy.
[12] For migrant workers who held higher paid jobs in Viet Nam than in Malaysia, a negative value for the wage difference was recorded.

months of employment abroad increases, the average amount remitted increases. Interestingly the amount remitted is not directly related to the number of dependants in the worker's household. Furthermore, survey results found that there was no relationship between the average monthly amount remitted and the total migration cost incurred.

2.10 Social costs of migration

In addition to the tangible costs that are being examined in this survey, the research also looked at some "hidden" costs. These hidden costs stem from the varying quality of the working conditions of migrant workers, depending on their occupation, gender, country of origin, and country of destination.

Some notable hidden costs from this survey are as follows:

- Almost all workers (93.7 per cent) signed a contract prior to departure; however, 25.8 per cent of respondents reported that the contract they currently work under is not the same as the contract they signed back home. For some workers, the discrepancies lie in the terms of the contract, such as the minimum overtime available, monthly wages, and deductions that are not (or only partially) what was promised at home.
- Most workers reported that they are not members of trade unions, nor do they know about trade unions. Malaysian law states that foreign workers are not to form trade unions or participate in industrial actions such as strikes, though they can join an existing union[13]. Only 5 per cent of respondents reported the existence of a trade union in their workplace, and only 1.7 per cent of respondents had joined a trade union.
- Among respondents, 89.3 per cent stated that they have been deprived of their rights, including:
  - withholding of travel documents by employers (86 per cent);
  - unable to change employers (49.4 per cent)[14];
  - earning less than local workers (31.6 per cent); and
  - exclusion from social security (31.6 per cent).
  - Further rights deprivations cited by workers included: not being able to express views freely, no job security, being unable to communicate with people outside the job site, and being restricted from remitting their earnings.
- The respondents worked extremely long hours per week (26.7 per cent were usually working 66–72 hours), although 90 per cent of workers were given at least one day off per week[15].
- Most of the respondents who suffered an injury or illness at work received payment during their sick leave (77.1 per cent). However, 22.9 per cent of respondents (N=62) did not receive any payment when they were unable to work due to injury or sickness.
- An important finding about the use of skills is that most survey respondents did not believe they could find a job in line with their specific skills; nor did they believe that finding a job in line with their specific skills could earn them a higher income. Overall this demonstrates that those workers who accept lower-skilled jobs abroad tend to not use their skills over the time, which may have consequences on their ability to find jobs upon their return.

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13 Per the Trade Union Act, 1959

14 This is in accordance with Malaysian Law, which states that migrants are only allowed to work for the employer that was specified in their contract throughout their tenure.

15 Some workers voluntarily chose to forego their day off in return for higher overtime pay, and so they are still being recorded as having at least one rest day.

CHAPTER 3

Concluding observations and the way forward

The Asia-Pacific region was host to 22 per cent (or 33 million) of the world's economically active migrants in 2013. Close to half of the migrants are women. Asia is also the main source region also migrant workers to the Middle East. Migration provides millions of jobs and generates billions of dollars in remittances for migrant workers and their families. However decent work deficits are still pronounced in a number of migration corridors. Safe, orderly and fair migration has the potential to deliver a triple win – for migrants and countries of origin and destination. Due in large part to the fact that the supply of workers in lower wage countries outstrips the demand in higher income destination countries, migrant workers are highly vulnerable to abuses during recruitment. In many countries with governance gaps, both in origin and destination, the recruitment fees charged are, by far, excessive in relation to actual costs incurred. High migration cost significantly erodes development benefits. This paper reports the results of a migration cost survey in 2015 based on the KNOMAD methodology over 401 Vietnamese migrant workers employed in Malaysia in the manufacturing and construction sectors.

As seen in the previous chapter some key findings of the survey are:

- Migrant workers, both men and women, have made monetary gains from migration, as seen from the wage differentials (before and after migration) and monthly remittances.
- Two-thirds of the respondents reported that they had not undergone a pre-departure briefing, which indicates that such briefings may not have been systematically provided by recruitment agencies or properly monitored by the regulatory agency in Viet Nam.
- If we consider that migration cost should not be more than a month's wages at the most, the average migration cost is high, amounting to 3.9 months' wages.
- Migrant workers are not aware of the itemized break-up of costs, with (for example) a big variation between reported and official visa fees.
- A positive feature has been that as many as 40 per cent of respondents had access to bank loans to finance migration. However, this also points to the high cost of migration, as it requires pre-financing.
- Finally, apart from the financial costs, the social costs are still too high: withholding of travel documents by employers is all too common (reported by 86 per cent of respondents); contract substitution (reported by a quarter of respondents); and long working hours. On the positive side, 90 per cent or more of respondents reported having an employment contract before departure, and having a weekly day off. However contract substitution was reported for 26 percent of respondents.

Recommendations for policy and action

Measures adopted by Asian governments to reduce migration cost generally consists of the following:

- limiting recruitment fees charged to workers;
- increasing the transparency of costs;
- information dissemination on safe migration;
- use of public placement agencies;
- licensing requirements;
- emigration clearance and vetting of employment contracts;
- and support services.

In some countries, including Viet Nam, private recruitment agencies have adopted self-egulation mechanisms, such as a code of conduct. In some sectors (e.g., maritime) tripartite actors – the industry, trade unions, and the government – have gotten together to make the elimination of worker-paid recruitment fees a reality in law and practice.

1. Elimination of worker-paid recruitment fees

In countries of origin in Asia the common practice is to put a limit on the fees that can be charged to migrants by recruitment agencies. There are two approaches here – one is to prescribe the fees permitted depending on the type of worker (as in some South Asian countries), and the second approach is to relate the fees allowed to the salary of the worker (e.g., equivalent to one month's salary, as in the Philippines). In both cases, however, the limits are often exceeded (as the survey in this study has shown).

In line with ILO Convention No. 181 and as stated in the ILO *General principles and operational guidelines*, both Malaysia and Viet Nam should move towards eliminating worker-paid recruitment fees. Such fees can be paid by employers or the migration cost may be subsidized by the government through the setting up of state-funded job portals and government-to-government arrangements.

2. Definition of fees and costs and increasing transparency

A distinction can be made between recruitment "fees" and "costs". While fees are for services related to placement, costs are items related to the migration process such as transportation, medicals, passport, visa, etc. Some countries like the Philippines have itemized the costs, thereby creating both standardization and transparency.

In the first instance, fees and costs should be itemized in law and made transparent to jobseekers and employers. Further it is recommended (as per the ILO *General principles and operational guidelines for fair recruitment*) that no recruitment fees and related costs be charged to workers. Such related costs need, however, to be defined, and this is an objective of the ILO Tripartite Meeting of Experts that is to be held in November 2018.

3. Information dissemination

Pre-employment orientation seminars and intensified information campaigns – especially in rural communities – to provide applicants with sufficient information to prevent illegal recruitment have been used by the Philippines. Sri Lanka has created a regional administration division with field-level cadres who have been trained on safe migration. Migrant Resource Centres – essentially information, advice, and services centres for migrant workers – have been promoted by the ILO and run by governments, trade unions, and civil society organizations, and are operational in both Viet Nam and Malaysia. The survey indicates there is scope to improve such services and outreach in Viet Nam. In particular it appears that the coverage and quality of pre-departure orientation may need to be better monitored. Beyond service delivery, migrant workers should be empowered to represent their own interests and to safeguard their rights through women's groups, migrant associations, and trade unions.

4. More effective regulation of recruitment, including enforcement

Legislation is only as good as its implementation. Implementation is affected by the political will and governance standards in the country concerned, as well as the resources available. The implementation of policies and laws have large gaps in a number of countries of origin and destination, affecting the migration cost borne by workers.

Incentives should also be provided for fair and effective performance. Some countries, such as the Philippines, have developed incentives for recruitment agencies. Such a system recognizes and provides incentives for exemplary performance, such as easing license extensions, exceptions from verification by labour attachés, and publication of awardees on the official Philippines Overseas Employment Administration website.

Government regulations can be supplemented by both industry self-regulation and monitoring by trade unions and civil society organizations. There has been some promising self-regulation by private employment agencies through ethical codes of conduct. In Viet Nam; the ILO has supported the development of a monitoring mechanism that ranks agencies according to their compliance with the code of conduct of the Vietnam Association of Manpower Supply (VAMAS). Further, civil society can help develop a monitoring system in both origin and destination countries, which can alert authorities in case of violations and suggest access to redress mechanisms (Wikramasekara and Baruah, 2017).

5. Decent working conditions

Finally the survey showed that the monetary gains to migrant workers and their families are eroded not only by the high financial cost of migration, but by decent work deficits. Recruitment, immigration, and employment are a continuum, and fair recruitment legislation must be followed by immigration and labour legislation in line with international standards. Work plans to be developed and implemented by ASEAN Member States, following the adoption of the ASEAN Consensus on the Promotion and Protection of the Rights of Migrant Workers, need to eliminate practices such as the employer retention of workers' passports, stringent restrictions on changing jobs, and overly long working hours.

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Appendices

Appendix I. Pilot and full surveys completed under the KNOMAD migration cost survey methodology.

Destination	Origin	Surveyed in	Respondents	Sample size/ survey method
Spain	Bulgaria, Ecuador, Morocco, Poland	Destination	Currently employed migrants	Pilot – 100 in total. Snowballing at worksites and cafeterias.
Republic of Korea	Indonesia, Thailand, Viet Nam	Destination	Currently employed migrants	Pilot – 100 in total. Training center for new arrivals and snowballing at worksites.
Kuwait	Bangladesh, Egypt, India, Sri Lanka	Destination	Currently employed migrants	Pilot – 100 in total Snowballing at non-worksites.
Malaysia	Viet Nam	Destination	Currently employed migrants	401 Snowballing at worksites and non-worksites.
Chiapas, Mexico	Guatemala, Honduras, El Salvador	Destination	Currently employed migrants	About 330 in total Snowballing at worksites.
Saudi Arabia	Ethiopia, Pakistan	Origin	Returned migrants	About 330 by origin. Snowballing.
Qatar	India, Nepal, the Philippines	Origin	Returned migrants	About 350 by origin. Airport interceptions, and re-deployment registration sites.
United Arab Emirates	Pakistan	Origin	Returned migrants	About 250 by origin. Snowballing.

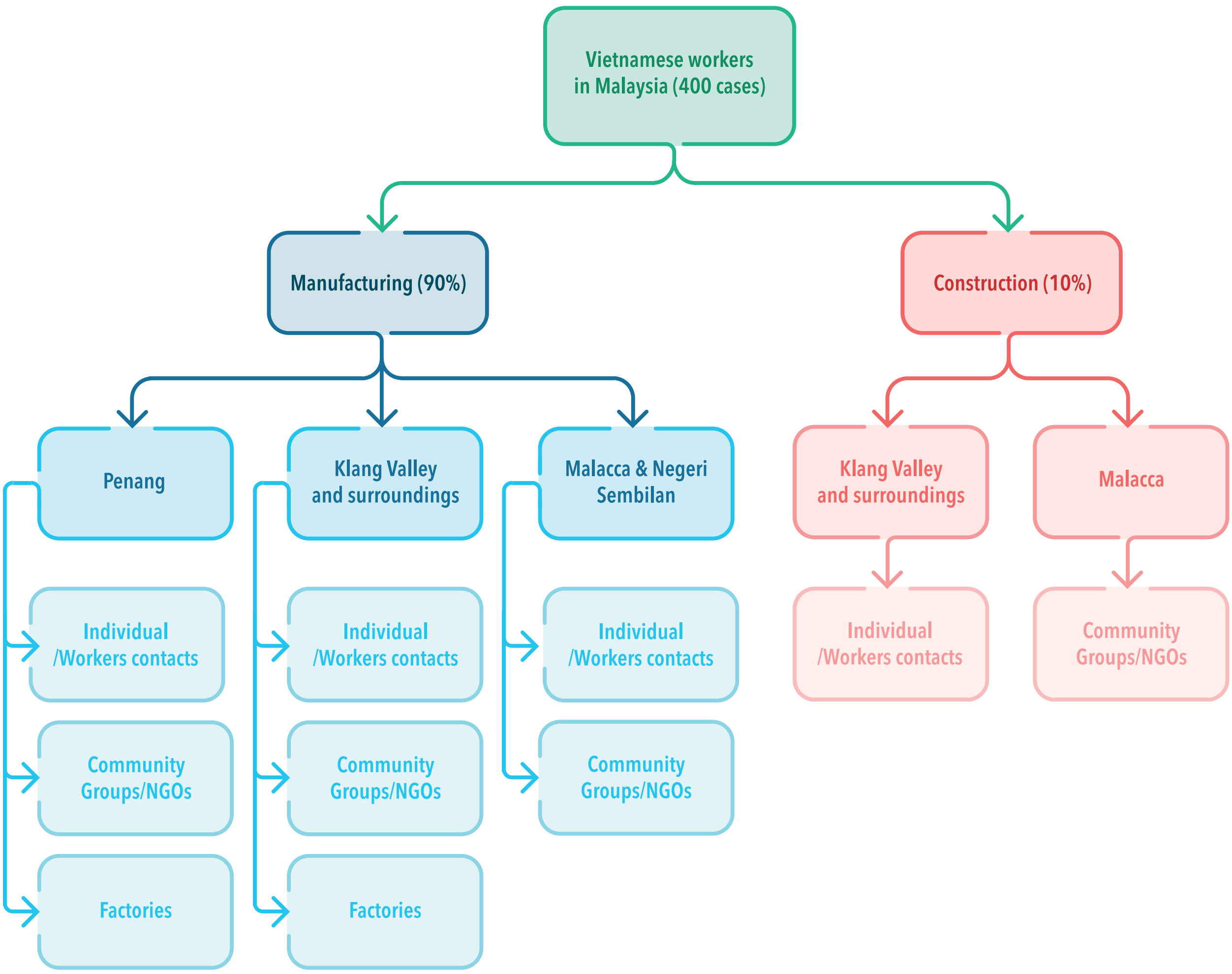
Appendix II. Migration Cost Survey for Vietnamese Workers in Malaysia, 2015.

Based on the data provided by sources in Vietnam, it was not possible to construct a comprehensive list of companies that hired Vietnamese workers and develop a sample frame as initially planned. A snowballing and cluster-based approach was therefore employed. Vietnamese workers that agreed to be interviewed recommended other workers to be interviewed for this study. This kind of snowballing approach is useful for hard-to-find populations and where a sampling frame could not be developed, as it was in this case.

This approach was complemented by a cluster design, whereby the population was divided into clusters (N) and subsequently a subset of the clusters was randomly selected. Through this method, after fulfilling the specified quota by sector, the population was further disaggregated by location and types of contacts. Penang and Klang Valley were selected as primary locations since these two States reportedly have the highest concentration of Vietnamese workers. Malacca and Negeri Sembilan were added.

In addition, the population was divided into three types of contacts, viz. individuals, community groups and factories. Initial contacts were made through organisations and community groups, including trade unions, NGOs and churches, and individuals with established contacts with Vietnamese workers. Gender balance was taken into account while conducting the interviews.

Figure 1 | Sampling framework



The final quota was set at 90 per cent of manufacturing sector workers and 10 per cent of construction sector workers as opposed to the initial 80 per cent manufacturing and 20 per cent construction quotas. The quota change was made after it was discovered that Vietnamese construction workers are scattered across the country in small numbers and may be quite difficult to reach.

The survey was extended to encompass Malacca and Negeri Sembilan as contact with Vietnamese workers was made (individually as well as through community groups).

To estimate the migration cost, only workers that have been in Malaysia for less than 4 years were interviewed, as they tend to have a more accurate recollection of the individual cost items that make up the overall migration cost. Following the KNOMAD methodology this study was also limited to only workers with legal working permits.
Box 1 presents a summary of the selection criteria of the sample:

Box 1

Sample selection criteria

Sector: Manufacturing or construction;

Length of stay: less than 4 years; and

Work status: Legal working permit holders

The breakdown of the sample size is presented in table 1:

Table 1 | Proposed sample size

Sector	Sample size (n)
Manufacturing (90%)	360
Construction (10%)	40
Total	400

Survey preparation

In preparation of the fieldwork, the following activities were undertaken between March and July 2015:

- Adaptation and translation of questionnaire;
- Recruitment and training of interviewers;
- Establishing contacts with community groups, NGOs and individuals to reach out to the workers;
- Installation of the CAPI software onto the tablets; and
- Pilot testing
- Data collection

All the surveys were conducted via face-to-face interviews with Vietnamese workers after ascertaining they complied with the sampling framework. Nearly all of the interviews were conducted outside of the work premise, either at their dormitories, restaurants, churches, and bus stops. In only three occasions were the interviews conducted on the factory premises. Supervisors from PE were always present to monitor and assist the interviewers during the sessions.

Each interview sessions took an average of about thirty minutes. In most cases the workers were verified through their employee ID cards. Some workers were also able to share with the interviewers their salary pay slips and employment contract letters, though they were not required to show this for the purpose of the survey.

Challenges faced and lessons learned during the survey

Establishing contacts with respondents

Finding workers that fit the criteria has been an exacting task. The initial approach was to get appointments with factories known to hire Vietnamese workers. However, that approach proved to be ineffective. The fieldwork team also did 'cold-calling' to initiate contacts on the ground but the success rate was very low.

A lot of effort was invested to establish contacts with resource persons with Vietnamese worker contacts. Help was sought from church groups, non-governmental organisations, Vietnamese shop owners as well as Vietnamese workers who have been in Malaysia for a long period of time. The snowballing method was also used by asking the interviewed workers to assist us by introducing their fellow colleagues or friends.

Utilizing worker networks turned out to be the most effective way to gain access to a larger set of workers within a short timeframe. Within a network, its members have confidence in one another. If a member of the network introduces an interviewer or researcher, there is less barrier to collect data and personal or sensitive information. This is, however, not a fail-proof method as some workers are still reluctant to participate in the interview, even with the persuasion of the focal person, as they fear the actions of authorities or employers. The effectiveness of the focal (contact) person also varies depending on how much they are trusted by the workers.

Collecting data using the questionnaire

The questionnaire was developed by the ILO and the World Bank under KNOMAD. While it has been tested in other countries, a special adaptation exercise was needed to ensure that it was suitable for Malaysia. Nonetheless, the main elements were retained to enable comparability across countries and corridors.

In general, the questionnaire is designed to measure migration cost with breakdown of specific cost items. Standardisation of questions (and definitions) are important and it was essential to ensure that it could capture all relevant information as the recruitment process is long, complex, and most of all costly. Pinpointing exactly where issues and costs occur can help formulating better policies that make migration fairer to the workers.

Nonetheless, there has been difficulty in workers remembering cost breakdown. Often, they pay the broker one lump sum to process all necessary paperwork; most do not ask for details. In addition, a small number of workers were unable to recall the breakdown. This issue occurred across the board regardless of the year of arrival of the workers. Further, some workers are unaware of, or unclear about, the existence of the procedure such as contract approval, exit approval and the membership to a state-run welfare fund.

Worker-paid migration costs in the Viet Nam–-Malaysia corridor

High fees paid to recruiters reduce the positive impact of migration on development. It can also lead to irregular migration by deterring migrants from using formal channels or increase the risk for migrants of ending up in forced labour situations because of high debt liabilities.

This study seeks to shed light on the migrant worker-paid migration costs in an important migration corridor: Viet Nam to Malaysia. The report gives an understanding of the demographics of low-paid labour migration from Viet Nam to Malaysia and identifies the costs paid by these workers in the process of finding a job in Malaysia. It finds that, although women and men migrant workers have made monetary gains from migration, the average migrations cost and the social costs are too high. The report concludes with observations and recommendations for policy-makers on how to improve the situation for migrant workers in the region.

The study uses the methodology and questionnaires developed by the KNOMAD Thematic Working Group on Low-Skilled Labour Migration, which is co-chaired by the International Labour Organization and the World Bank.

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