A Study on

The Hidden Costs of Migration:
Evaluating the Bangladesh-Malaysia Corridor

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Acknowledgements

Executive Summary

Malaysia has been employing millions of Bangladeshi migrant workers since the 1980s. In 2012, the governments of Malaysia and Bangladesh signed a memorandum of understanding (MoU) on labor migration. The memorandum, known as the G2G (government to government) program, allowed Bangladesh to send migrant workers to Malaysia's plantation sector. The G2G program was later reformed into the G2G Plus program in 2015 which expanded to include several other sectors. However, reports of corruption, malpractice, and exorbitant recruitment fees in the migration process of Bangladeshi migrants resulted in the Malaysia Government abolishing the MoU in 2018.

This study examines the costs of migration for Bangladeshi workers in the Bangladesh-Malaysia corridor. It does so by investigating the relationship between international recruiting agencies (IRAs), Bureau of Manpower, Employment and Training (BMET), Bangladeshi immigration intermediaries, migrant workers, and other stakeholders involved in the migration process. It also analyzes the structural conditions of the migration corridor, identify areas of improvement for migrants in the migration process, and suggests policy recommendations for the new MoU between the two nations.[1]

Along with literature review, data for this study were collected using a mixed-method approach. A quantitative survey was administered to 403 returned and 187 current male semi-skilled and unskilled migrant workers.[2] After data cleaning and consistency checks, final analyses were conducted on 390 returned migrants and 179 current workers. Additionally, data was also collected from key informant interviews (KIIs) to collect qualitative information on the Bangladesh-Malaysia migration corridor. These KII participants were unsuccessful migrants, undocumented migrant workers, and migrant workers who legally went to Malaysia and became undocumented due to employer-employee conflicts. The authors also consulted the BMET and the Ministry of Expatriates' Overseas Employment to obtain a holistic understanding of the formal migration process.

Findings show that migrant workers' recruitment fees are around 3900 USD on average, whereas the G2G Plus program was designed to restrict the recruitment costs to 420 USD. Further, the average monthly earnings of migrant workers were found to be around 250 USD. This signifies that it takes

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[1] A new G2G agreement was signed on December 9, 2021 between the governments of Bangladesh and Malaysia. At the time of publication, the agreement is not yet publicly available, and our findings and recommendations are based on data gathered between March and May of 2021

[2] Due to multiple prohibition on female migration in the Bangladesh-Malaysia migration corridor in the last decade enough female respondents could not be reached.

between one and a half to two years for the migrant workers to earn and equivalent of how much they paid to migrate to Malaysia.

Secondary desk research reveals that more than 96% of migrant workers recruitment agencies are located in Dhaka city, and current Bangladeshi licensing policy for IRAs restricts them from operating in locations other than one listed in the license. As such, IRAs have severely limited geographical reach to other parts of Bangladesh to enlist and recruit prospective migrant workers. To increase their recruitment abilities, IRAs rely on unregulated migration intermediaries, known locally as *dalals*, to enlist and recruit migrant workers from outside of Dhaka city. The unregulated presence of the *dalals* is directly linked to high and unregulated recruitment fees, smuggling, undocumented migrations, and trafficking. Identification of gaps in the migration process is vital for understanding the point of entry for these *dalals* and their influence in the migration market.

This study shows that for 80 percent of the respondents, *dalals* are the first point of contact for potential migrant workers to the migration market, and the data suggests that information presented to the migrant workers by *dalals* are fabricated or misleading. For instance, potential migrants were told of expected salary in Malaysia that was much higher than their eventual compensation. Additionally, District Employment and Manpower Offices (DEMO), under the Bangladesh's Bureau of Manpower, Employment, and Training (BMET), are found to have insufficient coverage in information dissemination in the outer districts of Bangladesh, thus allowing the *dalals* to mislead prospective migrant workers into paying exorbitant recruitment fees.

Further, the study also investigates the living and working conditions of current migrant workers, almost 55% of the respondents were found to not hold visas in Malaysia. Furthermore, around 72% of respondents do not have access to their passports as their employers are withholding them. Migrant workers reported that without their passports, they face difficulty in accessing healthcare or banking services. Furthermore, migrant workers reported working more than 60 hours per week, including overtime, a violation of Malaysia's labor law. Around 50% of the respondents reported facing discrimination in the workplace and roughly 25% reported facing discrimination in the social setting as well.

Based on these findings, recommendations were formulated to concerned government agencies in both countries, as well as the private sector, recruiting agencies, and CSOs. For Bangladesh, policy recommendations include increasing cooperation with the Government of Malaysia, creation of a central job portal, increasing the reach of BMET and its agencies, and augmenting the capacity of technical training centers. For Malaysia, the recommendations suggest increasing the monitoring and

enforcement of existing Malaysian labor laws, reduce costs where possible for migrants, and increase cooperation with the Government of Bangladesh.

Table of Contents

List of Tables

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List of Figures

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I. Introduction

Bangladesh has a growing and abundant labor force, and overseas employment within the Bangladeshi labor market is a major source of employment (ADB Brief, 2016), with approximately 7 million migrant workers from Bangladesh currently working overseas (UNDESA 2019). The GDP of Bangladesh is also highly dependent on remittances, only second to income from the export of ready-made garments (ADB Brief, 2016). Middle Eastern and Southeast Asian countries such as the United Arab Emirates, Malaysia, and Thailand are popular hubs for hosting Bangladeshi migrants (Shrestha, Mobarak, & Sharif, 2019). A formal agreement for the systematic transfer of workers has existed between the Malaysian and Bangladeshi government since 1992 (Abdul-Aziz, 2001). However, the absence of proper monitoring, severe malpractice, improper governance, and reports of undocumented migration, labor exploitation, and fraudulent brokers led to the latest agreement being abolished in 2018. The goal of this research study is to understand the Bangladesh-Malaysia migration corridor to contribute to the formulation of a new memorandum of understanding (MoU) that will reduce both financial and non-financial costs for potential migrant workers in this corridor.[3] The non-financial costs can incur in the form of psychological and social impacts, as elaborated later in this section.

Since the abolition of the MoU, migrants can only migrate using private channels, which can include private recruitment agencies or middlemen, also popularly known as *dalals*, dealing directly with employers in Malaysia to supply workers without governmental supervision. These private channels also subject migrants to the same, if not higher, level of vulnerability and exploitation. The existence of multiple stakeholders in the process of migration also leads to high costs of migration brought on by high recruitment fees and charges by intermediaries.

Migrating through private channels can cost upwards of 4,650 USD (Shrestha, Mobarak, & Sharif, 2019). This is due to the nature of the recruitment market, where a void in information to migrant workers exists and is exploited by recruitment agencies (Shrestha, Mobarak, & Sharif, 2019). Furthermore, lack of appropriate protective policies in place and unchecked labor migration for the unskilled labor market of low-income groups can increase their vulnerability and make them more susceptible to exploitation by employers and increase their risk to smuggling and human trafficking. As such, legal, safe, and affordable migration policies are vital to fill gaps in the labor market and

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[3] A new G2G agreement was signed on December 9, 2021 between the governments of Bangladesh and Malaysia. At the time of publication, the agreement is not yet publicly available, and our findings and recommendations are based on data gathered between March and May of 2021.

protect the vulnerable section of the labor force in Bangladesh, thus contributing to overall prosperity within the country.

Human rights violations are not the only obstacle to ensuring safe and affordable migration. The cost incurred by migrants are not all financial in nature but can also be non-financial costs borne before departing from Bangladesh, after arriving in Malaysia and in many cases, after returning to Bangladesh. According to previous research on how low-income groups fund their migration costs, most potential migrants often either incur significant financial debt or sell and mortgage their household and land assets (Md, H., Ghani, A., et.al., 2020; Khan, S.A., Mahi, M., et.al., 2020; Das, N., et.al., 2018; Amnesty International, 2010), creating additional psychological costs during the migration process.

The goal of this research is to provide evidence-based recommendations for a system that reduces migrant workers' vulnerability to debt bondage, forced labor, and other forms of exploitation by providing transparent means for Bangladeshi workers to safely migrate to Malaysia with minimal costs. One of the primary goals of the system should be to reduce the costs of migration for this vulnerable group of potential migrants by raising awareness about the legal and safe process of migration to protect them from exploitation and high costs charged by intermediaries.

II. The Bangladesh-Malaysia Migration Corridor

The 1980s marked the decade when Malaysia began authorizing large-scaled recruitment of foreign workers from neighboring nations, including Bangladesh (Nah, 2012); and Bangladeshi private recruitment agencies have been operating in the Bangladesh-Malaysia migration corridor ever since. After the Gulf Wars, the fall in base salary and the disillusionment with the Middle East redirected migrants' interest towards South and Southeast Asia (Ahsan Ullah, 2009). However, high demand for Bangladeshi workers in Malaysia and higher interest in migrating to Malaysia, coupled with poor governance, resulted in undocumented migration and human trafficking. Porous borders and extensive waterways, both under poor monitoring, provide a geographical advantage for human trafficking in South and Southeast Asia (Blackburn, Taylor & Davis, 2010).

Devadason & Meng (2014) report that in 1995, failing to combat the increased flow of illegal migrants, the Malaysian government stopped recruitment from private recruitment agencies and established a task force on foreign labor. The study also notes that the task force was disbanded within two years following the proposition of recruitment through a government to government (G2G) agreement, which was formalized in 2002. Ahsan Ullah (2016) reports that only 15% of Bangladeshi migrants in Malaysia during May to June of 2005 held work permits, with 36% holding tourist visas, 33% without visas, 9% without passports and 7% with study permits, demonstrating the extent of poor governance and malpractice. Malaysia later again banned worker recruitment from Bangladesh in 2008 as a result of rampant exploitative practices.

In 2012, Malaysia and Bangladesh signed a new G2G memorandum of understanding (MoU) that allowed the governments to mediate the process and resume foreign worker migration (CGD, 2021). The following section examines how this agreement has evolved over the past decade.

II.1 The Bangladesh-Malaysia G2G Programs (2012-2018)

There were two G2G agreements (MoUs) between Bangladesh and Malaysia between 2012 and 2018. The first was the G2G program, which operated from 2012 to 2015. Only the plantation industry of Malaysia was under the purview of this first MoU. In 2015, the G2G Plus program followed, replacing the G2G program and adding seven other Malaysian industries to the migration MoU.

The first G2G agreement between Malaysia and Bangladesh began pilot activities in early 2013 with a plan to include 30,000 workers. More than 1.4 million applicants registered nationwide, facilitated by the Bangladesh's Bureau of Manpower, Employment, and Training (BMET). However, the government bodies could not regulate the high influx of registration because of their limited capacity.

The program became unpopular in 2014–15, when fewer than 10,000 workers were able to access training and obtain a work visa. The governments had not successfully engaged with the private sector to ensure that everyone selected for the program would receive job placement (CGD, 2021), thus failing to manage the large number of migrant workers from Bangladesh.

Following the unpopularity of the G2G program, in 2015 both government bodies signed a new MoU, known as the G2G Plus program. Under the G2G Plus program, the private sector handled recruitment with only 10 recruitment firms in Bangladesh managing all recruitment for Malaysia employers, with the government providing regulatory oversight. These 10 recruiting agencies had, and have[4], monopoly on the migration market, resulting in increased costs for migrants. Wickramasekara (2016) notes that the Bangladesh Association of International Recruiting Agencies (BAIRA) was vehemently opposed to the G2G Plus mechanism from its inception, in which only 10 IRAs could operate in the corridor. The agreement was also further criticized for the lack of transparency and increased costs that migrants had to pay, which could reach up to 4,620 USD, compared to the 420 USD outlined in the G2G Plus MoU (Azad, R.I., 2018).

As a result of these controversies and migrant exploitation, in September 2018, the Malaysian government banned the recruitment of Bangladeshi workers, dissolving the G2G Plus agreement.

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[4] According to the BMET website, migrant workers continue to migrate to Malaysia under the G2G Plus program, despite its abolishment by Malaysia in 2018.

III. Research Design

The research design of this study is formulated to identify and assess the financial and non-financial costs that are incurred by migrants. The design employs a mixed-methods approach of collecting both quantitative and qualitative data using different data collection instruments, along with necessary desk review. This section discusses the initial plan and how the study was adapted to adjust to and navigate the constraints posed by the COVID-19 pandemic.

III.1 Research Objectives

The primary objective of this research is to identify financial and non-financial costs incurred by migrant workers from Bangladesh to Malaysia in order to inform new policy recommendations. The research was designed to explore the main areas of concern through three research questions:

1) What are the economic, social and psychological costs of migration? What factors contribute directly and indirectly to these costs?
2) What are the possible factors that may determine migrant workers' vulnerability to debt bondage, forced labor, undocumented migration (without the knowledge of the migrant), and other types of exploitation?
3) What role do asymmetric information and social networks play in terms of migration costs?

III.2 Sampling Strategy

In the beginning, quantitative samples were intended to be drawn from international recruitment agencies' (IRAs) list of migrant workers that they have facilitated to travel to Malaysia. The contact information of the IRAs in Bangladesh and Malaysia were drawn from Bangladesh Association of International Recruiting Agencies (BAIRA) and Persatuan Agency Pembantu Rumah (PAPA) which are trade associations of recruiting agencies for each respective country. After the recruiting agencies were contacted, only two from BAIRA were willing to share a list of migrants that were sent to Malaysia before 2018. The majority of the IRAs informed our team that their agency has not been involved with sending migrants to Malaysia since the G2G Plus process was enacted, as only a group of 10 agencies were legally permitted to do so. Agencies listed on PAPA refused to communicate with data collectors as they refused to be involved in any migration facilitation from Bangladesh for the last 10 years.

Given the lack of information obtained from recruiting agencies, we consulted one recruiting agency to understand the process of migration in the Bangladesh-Malaysia corridor in the last five years. The recruiting agency directed us to the Bangladesh Bureau of Manpower, Employment, and Training

(BMET) and disclosed that a list of potential and successful migrants to Malaysia can be obtained from BMET.

Following the consultation, a list of migrants sent to Malaysia from BMET was requested and obtained. The list contained 350,000 migrants who registered under BMET to migrate to Malaysia. Since all legal labor migration requires the authorization of BMET, the sample drawn from this list is representative of Bangladeshi migrant workers who legally migrated to Malaysia from 2015-2020. From the list, the researchers attempted to identify female migrants based on their names and were successful in identifying only 36 female migrants. The list was randomized and approximately 10,000 numbers were contacted by a team of 15 enumerators over a period of approximately six weeks. Ultimately, 403 returned migrants and 187 current migrants in Malaysia were surveyed, resulting in a total respondent count of 590. The sampling design is depicted in figure 1.

Figure 1: Sampling Strategy
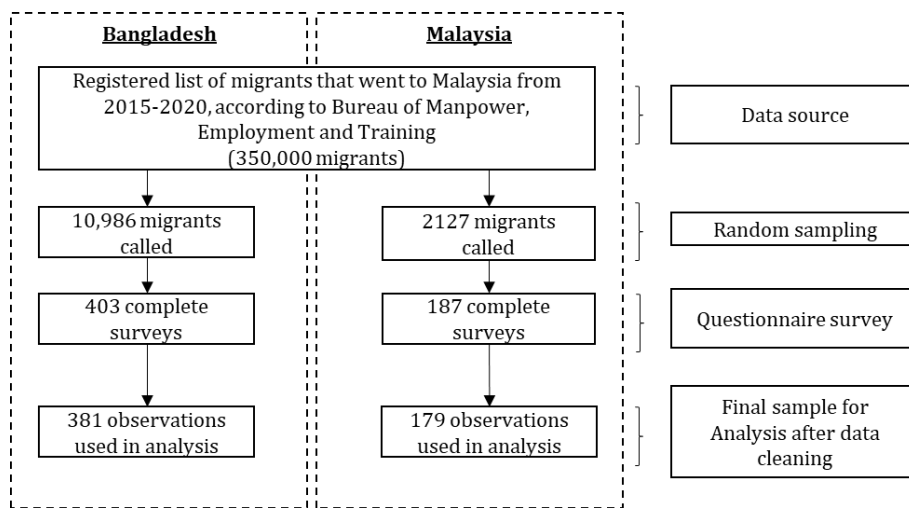
To conduct the key informant interviews (KIIs), personal networks of the surveyed migrants were examined, with the migrants' consent, to connect data collectors to undocumented migrants. The group of undocumented migrants were contacted through phones. While recording the interviews, their names and any identifiable information were eliminated to ensure safety. The interview was made accessible only to the principal investigators of the study who obtained ethical clearance. Ultimately, 10 interviews were successfully conducted.

III.3 Data Collection Instruments and Plan

Due to COVID-19, the survey had to be conducted over the phone. The survey questionnaire was initially designed in English and later translated in Bangla by the team of researchers. The quantitative survey was then administered in Bangla with the migrants.

The quantitative survey was carried out by a team of enumerators who were hired and selected through a competitive process. The quantitative survey was only conducted with potential and successful legal migrants, as the list obtained from BMET did not contain undocumented or failed migrants. As a result, there was not a representative sample of illegal or failed migrants for this quantitative survey.

Data on undocumented and failed migrants was collected through KIIs which were conducted by the principal investigators. The interviews were designed to collect information on the migration experience of those who did not or could not access a legal channel of migration to inform our recommendations. Furthermore, consultations and short interviews were also conducted with government institutions in Bangladesh, which were the Bureau of Manpower, Employment, and Training (BMET) and one District Employment and Manpower Office (DEMO), and in Malaysia, the Ministry of Human Resources (MoHR) and the Ministry of Home Affairs (MoHA). Table 1 illustrates the stakeholders with whom consultations were conducted. The primary activities of the organizations are also mentioned in the table to better illustrate their relevance in the migration market.

Table 1: Stakeholders consulted, by country

Country	Organization	Primary area of activities
Bangladesh	Bureau of Manpower, Employment and Training (BMET)	Primary organization that deals with enforcing migration policies and authorizes migration of migrant workers.
	International Recruiting Agencies (IRA)	Private organizations that enlist, train, recruit and send migrant workers for foreign work.
	District Employment and Manpower Office (DEMO)	District level offices of the BMET that enforce migration policies and ensure safe recruitment of migrant workers.
Malaysia	Ministry of Human Resources (MoHR)	A ministry that deals with the formulation and enforcement of labor policies.
	Ministry of Home Affairs (MoHA)	A ministry which oversees the safety of migrant workers in Malaysia in regard to accommodation, workplace safety.

	Tenaganita	An activist organization that works on protection of migrant workers' rights.

III.4 Data analysis plan

The collected data was cleaned and only the completed observations were taken into consideration for analysis. From the quantitative data, we analyzed migration costs, migration decisions, migration processes, the various motivations for migration, demographic conditions, housing conditions, workplace conditions, migration financing, migration history and migrant vulnerabilities. In order to understand the impact of information asymmetry on migration costs, a rudimentary regression analysis was conducted where the null hypothesis is that variations in information channels do not impact migration costs, with all other things holding constant. A rudimentary regression analysis allows researchers to examine a number of factors at the same time and determine the effect of each of these factors on the dependent variable, which in this case is the cost of migration (Bales, 2007). In other words, regression analysis tells us the relative influence of the different information channels on the cost of migration. It also tells us if the variations in information channels do or do not affect the cost of migration.

All quantitative analyses were conducted using Stata version 14. The results were exported to Microsoft Excel to create more visually appealing graphs and tables.

III.5 Ethical code of conduct for the study

Prior to conducting the study, the researchers obtained IRB ethical approval from the Institute of Health Economics at the University of Dhaka.

According to the ethical guidelines followed, personal identifiable information of all respondents contacted through this survey has been removed from the dataset. The dataset, without any identifiable information, has only been made accessible to Winrock and the principal investigators for analysis.

The enumerators were also trained by the principal investigators for two days on both the survey and census (where IRAs from BAIRA and PAPA were initially contracted, outlined in section III.2) before administering them. The training included a detailed explanation of the questions in the survey, guidelines on how to introduce the project, proper manners to communicate with each respondent and how to politely steer the conversation with the respondents in case of breakdowns in communication. The training also included the enumerators conducting demonstration interviews in front of the principal investigators, ensuring that the enumerators were well prepared before the

survey or census was administered. The enumerators were also trained on a detailed consent note that was read out to each respondent, reassuring them about the security of their data and providing them details on why the study was being carried out and by whom. The team of enumerators was also provided with helpline numbers that they could share with the respondents in case they sounded distressed or asked for help or assistance. The training for enumerators was conducted online.

III.6 Limitations

The pandemic posed the biggest limitations to this research, introducing barriers in terms of reaching respondents, government organizations, or relevant organizations for further collaborative research. The initial sampling strategy had to be revised as field data collection could not be held. There were several challenges when engaging with respondents over the phone. As a result of being surveyed over phone, some respondents were unwilling to communicate due to the lack of trust and fear of scams, The study was also unable to identify a sufficient number of failed migrants over the phone, limiting the capacity of this study to formulate policy recommendations for that group of people.

Different sets of challenges in both countries posed limitations to the study, but one common and major hurdle was in identification of working or active IRAs in both Malaysia and Bangladesh. BAIRA for Bangladesh and PAPA for Malaysia both have an outdated list of IRAs with phone numbers last updated five to six years prior to the study. This posed an obstacle in connecting to the IRAs that are currently in business and as a result, limiting the ability to obtain a sample of migrants that is representative of both genders. Moreover, the IRAs that were still active in both Malaysia and Bangladesh showed very little willingness to communicate or share any information for the Bangladesh-Malaysia corridor, as many claimed this has mostly led to a loss since the MoU was abolished.

Despite these limitations, the team has attempted to reach out to as many stakeholders as possible and obtain further necessary information through means of extensive desk research.

IV. Conceptual Framework MBM

This section details the conceptual framework of the migration processes in the Bangladesh-Malaysia corridor, the interlinkages between the various stakeholders in the migration market, and the process of scouting and recruiting.[5] This section also outlines the information asymmetry in the migration channels and the process of information transfer to prospective and repeated migrant workers.

IV.1 The Bangladesh-Malaysia Migration Process

The following conceptual framework outlines the different stakeholders and their relationships. It also illustrates the points and factors that contribute to costs for migrants– both direct and indirect. The asymmetry of information between migration intermediaries and prospective migrants directly influences the migration cost. As such, a detailed breakdown of current avenues in the migration process will inform analysis and allow for formulation of strategies and policies towards a more

Figure 2: Conceptual Framework
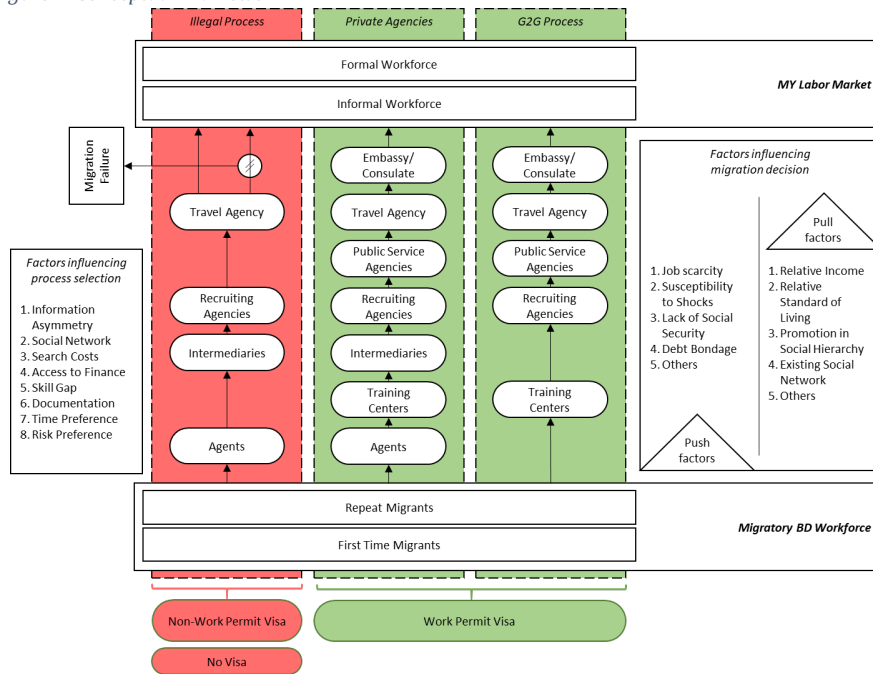
[5] The conceptual framework outlines the more legal migration processes in use currently. Undocumented migration channels are numerous and cannot be effectively outlined and categorized in this figure for analyses.

transparent and accessible migration mechanism. Figure 2 illustrates an overview of points of interest, factors, and mechanisms compiled from multiple literature that are discussed in the next paragraphs.

The most common factors that motivate international migration in the low-skilled labor markets are termed as the "push and pull" factors, i.e., factors that pull laborers to the international labor market and factors that push laborers out of the local labor market. The well-established factors include income differentials across different countries (Simpson, 2017). We hypothesize in our study that these income differentials are driven by perception rather than guaranteed increases in wages for low-skilled labor migrants. As discussed in further detail later in this review, migrants with lower educational qualifications, less access to information, or no network base can easily be misinformed about the wage structure and mislead to migrate internationally. This is also established by Simpson (2017) in his study, as he describes that decision to migrate serves as a form of insurance for households through remit earnings from abroad. Remittance as the source of income also increases the social status of families within their communities, and the desire for a higher social status serves as a pull factor.

Past literature has also established the role of a strong network base in motivating international migration (Dolfin & Genicot, 2010; McKenzie & Rapport, 2010; Malit Jr. & Naufal, 2016; Simpson 2017). Migrants who have existing networks either in the host or origin country are motivated to migrate usually by the people in these networks, or by their communities or families (McKenzie & Rapport, 2010; Mahmud, 2020).

The Bangladeshi migratory workforce comprises two categories of migrants: (1) repeated migrants (migrants who have a previous experience of successful migration), and (2) first-time migrants (migrants who have no experience of successful migration). The categorization of the migratory workforce into two distinct groups is necessary due to differences in behavior, social migration network and access to information. As such, each group is disproportionately influenced by the various push and pull factors.

From consultations and discussions with recruiting agencies and relevant government agencies, the study finds that three avenues of migration exist in the Bangladesh-Malaysia corridor, with varying degrees of interlinkages between the stakeholders.

- **Through government agencies**, migrants proactively enroll with sub-government agencies to start the migration process. They go through training centers and recruiting agencies to seek

work. After which, recruiting agencies assist them with passport issuance and other necessary services before connecting them with travel agencies to locate housing and arrange travel.[6] The last steps are the visa issuance from the embassy and travel.

- **Through private agencies**,[7] Initial contact is typically established by agents who scout and recruit potential migrants. While the rest of the process remains the same as the G2G process, multiple intermediaries enter the process at various stages. A longer migration process and increased number of stakeholder participation result in higher costs compared to the G2G process.
- **In the undocumented process**, potential migrants are scouted and recruited by agents. Potential migrants are provided with fraudulent documents and visas. This process holds the largest share of migration failure.

For legal migration process through private agencies, the costs of migration change with both workers demand (in Malaysia) and supply (in Bangladesh). Conversely, in the G2G process the labor demand is market-determined but the corresponding supply is inflexible as MoUs between the two governments limit and control migration. Further, in undocumented migration process, migrants may be given non-work permit visas (such as student visas, tourist visas, etc.) or misclassified work permit visas (highlighted in light red block in Figure 2), with varying degrees of migration success.

IV.1.i Recruitment of Migrants

There is a symbiotic relationship between migration intermediaries, sometimes referred to as *dalal*s, and the IRAs in Bangladesh. Approximately 96% of all IRAs are located in Dhaka city and 3% in Chittagong city. None of the IRAs in these two cities reportedly have any offices or contact points in the other 62 districts. Hence, the scouting and initial enrollment of majority of the prospective migrants fall upon (1) the IRA representatives, who are selected *dalal*s working under the IRAs, (despite dalals being illegal to operate in this migration market,); (2) free agents (dalals)[8], who have no organizational ties with IRAs and often lead prospective migrants towards undocumented migration route; or (3) Technical Training Centers (TTC)/District Employment and Manpower

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[6] Passport issuance is only applicable for first-time migrants if they do not hold a passport already. Passport renewal, obtaining police clearance certificates, obtaining travel authorization from the Ministry of Home Affairs and other public services are common to both repeated and first-time migrants.

[7] Only legal migration is considered under private agency route. Any undocumented migration, whether they originate from private agencies, G2G mandate, or other means are delegated to the third category.

[8] For the rest of the report, this category of '*dalals*' will be termed as 'free agents' to differentiate them from the IRA representatives who are also *dalals* and often work interchangeably.

Offices (DEMO), that are financed and operated under Bureau of Manpower, Employment and Training (BMET). The recruitment process is iterated in Figure 3.

Figure 3: Recruitment of migrant workers
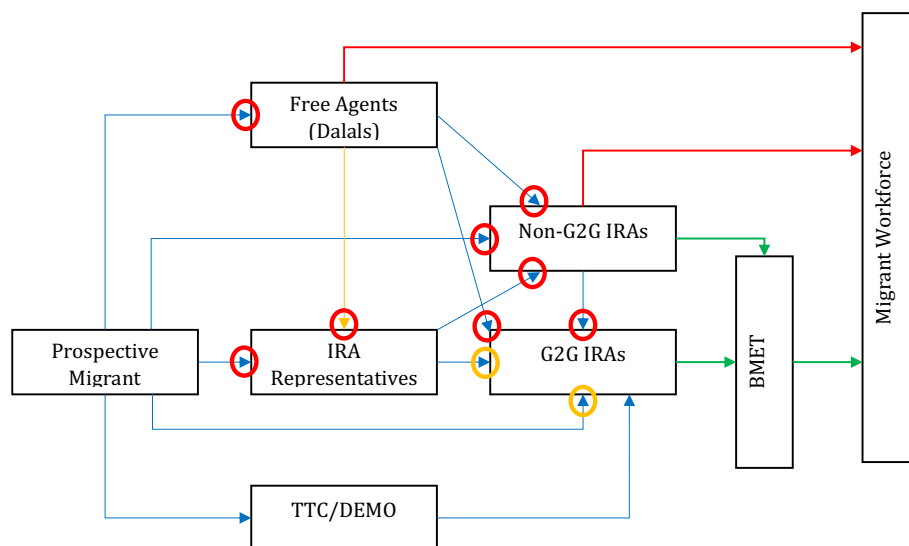
In Figure 3, the blue arrows indicate the channels through which prospective migrants are recruited, the red arrows indicate undocumented migration, the green arrows indicate legal migration and orange arrows indicate a possible flow of migrants. The red circles indicate points of exploitation, misinformation flow, and rent extraction, and orange circles indicate potential points where the same may be observed.

Although the G2G program was abolished in 2018, the 10 IRAs that were selected for the G2G program (G2G IRAs) still hold market power and are sending the majority of Bangladeshi migrant workers to Malaysia. Various IRAs consulted for this research reported that that were not selected for the G2G program and that they cannot bypass this coalition and send migrant workers to Malaysia. Eventually, the practice became that IRAs that were not selected under the G2G program send prospective migrants to the G2G IRAs if the prospective migrants wish to migrate to Malaysia. Hence, this addition of a middleman in the process has increases the migration costs as non-G2G IRAs often charge a commission to transfer the migrant to G2G IRAs.

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Keeping the relationship between the G2G and non-G2G IRAs in consideration, the prospective migrants may be enrolled through TTC/DEMO which guide them to the selected IRAs under the G2G program. The prospective migrants can also be scouted by the IRA representatives, who may then forward them to G2G IRAs or non-G2G IRAs. Prospective migrant workers can also directly approach the IRAs and be recruited for migrant work. However, if they directly approach a non-G2G IRA, they may be charged a commission to be referred to the G2G IRAs.

Afterwards, the only legal way of migrating is through BMET, where the migrant workers must make BMET smart cards, which holds the biometric and identification information of the migrant workers, without which the migrant workers cannot cross immigration check posts. However, bypassing this, many migrant workers may migrate through undocumented processes to Malaysia through dangerous routes. Overall, there is a direct relationship between the length of the process of recruitment and migration costs where longer process leads to higher costs.

IV.1.ii Information Flow

Figure 4: Information flow to prospective migrant workers
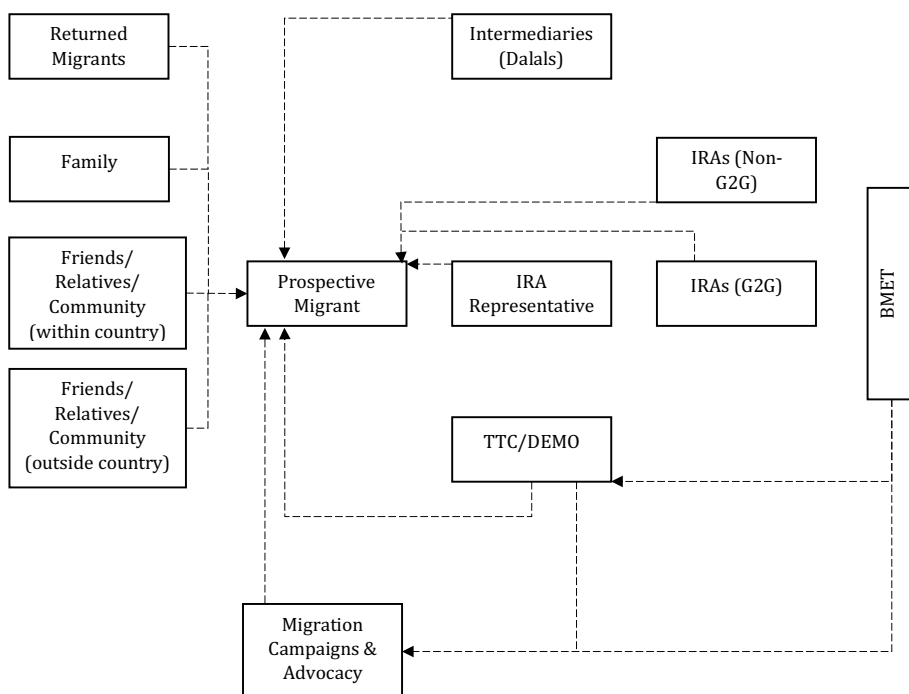
Figure 4[9] outlines the information flow in the migration market, where the four vertically aligned boxes on the left represent the social migratory network[10] that may be accessible to the prospective migrants. Other sources of information are free agents or IRA representatives, IRAs and BMET, including TTC and DEMO. It is to be noted that the information flow from BMET and its subsidiaries are mostly through above-the-line advocacy campaigns via newspapers, television, and radio commercials.

Given that prospective migrants receive information on migration from multiple non-official sources, the validity and reliability of these information are of paramount concern. If potential migrants

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[9] Figure 3 shows the recruitment structure of prospective migrants and Figure 4 demonstrates information flow to prospective migrants. These two figures are juxtaposed for a comprehensive overview of migration recruitment in Bangladesh in figure 39, presented in annex A1.

[10] Social migratory network includes current or returned migrant workers accessible to the prospective migrant workers, family members, friends, relatives, community members within and outside the country.

receive information on migration costs from current or returned migrants who themselves paid exorbitant cost for migration through dalals, it may lead the potential migrants to believe that this is the only channel in which they can migrate and that the high cost is to be expected.

IV.2 Migration Costs – Variants, Components, and Influencing Factors

IV.2.i.a Recruitment Costs and Financing the Costs of Migration

One of the research objectives is to estimate the financial and non-financial costs incurred by migrants in the Bangladesh-Malaysia migration corridor and this study hypothesizes that high migration costs are due to the lack of transparency in the migration process and information asymmetry between immigration intermediaries and migrants. Further, although numerous studies investigated the financial costs incurred by low-skilled migrant workers throughout the process of migration across different channels, little attention has been devoted to other aspects of migration costs such as social and psychological costs.

Further, according to IOM (2017), low-skilled migrants pay over 1,000 USD and incur high debts during the process of migration to only earn in hundreds of USD once they reach their destination country, resulting in a debt burden for an elongated period. KNOMAD (2014) substantiates this claim in a survey on migration costs of low-skilled migrants, which report migrants incur migration costs equivalent to two- or three-years' worth of income at the destination country.

One of the most common sources of funds for migration are household assets (Kikkawa, A & Otsuka, K., 2020). The debt burdens coupled with relatively low returns on their migration investment are expected to have a psychological impact on the migrants as these financial pressure transfers into psychological stress.

IV.2.i.b Psychosocial Aspect of Migration Financing and Migration Procedure

As established above, low-skilled migrants are exploited with high costs by migration middlemen, recruiting agencies, and moneylenders. After reaching their destination country, migrants are also subjected to various forms of exploitation (Barkat et.al. 2014). Living and working conditions abroad may also add stress. The treatment of migrants by employers and local residents may also further induce discomfort.

IV.2.ii Factors that Influence each Dimension

The costs borne by migrants depend on multiple factors as identified by a study from the University of Malaya and BRAC University (Khan et al., 2020). The factors include: (a) skill level of potential migrants; (b) the sector of employment for the migrant; (c) immigration status of migrant, i.e.,

documented, undocumented, or another visa; (d) travel routes taken for migration to Malaysia; (e) IRAs used (G2G or non-G2G); (f) funding sources; (g) gender; and (h) recuperation and social costs incurred by migrants. Additionally, multiple studies established that both psychological and financial costs of migration tend to be lower for individuals with higher educational qualifications, as they can navigate through the process of migration more easily compared to individuals with lower educational qualifications (Dolfin & Genicot, 2010; McKenzie & Rapport, 2010; Malit & Naufal, 2016; Kikkawa & Otsuka, 2020).

IV.2.ii.a Network Effects and Information Asymmetry

The benefits of having a network base have been established by many studies on migration costs. The existence of migration networks not only reduce financial costs by reducing financial limitations, but it also decreases migrants' risks by providing information on safe avenues of migration, i.e., mechanisms to avoid smugglers or fraudulent subagents and other crucial information on housing and the job market in the destination country (Massey, 1988; Orrenius, 1999; Orrenius & Zavodny, 2005; Dolfin & Genicot, 2010). Another major role of networks is to bypass the information asymmetry that arises at multiple points during the migration process. Information flows and market uncertainties arise mainly between five key stakeholders: labor-receiving governments, labor-sending governments, recruitment agencies, sponsors (employers), and social networks. Several factors contribute to asymmetric information and create market vulnerabilities for workers. (Malit Jr. & Naufal, 2016).

Although most studies have found the presence of a network base to be beneficial in the migration market, Nowotni & Pennerstorfer (2017) found plausible negative network effects. Social capital growth in the destination country is an important determining factor of migration[11], where network and social capital increases incrementally with each new migrant (Haug, 2008). These increments, in turn, reinforce the prevalent migration narrative dispersed by the diaspora networks to prospective migrants. These narratives might include false promises such as a better life and earning, or exaggerated improvements in social hierarchy, status, or income. As such, we argue, trafficking and exploitation become easier if diaspora networks facilitate the spread of misinformation. Lastly, herd behavior is another network factor that increase the vulnerability among migrant workers (Epstein, 2008). The author illustrated a phenomenon where prospective migrant workers identify a

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[11] Subjective expected net utility of migration exceeding the expected net utility of remaining in source country determines the migration decisions (Haug, 2008). This subjective expected net utility is reinforced by the social ties and migration network available at the destination country.

destination country based on the amount of people from their community who had had migrated to that country.

IV.2.ii.b Migrant Vulnerability

A multitude of factors contributes to migrants' vulnerability during and after the process of migration. Currently, there is no established quantitative measure for estimating the level of vulnerability of these migrants, our study aims to establish an index of relative, estimated levels of vulnerability of migrants based on various factors, which is discussed in detail in section V.5.

An IOM's document titled *The Determinants of Migrant Vulnerability* outlines the various sources of migrant vulnerability and categorizes them into 4 groups of factors: the individual, the household and family, the community, and the structural factors. A non-exhaustive list of the sources of vulnerability that is relevant to this research is extracted from the IOM document and provided in Table 2.

Table 2: Factors of migrant vulnerabilities and some sources

Categories	Examples of sources
Individual factors	Age, sex, racial and/or ethnic identity, sexual orientation, etc.
Household and family factors	Household size, family structure, socioeconomic status, migration histories, employment condition, education levels, etc.
Community factors	Access to healthcare, access to resources, access to livelihood and income-generating opportunities, etc.
Structural factors	Histories of colonization, conflicts, political systems, migration policies and governance, etc.

IOM, however, posits that these factors can be both risk or protective factors that may increase or decrease migrant vulnerability respectively, dependent upon context. Structural factors also include, beyond those listed in Table 4, the process of migration itself and the various channels available for migration.

V. The Labor Migration Scene

After data cleaning, the final sample size was 560, of which 381 were returned migrants and 179 are current migrants. Returned migrants are those who worked in Malaysia from 2015-2020 and have returned to Bangladesh, whereas current migrants are those who are currently working in Malaysia. The analyses congruent to the discussions of the objectives of the research are presented in this section.

V.1 Spatial distribution of migrant workers and IRAs

The geographical spread of the migrant workers, as per BMET's database of almost 300,000 workers, is presented in Figure 5. The majority of migrant workers come from outside Dhaka City, however, 96 percent of all IRAs, approximately 2,000 agencies, are located in Dhaka. The heavy concentration of IRAs is due to a policy of non-transference of manpower licenses. As the result, IRAs are not able to set up branches in other districts across Bangladesh; nor can they operate at a separate location in Dhaka.

As the result, IRAs rely on free agents, representatives, and dalals, each of whom can be associated with multiple IRAs at once, to extend their geographical reach and recruit potential migrant workers.

Figure 5: map of migrant worker distribution
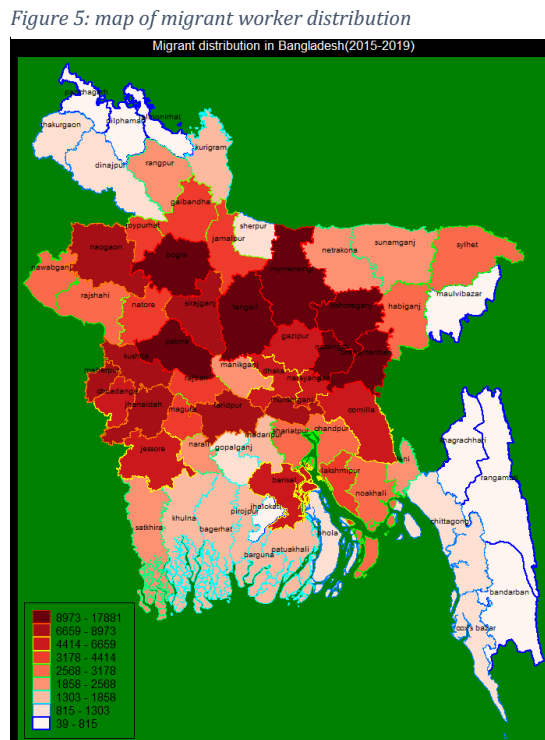
V.2 Migration Cost, Channel, and Income in Malaysia

The average migration fees of migrants for returned and current migrants are presented in Figure 6 in US Dollars (USD).[12] The average recruitment fees was found to be approximately 3,900 USD. Current migrants reported incurring lower recruitment fees when compared to their returned counterparts. This may be because recruitment fees were higher for the latter group, or misreporting due to recall bias, or false reporting due to a fear of deportation and other consequences for those currently in Malaysia. These reasonings on recruitment fees disparity for the two groups are also substantiated from our consultation sessions with BMET and GoM, as well as data collected from KIIs where they reported that migrant workers prefer not to disclose the true extent of hardships or fees
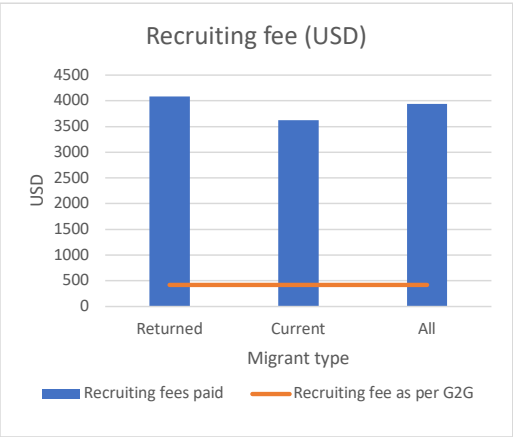
Figure 6: Recruiting fees (USD)

during their time in Malaysia to avoid unwarranted attention or interest which might potentially hamper their employment prospects. All data presented in this report must be considered with this phenomenon involved as current migrants are cognizant of threats (or perceived threats) to their contract, employment, or their stay in Malaysia. Although current migrants on average reported incurring lower migration costs, the discrepancy is approximately 500 USD. Considering that the G2G Plus MoU was designed with the primary objective of binding the recruitment fees to USD 420, the current cost is roughly 9 times higher than the agreement amount.

Further, if migration is considered as an investment where migration cost is the investment value, then migrants' monthly earnings can be examined to understand the returns on the investment. Figure 7 presents the average income per month in USD and shows that current migrants receive higher wages when compared to returned migrants. Current migrants report higher average earnings per month at approximately 286 USD. At this income level, it would take, on average, at least 12-13 months to meet their recruitment expense with their income. This calculation is misleading as

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[12] The following exchange rates were considered to derive USD values: 1 USD = 83.33 BDT.

it does not consider the migrant workers' expenses in Malaysia. In fact, our data shows that more than 40% of migrants' monthly income is spent on accommodation, commute, food, and other necessary living expenses. Factoring this expense in, it would take migrant workers 21-22 months on average to meet their recruitment costs through remittance earnings, assuming the amount they save is sent back as remittance.

Figure 8 reports on the first migration point of contact for the migrant workers. For

Figure 7: Average monthly income from migrant work

Average monthly income

returned migrants, more than 80% were first connected to a dalal, who then transferred them to IRAs, after which they went through the established legal process.

Figure 8: Migrants' first point of contact

First point of contact

As previously discussed in the conceptual framework section, we argue that recruitment fees increase with each level of middlemen involved in the migration process. As dalals were the connectors for these individuals in the migration process, their services incurred costs. Further, the amount charged by the

dalals are not recorded by IRAs and as such more investigation is needed to understand the costs of these migration middlemen's services. Another finding of note is the number of people who were connected to a private IRA first, and not the G2G Plus IRAs. As only 10 IRAs can send migrants under the G2G Plus agreement, those who were connected with private IRAs in the beginning must have also been referred to the 10 G2G Plus IRAs. Our data also indicates that respondents who have migrated to Malaysia multiple times also employed the services of private IRAs in their later journeys. This is because migrants do not know what they were paying for as evidenced in our result. The survey instruments included questions to capture the disaggregated migration expenses in terms of service and almost no respondent was able to provide meaningful breakdown of expenses, indicating that they did not know what they were paying for (whether it be visa or passport or BMET smart card), or for whom they were paying for (dalals, IRAs, private IRAs, travel agency, etc.), and what the

general expenses are for these services. For example, passport issuance or renewal costs approximately BDT 3,000, but one respondent reported that it cost him BDT 50,000 to get his passport issued. Until 2018, dalals in passport offices were very common, which would often add to these expenses. Although government efforts have been able to eradicate dalals from passport services, other areas such as the recruitment of migrant workers have not seen such improvement (Shibli, 2020; Chowdhury, 2021).

To understand the information flow to the migrant workers, we asked them to identify how they received information regarding migration to Malaysia, which is reported in Figure 9. The respondents from all categories can be seen to rely heavily on social networks, which includes family members, friends, neighbors, returned migrants in the same village and community and relatives from both within and outside the source country. The lowest contributing information source is the BMET above-the-line (ATL) marketing and advocacy. Further, key informants interviewed reported that they do not have access to television, radio or other communication devices. We also argue that ATL marketing may not be the

Figure 9: Informants of migrating to Malaysia

most effective method of migration information dissemination as low-skilled workers represent a group with limited literacy. As such, potential migrants rely heavily on first-hand information received from either their social migratory network or free agents, dalals, and IRA representatives.

V.3 Financing Migration

With high and recursive recruitment fees, we examined how migrants financed their migration. First, landownership is considered, where land is divided into agricultural and non-agricultural land. Figure 10 reports land ownership across migrant groups. More than 50% of migrant workers, across all categories, are observed to own both agricultural and non-agricultural land. This implies that these respondents have a higher asset valuation compared to the other migrants. We conclude that land-owning Bangladeshi

Figure 11: Land ownership

thus become a target for exploitation because of the property asset they hold. 25% of respondents from each category that has no land ownership are more likely to apply for loans from various sources to finance their migration costs increasing migrants' risks to debt bondage, as the next section shows.
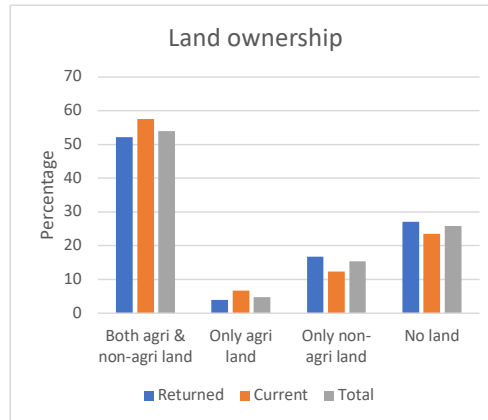
Figure 10: Sources of migration financing
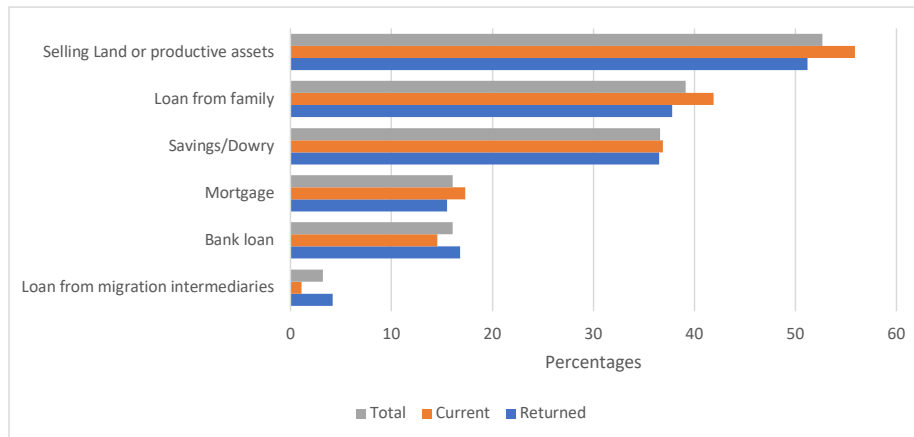
Figure 11 presents the source of migration financing. The broad categories of interest are loans, savings, land sales, mortgage, and dowry. Loans from family, land sales, and savings occupy almost

equal proportion in migration financing. We also find bank loans to constitute a relatively small source of migration financing.

However, in the case of repeated migrants, the majority reported land sales as the primary funding source. This may be because they had previously used their savings or loans from the family in the prior migrations. As multiple funding sources were allowed, repeated migrants may have diversified their funding sources. Selling off assets, such as land or productive assets, is riskier than borrowing or using savings. In the case of a migration failure, the loss incurred in capital assets outweighs losses in liquid assets. This risk weighs into the migrants' vulnerability and into the mental health of the migrant workers while they are in Malaysia.

V.4 Living and Work Conditions of Migrant Workers

Conditions of the migrant workers in Malaysia are also important in the discourse of migration and its costs as it illustrates the standard of living they receive in exchange for the exorbitant migration costs. All results reported in this subsection are based on data collected from current migrants only. Figure 12 presents the distribution of the visa conditions of migrant workers. More than half report not currently holding any visa, effectively being

Figure 12: Visa status and category
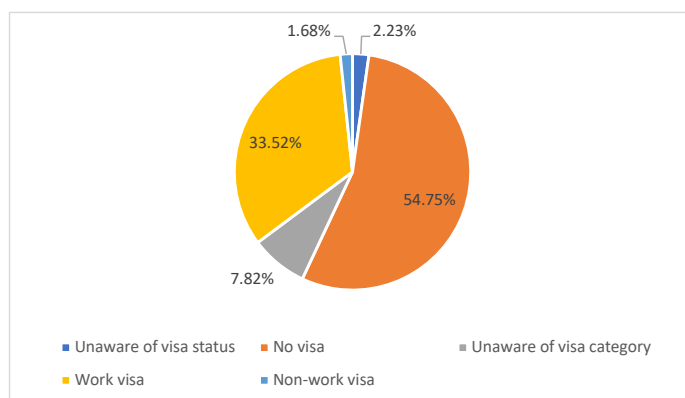
in undocumented status in Malaysia. A little over 34% hold work visas and less than two percent hold non-work visas, such as tourist and student visas. Around 10% are unaware of either their visa status or their visa category. When respondents were asked why they did not renew their work visas or try to get the correct category of visas, almost all reported fear of deportation and high prices. More importantly, over 72% of all current migrants reported that their passports were with their employer and they do not have access to it. Withholding of passports and other identifying documents is a major hindrance to migrant workers as this limits their ability to access essential services. More than

40% of respondents reported facing trouble accessing healthcare, and more than 30% reported facing difficulties in accessing financial services.

Next, we investigate the working conditions of migrant workers. We found, across all categories, migrant workers work longer than 10 hours every day, resulting in more than 60 hours per week. Current migrant workers reported giving 12 more labor hours per week on average, when compared to returned migrants. This may be due to the introduction of overtime with pay, which was less common for those who returned. Around 40% of current migrants report not having to do overtime, while 50% report doing paid overtime work. Around 10% of current migrants reported doing unpaid overtime work, which may be because they are unaware to the fact that overtimes are legally required in Malaysia. Around 33% of current migrant workers also reported not having paid or sick leaves.

Next, we investigate the accommodation conditions of current migrant workers. Figure 13 reports on how current migrant workers arranged their accommodation. While 47% reported having their accommodation arranged by employers, around 21% reported seeking accommodation themselves, and almost 18% relied on the IRAs for arranging accommodation. According to Worker's Minimum Standards of Housing and Amenities Act, 1966 (amended in 1990 and 2019), it is the employer's responsibility to find and arrange accommodation for migrant workers.

Figure 13: Who arranged migrants' accommodation in Malaysia
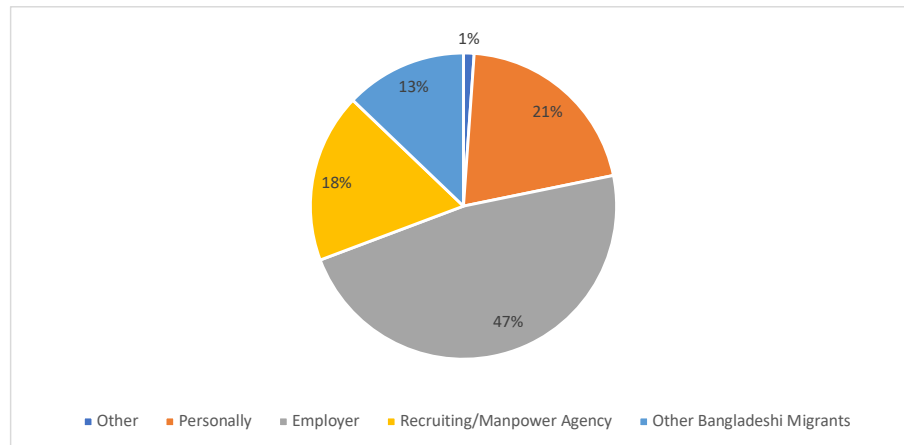
First-time current migrant workers reported sharing a room with five others on average and repeated current migrants reported sharing the room with seven others on average. Thus, our data shows that bunk beds and cramped living space are a very common scenarios in migrants' accommodation, which may put them at increased health risks from communicable diseases.

We then investigated the social life of the migrant workers and asked whether they were subject to any form of discrimination or abuse. We define discrimination as unequal treatment faced under the categorization of gender, race, ethnicity, or nationality in the workplace, social, and interpersonal settings, which is a slightly modified version of the definition stated by Shen & Dhanani (2015). 29% of current migrants reported facing discrimination. Figure 14 presents the areas where the migrant workers have received discrimination from. Almost 50% of those current migrants that faced discrimination reported facing it at

Figure 14: Aspects where discrimination was faced
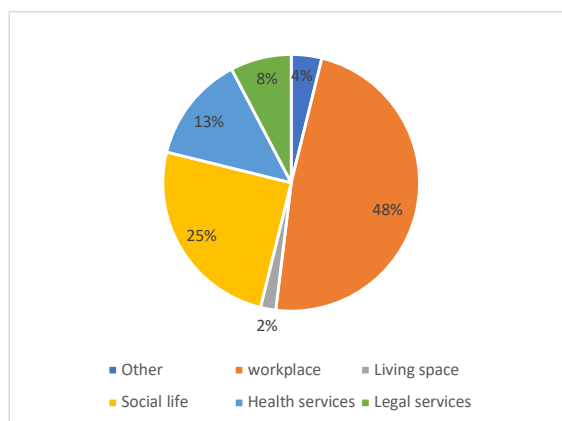
the workplace. Among those facing discrimination in the workplace, 54% reported receiving it from the employers and 23% reported receiving it from upper management. The second area examined was in the migrant workers' social life, where 20% of first-time migrants and 35% of repeated migrants reported facing discrimination. Among those who face discrimination in social life, 60% reported facing it from the local residents, 20% reported facing it from law enforcement authorities, and 10% from non-Bangladeshi migrants.

Figure 15: Methods of sending remittance

Legend: ■ Through bank ■ Hundi ■ Friend/Relative ■ Western Union ■ Others

Values shown: 47.75%, 16.67%, 9.46%, 13.06%, 13.06%
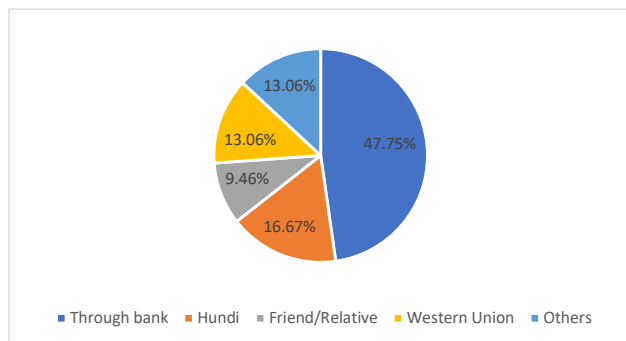
Lastly, we investigated the financial aspect of migrant workers in Malaysia. In terms of remittance, around 85% of respondents reported sending remittance. However, more than 16% of current migrants reported using hundi[13] to send money home, as seen in Figure 15. Usage of hundi channels deprives both source and destination country governments of accurately estimating transaction flows and valuation. Extra charges are required to send money through hundi channels that results in a significant portion of the migrants' money being lost as transaction fees. While hundis present an opportunity for migrants' exploitation, migrants employ them because of two factors: (1) Our data indicates that for over 72% of respondents, identifying documents such as migrants' passports are seized or withheld by employers which restricts their ability to access banking services and (2) banking channels are more rigorous and regulated and requires knowledge of one of Malaysia's languages to effectively navigate.

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[13] Hundi refers to international money transfer that either bypass formal banking channels or money transfer that takes place through a third party for an additional fee. The latter form of hundi encompasses both physical transfer of money from one to another using middlemen, and also bank transfer where the bank account holder provides this service for an additional fee.

Figure 16: Reason for saving
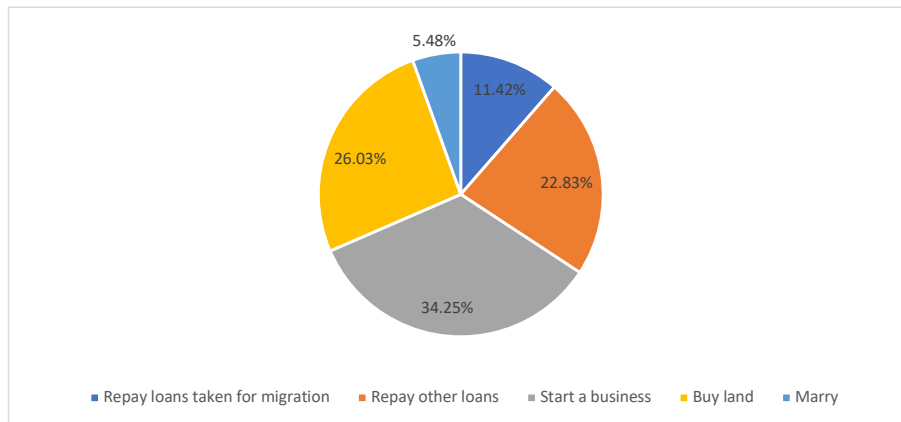
Further, approximately 45% of current migrant workers reported saving up in Malaysia. Figure 16 reports the reasons for saving. Across categories, starting a business at the source country is the primary reason cited for saving. The proportion is higher for repeated migrants as they might be more inclined to not opt for migratory work again. The secondary reason cited is to buy land. This is linked to migration financing as land sales are reported as the biggest source of migration costs. Around 12% of first-time migrants and 30% of repeated migrants reported saving to repay the loans taken to finance migration. Additionally, around 30% reported saving to pay off other loans; about 5% also reported saving to finance their future marriage.

V.5 Migrant Vulnerability

This section will focus on the discussion of vulnerabilities that arise for migrants in the Bangladesh-Malaysia migration corridor.

The first source of vulnerability we identified is whether the prospective migrants were informed of any expected earnings or not. Figure 17 reports the distribution of those who were informed of expected earnings and those who weren't. Information on expected earnings may increase migrants' risk of exploitation by increasing their willingness to pay a higher cost to migrate.

Figure 17: Informed about expected earnings

From the results reported in the figure 17, 78% of surveyed migrants reported being informed of expected earnings. All migrants who received information on expected earnings received them from dalals and IRAs, both G2G and non-G2G.

Figure 18 presents the value of informed expected earnings juxtaposed with the actual income received after migrating to Malaysia. We find that in all categories of migrant workers, the informed expected earning was larger than their actual income when in Malaysia. Another pattern captured in the data is the difference between expected and actual income is larger for first-time migrants relative to those of repeated migrants, meaning repeated migrants gain a better idea of job prospects and income levels in Malaysia because, most likely, their past experiences in Malaysia had informed their income expectations.

Figure 18: Actual earnings vs expected earnings

The second source of migrant vulnerability is the employment contract and the associated details. The language of the employment contracts is also of importance as the majority of the respondents have limited literacy and cannot understand languages other than Bangla. Figure 19 reports whether
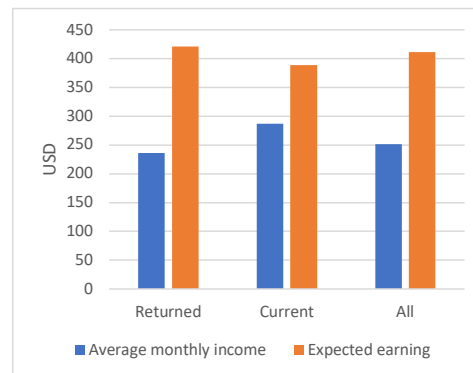
employment contracts were provided to migrants or not, and which language it was it written in. We find that more than 50% of migrants were not offered an employment contract before migration. Few did not know the language of the contracts and some reported receiving it in English, which is slightly more than those receiving it in Bangla. It is explicitly mentioned in the Bangladesh's Migration Act of

Figure 19: Employment contracts and language used in contract

2013 that IRAs assume responsibility for conveying the employment contract details to migrant workers in a language they can understand. Next, we investigate whether the migrant workers understood the employment contracts they were given. Figure 20 reports the distribution of those who understood and those who did not understand the details of the employment contracts.

Figure 20: Percentage of Migrants who understand contract details
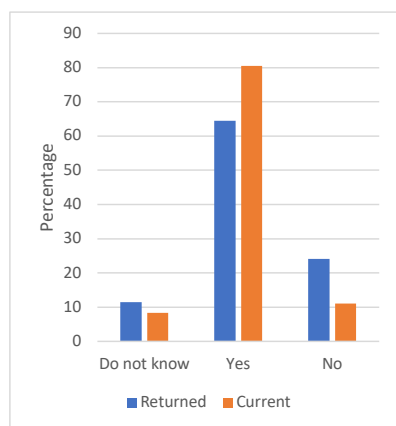
The results shown are only among those who reported receiving an employment contract. The majority of the respondents stated understanding the contract details, while some do not know what their contract details were, and some did not know. Thus, it can be said for certain that the regulations set forth in the Migration Act of 2013 are not properly enforced. This adds to the vulnerability of migrants because terms and clauses in the contract may be exploitative, and the migrant workers had agreed to it unwillingly before migrating to Malaysia.

The third source of vulnerability we identify was whether prior information of the destination

Figure 21: Aspects on which migrant workers had prior knowledge on
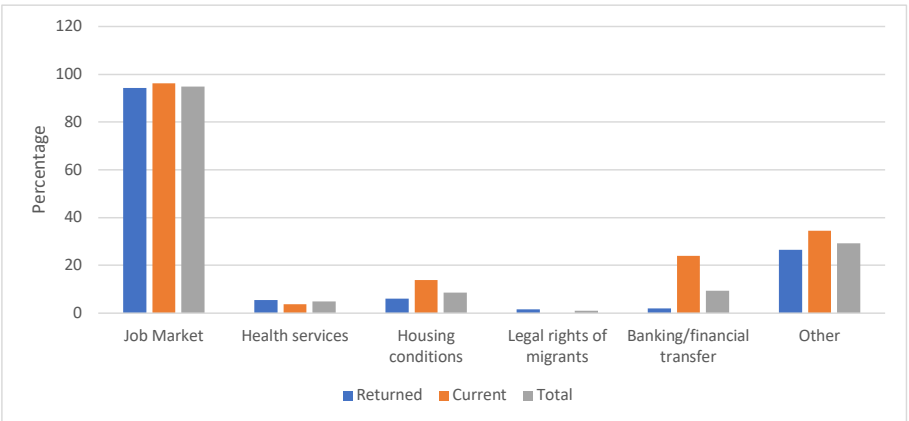
country was given to migrants. Knowledge of destination country is important as it informs what to expect and how to navigate their lives once there. More than 80% reported having some knowledge of Malaysia before migrating there. Lack of adequate knowledge of the destination country create an information vacuum for first-time migrant workers. This increases their vulnerability by presenting an opportunity for exploitation by dalals in the source country and employers/service providers in the destination country. We further investigate this point by examining knowledge of various aspects of their future employment and working conditions in which they had prior to migrating to Malaysia. Figure 21 reports on this distribution. We find that an overwhelming majority had prior knowledge or learned about the job market in Malaysia prior to migrating. Small number report knowing about banking, health, or housing conditions.

The final factor being considered is the language of the destination country and whether the migrant workers understand or had training on that language. Communication difficulty can also form a barrier between employers and employees and between local residents and migrants, which may lead to discrimination or other forms of mistreatment over time. More than half of the respondents reported not receiving any language training or understanding any Malaysia languages in neither spoken nor written form. 20% of the migrant workers reported understanding the language and having received training on it. For returned migrants, the proportion is higher relative to the current

migrants as returned migrants have already accumulated familiarity with the language in their previous migrations to Malaysia.

VI. Information Asymmetry on Migration Costs

This section provides the results of our investigation on the effects of information channels on migration costs. A multivariate regression analysis was conducted to see the effects of information channels on migration costs. The relevant results are presented in Figure 26, and the regression results are presented in Table 2 in the Annex. The dependent variable is the log form of total migration costs paid by respondents. The log form is used to stabilize the variance of the dependent variable, at the cost of changes in the interpretation. Individual, household, and community level control variables were included to account for variances. Individual-level controls include the age of the respondent, migrant type (i.e., first-time migrant or repeat migrant), whether the respondent previously worked in Malaysia, whether migrants were informed of expected earnings, and the selected migration process. Household-level controls include household size, permanent residence in Bangladesh (divisional districts vs. other districts), whether any family member worked overseas, and whether any family member worked in Malaysia before. Community-level controls include whether any village member worked overseas, whether any village member worked in Malaysia before, and community perception towards migratory work. A vulnerability index was formulated, and the migrants were placed in one of two groups: relatively less vulnerable or relatively more vulnerable. Information channels were included as a categorical variable where migration informants were either the IRA representatives or the respondent's social network. Finally, year of migration (time) were included to control for year-to-year variance.

Before discussing the regression results, a few discussions are required. Firstly, the distributions of whether any family members worked overseas or in Malaysia are presented in Figure 24. It is observed that more than 60% of respondents had no family member who had engaged in overseas work. Around 20% reported having family members who had explicitly worked in Malaysia before, whereas for the rest, some family members worked in countries other than Malaysia. In Figure 25, we looked at the distribution of the community members who had worked overseas. More than 60% of the respondents reported knowing someone from the village/community who had migrated to Malaysia for work.

Figure 22: Migrant work history of family members
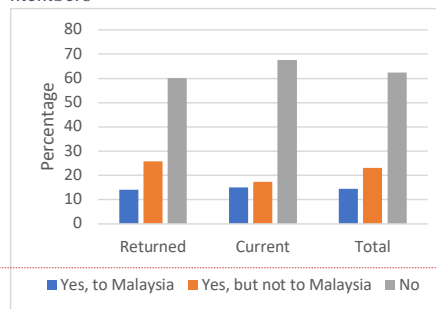
Legend: ■ Yes, to Malaysia ■ Yes, but not to Malaysia ■ No

Figure 23: Whether any community member worked overseas

- Does not know if anyone from the village migrated abroad
- Knows someone migrated abroad, but cannot specify the destination country
- Knows someone migrated to Malaysia
- Knows someone who did not migrate to Malaysia
- Knows none migrated abroad
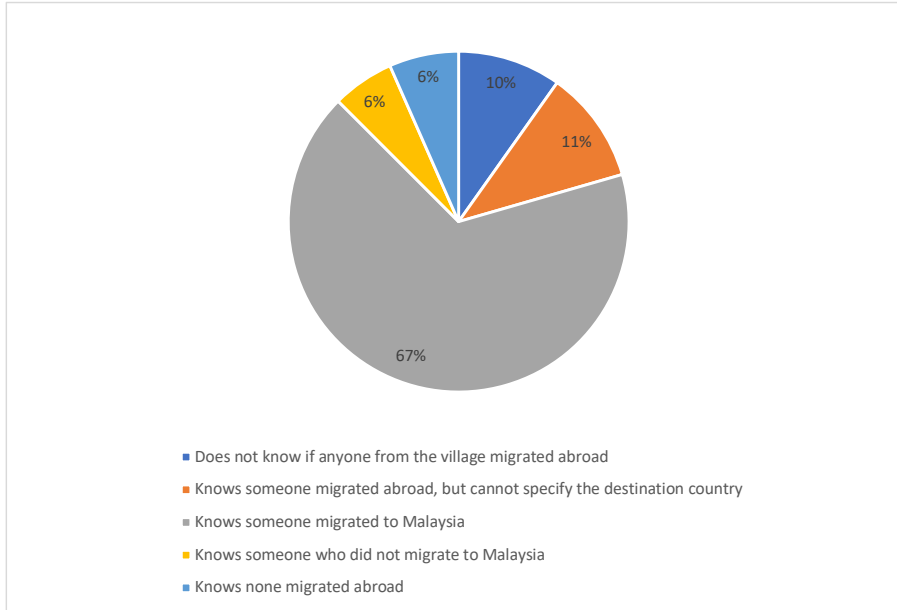
After specifying the distribution of their social network, we discuss the results from the regression analysis on the effect of information channels on migration costs. Figure 26 reports whether migrants face higher migration costs if the primary migration informant is the IRA representative vs. their social network. The results are disaggregated according to migrant type (first-time migrant vs. repeat migrants) and the selected migration process (G2G vs. private IRAs vs. dalals). We find the following results:

1. For those who selected the G2G process, the ones who were primarily informed by their social network faced higher migration costs. This is likely because IRA representatives are aware that the G2G Plus agreement dictate low migration costs, whereas the social network was not.

2. For first time migrants who went to Malaysia through the private IRAs, those informed by their social network incurred marginally lower migration costs compared to those who were informed by the IRA representatives. This indicates that information received from social networks allowed migrants to negotiate a relatively lower migration price, albeit being marginally small.

3. For migrants going to Malaysia through private IRAs, we observe first-time migrant workers paying relatively more. This may be because repeated migrants are more familiar with the

migration market, when compared to first-time migrants, and are therefore able to negotiate a lower cost.

4. For those going through the dalal-involved process, there was no significant difference between being informed by social networks as opposed to the IRA representatives.

Figure 24: Difference in migration costs incurred due to different information channels

Graphs by Migrant Type and Selected Migration Process
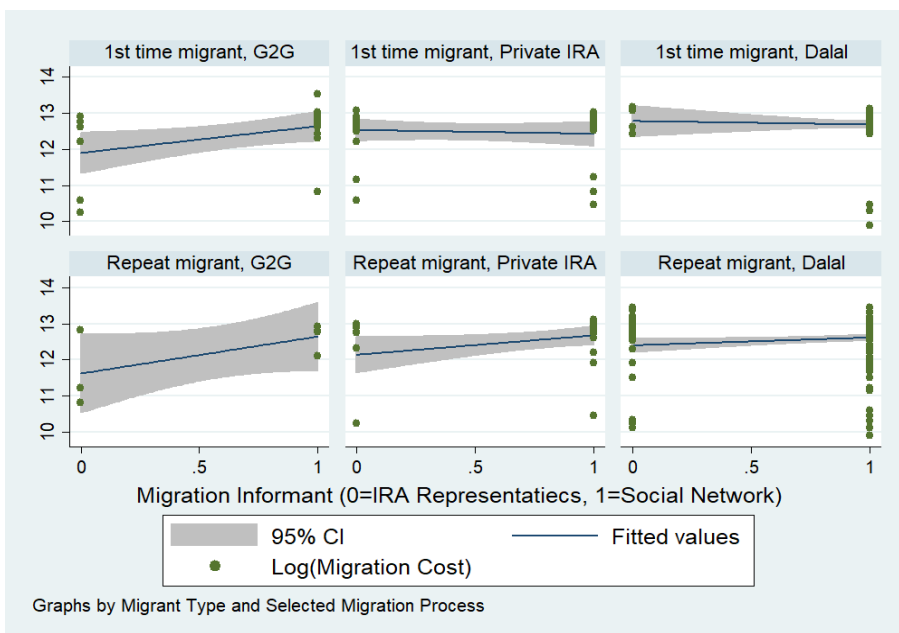
Note: The graphs can be interpreted by observing whether the slope of the line is increasing or decreasing as it moves from the left to the right in each of the six graphs. Going from left to right signifies moving from being informed by dalals and IRAs to being informed by the social network. An increasing slope then means that migration costs are rising with this shift in information source and a decreasing slope signifies that migration costs are falling with the shift in information source.

VII. Narrative on Migration: Perspectives of Migrant Workers

The KIIs were conducted with unsuccessful migrants or undocumented migrants who have been identified through the means of snowball sampling. During our quantitative survey, we requested that respondents share contact details of unsuccessful or undocumented migrants within their network. Although most respondents were not comfortable with sharing details of their network, we collected and finalized a sample of 10 interviewees.

The bigger challenge was identifying a female key informant. As all our respondents for the quantitative survey were male, except two, and only shared details of male unsuccessful migrants. The two female respondents chose not to share any network information.

In this document, we highlight the most important themes that have emerged from our interviews and provide an overview of the unsuccessful migration scenario in the Bangladesh-Malaysia corridor.

Theme: Migration motivation and source of information

Based on the 10 interviews conducted, most interviewees described their primary reason for deciding to migrate as a means of obtaining a proper source of income. These migrants were unable to get any proper source of income in Bangladesh and thus perceived migrating for laborious work in a foreign destination as a secure source of income.

While some interviewees failed to migrate and incurred costs and debt that they are still repaying, some interviewees migrated under false contracts or promises made by their agents and companies connected with the agents. One of our interviewees, during his interview, said:

> *"I had expected to earn a good living, which I felt was not possible in Bangladesh but abroad. Me along with the other 15 persons fled to their friends' or relatives' home in Malaysia because police were catching people with no valid visa and none of us had a valid visa. While many eloped, still some people owing a debt as much as 2 lac BDT (2,320 USD) tried to flee from there. So even when they returned home, they had to hide, while some are still working there and hiding like we used to."*

Many interviewees were also unsure of the process they used to migrate, as they completely relied on the dalals to communicate all information and did not have sufficient knowledge to verify them.

Theme: Migration financing and cost

The average amount paid by all interviewees was found to range from BDT 300,000 to 400,000 (3,490-4,659 USD) or more. Furthermore, not all the money spent by migrants has resulted in

migration. Some interviewees had been scammed and provided with fake visas and air tickets, only to find out about the scam after they had spent all their money and reached the airport.

Theme: Living and working experience in Malaysia

As supported by our desk research, potential migrants are recruited from the most rural or segregated areas and sent to Malaysia with inaccurate information about their working and financial conditions. This finding has been highlighted for almost all interviewees in our KII, where migrants who claimed to have been promised high salary before they move to Malaysia did not receive that amount when they arrived.

When asked if any of their debt amounts could be earned back once they migrated, all the interviewees responded that the money earned did not help cover 50 percent of the debt they incurred during the process of migration. Many interviewees also described that the salary earned by working in Malaysia was insufficient to pay back any debt or send money back to Bangladesh as most of the money earned was spent on living costs in Malaysia. One of our interviewees described the expenses incurred and inability to remit in detail:

> "*Our mess and food costs were 250 MYR, a card for mobile costs around 30 MYR. In total around 300 is already spent. The remaining 150 is equal to only 3000 BDT (35 USD). So, it would take a lot of years of work there to earn that 3 lac 20 thousand back (3,725 USD) that was taken as debt to migrate.*"

When workers demanded the promised salaries, they were either fired or given further hope for a future increase in pay if they kept working overtime. Although these interviewees were promised incremental pay on overtime, they were rarely paid that incremental pay despite 10-12 hours of work, which was equivalent to 2-4 hours of overtime more than their allocated hours.

> "*We told him that we will not go to work and will not do the job if we did not get promised money. The board sat with us and we told them that there was an amount written in the contract, that we signed*"

Not receiving the promised salary was not the only hurdle faced by the interviewees— they also remained in hiding when they migrated irregularly. Although the Malaysian government mandates that employers provide housing for their workers, there were interviewees who had to live inside the factory because they did not have any housing, without any basic amenities and without receiving proper medical care.

> *"I went on a company visa. They received us from the airport and kept us with the company, but they were not giving the salary properly. After 6-7 months of this, the immigration police caught us and sent us back."*

Due to long working hours, the burden of intensive labor, hard working conditions and lack of occupational safety equipment, migrant workers are more prone to getting sick.

Theme: Some final comments from interviewees

> *"I am not illiterate; I am a graduate. Then I had to stop studying and had to focus on my family. There is no hope."*

Interviewees were asked to comment on their overall experience, and most warned against migrating in the manner that they did. The interviewees realized how they had been exploited and abused, and strongly recommended that the government take initiatives to educate the poor about the process of migration. The interviewees also claimed that companies are exploitative and abusive in nature only because migrants are not aware of their rights and are scared of being detained or deported.

VIII. Policy Recommendations

On December 19, 2021, the governments of Bangladesh and Malaysia had signed a new memorandum of understanding on the recruitment of Bangladeshi workers. This MoU is currently not publicly available. As such, our recommendations cannot take into consideration the content of the new MoU.

<u>For Bangladesh</u>

1. **Create a central online employment portal for Bangladeshis seeking employment abroad and for employers to select candidates directly.** The portal should include prospective migrants from the existing Bureau of Manpower, Employment and Training (BMET) database and updated to include women job seekers. **Recruiting agencies can assist migrants in creating profiles and management of their accounts.** Simultaneously, this employment portal should serve as an online information hub for migrants, where they can check the status of their application and find information on how to obtain needed documents. **By having employer-employee relationship facilitated through the portal, migrants will be protected from receiving false documents and contracts**, as all relevant documents will have their source automatically recorded in BMET database. **Government of Malaysia (GoM) should be given access to information of migrants who have formally started an application to work in Malaysia.** Once in Malaysia, the portal can serve as a database of migrant workers and allow relevant authorities to monitor and enforce labor regulations and workplace safety. Migrants in Malaysia can also obtain necessary information, such as finance, healthcare, and immigration regulations through this portal as well. **The system should also allow for reporting of grievance, abuse, and misuse, where each user will have an ability to file a complaint that maybe investigated by BMET as necessary.** The complaint system will allow BMET to remove unscrupulous actors more effectively from the migration market.

2. **Increase reach of recruiting agencies, BMET, and its subagencies to disseminate accurate information on migration.** Government of Bangladesh (GoB) should expand existing public service infrastructure to include providing information on labor migration. In each union digital center, where migrant registration is already a routine task, **returned migrants from the community should be empowered with information and allowed to provide accurate information to interested people.** Similarly, District Employment and Manpower Offices and Expat Welfare Desks (under the supervision of the Ministry of Public Administration) at the District Commissioner Offices should expand their services and reach. In parallel, **CSOs should be allowed in government offices mentioned above to assist in providing accurate information to migrants.** Lastly, **IRAs should be allowed to register in multiple addresses** so that they can legally recruit workers in districts around Bangladesh, reducing reliance on migration intermediaries.

3. **Improve pre-departure training in technical training centers (TTCs)**. BMET should increase and augment the capacity of its TTCs instructors. **BMET should also ensure that all centers have dedicated training for migrants who are going to Malaysia** by providing and updating a standardized curriculum to instructors on necessary knowledge of the destination country, including healthcare, finance, and legal and labor rights. **BMET should consider allowing CSOs to assist in pre-departure training in TTCs.** Returned migrants, who have knowledge of Malay should

be empowered to teach language classes. **BMET should also cooperate with recruiting agencies with TTC capability to ensure that their curriculums and standardized.**

<u>For Malaysia</u>

1. **Increase cooperation with GoB.** Request GoB to share migrant's data to verify visas and spot-check employers. **GoM should support the creation of an online employment portal outlined above** which will allow it to have better access to information of Bangladeshi workers in the country. The use of this portal will also allow GoM to monitor migrant workers' contracts and ensure their validity. As a destination country, **Malaysia's government should cooperate with employers and GoB to monitor and ensure that incoming migrants received appropriate pre-departure training,** including crucial training on healthcare, finance, language, and workers' rights.

2. **Increase monitor and enforcement of existing labor regulations. GoM should work with employers to ensure that minimum standards are met in migrants' workplace.** GoM should also ensure that employers do not withhold migrants' passports and that accommodation of low-skilled and semi-skilled migrant workers are provided by employers, locations of which should be registered with the government. Inspections should be periodically carried out to check if minimum standards are being maintained on these premises. **GoM should also ensure that workers are paid no less than minimum wage with appropriate overtime pay and create an online mechanism where workers can file complaints anonymously if they suspect exploitation or discrimination.**

3. **Reduce costs for migrant workers in Malaysia.** Ensure that employers provide free accommodations to workers. Reduce barriers for workers to access formal financial system, such as encouraging banks to provide mobile banking services to migrants in Bangla. **CSOs should work with employers to conduct outreach activities to workers and provide them with up-to-date information on healthcare, finances, and labor regulations and ensure that migrants have necessary information to incur as little cost as possible to obtain these services.** Migrants should also understand how to dispute employer-employee issues and where to access legal assistance.

4. **In order to change behaviors and attitudes towards migrant workers, GoM and the private sector must work together to identify effective ways to reduce stigmatization and discrimination of migrant workers,** both in the workplace and social settings.

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Acronyms

Acronym	Full Form
ATL	Above the Line
BAIRA	Bangladesh Association of International Recruiting Agencies
BD	Bangladesh
BDT	Bangladeshi Taka
BMET	Bureau of Manpower Employment and Training
COVID-19	Coronavirus disease of 2019
DEMO	District Employment and Manpower Offices
GoB	Government of Bangladesh
GoM	Government of Malaysia
G2G	Government to Government
GDP	Gross Domestic Product
HSC	Higher School Certificate
IOM	International Organization for Migration
IRA	International Recruiting Agency
KII	Key Informant Interview
LGI	Local Government Institutions
MoEWOE	Ministry of Expatriates' Welfare and Overseas Employment, Government of Bangladesh
MoHA	Ministry of Home Affairs, Government of Malaysia
MoHR	Ministry of Human Resources, Government of Malaysia
MoU	Memorandum of Understanding
MY	Malaysia
MYR	Malaysian Ringit
PAPA	Persatuan Agensi Pekerjaan Malaysia, Malaysian Association of Foreign Worker Agencies
PI	Principal Investigators
SSC	Secondary School Certificate
TTC	Technical Training Centres
UN	United Nations
USD	United States Dollar

Glossary

Terms	Definition
Advocacy	Advocacy is an activity by an individual or group that aims to influence decisions within political, economic, and social institutions
Basic amenities	Basic amenities are essential foundation for a decent living, and they also enhance economic growth and quality of life. The scope of basic amenities includes safe drinking water, sanitation, housing, access to proper roads, electrification, fuel, connectivity, healthcare centre, school, playground, recreational facilities, and others.
Bilateral agreement	An agreement between two parties
Biometric information	Biometric information includes, but is not limited to, imagery of the iris, retina, fingerprint, face, hand, palm, vein patterns, and voice recordings, from which an identifier template, such as a faceprint, a minutiae template, or a voiceprint can identify the biometric information
Census	Data collection or interviews conducted on a full set of observation belonging to a given population
Covid-19	Coronavirus disease (COVID-19) is an infectious disease caused by the SARS-CoV-2 virus
Current migrants	Workers who are living in a foreign country at present
Dalal	Middlemen working in the migration process, ostensibly to help prospective migrants migrate. In practice, this unregulated service almost always increases the cost burden of the migrants
Debt bondage	Debt bondage is the pledge of a person's services as security for the repayment for a debt or other obligations where the terms of the repayment are not clearly or reasonably stated, and the person who is holding the debt thus has control over the worker
Decentralization	Decentralization is the transfer of authority and responsibility for public functions from the central government to subordinate or quasi-independent government organizations and/or the private sector. In this research, decentralization refers to the transfer of international recruiting agencies to the rural and remote geographical locations of Bangladesh so that potential migrants can have better access to them

Diaspora network	Diaspora network refers to a population whose origin lies in another geographic locale
Discrimination	Practice of unfairly treating a person or group of people differently from other people or groups of people based on their race, sex, ethnicity, or religion
Domestic work	Work performed in or for a household or households
Dowry	A dowry is a form of payment or gift, such as property or money, paid by the bride's family to the groom or his family at the time of marriage
Economic migrants	A person who leaves their home country purely for economic reasons that are not related to any other factors but to improve their livelihood
Unsuccessful migrant	An individual involved in the migration process who failed to migrate
Forced labor	Any work relation in which a person is employed against their will with the threat of destitution, detention, violence, or other forms of extreme hardship to either themselves or members of their families
Fraudulent broker	A broker who is involved in an act of deception
Human trafficking	The unlawful act of transporting or coercing people to benefit from their work or service, typically in the form of forced labour or sexual exploitation
Hundi	Hundi is an informal system of international money transfer that is illegal as the money exchange takes place outside regulated channels
Undocumented migrants	Someone who lives or works in a country where they do not have the legal sanction to do so
Intertemporal cost	Intertemporal cost is an economic term that reflects to how costs incurred in present can affect the costs borne in the future. The costs are not strictly monetary in nature and can also be psychological or social costs.
IRA representatives	Representatives of an international recruiting agency
Labor agreement	Any written agreement that a seller party has entered, or by which it is bound, with any union, works council or collective bargaining agent with respect to terms and conditions of employment of such seller party's Employees

Manpower license	A legal document provided to private agencies to run their organizations
Migration intermediaries	Migration intermediaries are middlemen that connect potential migrants to the migration market. Migration intermediaries can take many different forms: smugglers, brokers, employment agencies, and travel agencies
Migratory network	Migrant networks are webs of social ties that connect individuals in a sending country to others in a destination country
Minimum wage	The minimum amount of pay against the service provided as required by law
Potential migrant	A potential candidate trying to migrate internationally
Private channel	Migration process that is facilitated through private recruiting agencies or middlemen
Psychological costs	Psychological cost is a form of social cost that is incurred psychologically due to stress or loss of quality of life.
Recruitment agency	A business that is paid to find suitable migrant workers for international companies and organizations
Recruitment fees	Fees of any category, including charges, costs, assessments or other financial obligations that are associated with the recruiting process
Remittance	A remittance is a non-commercial transfer of money by a foreign worker, a member of a diaspora community, or a person who lives in a foreign country, for household income in their country of origin.
Rohingya	The Rohingya people are a stateless Indo-Aryan ethnic group who predominantly follow Islam and reside in Rakhine State, Myanmar
Syndicate	A group of individuals or organizations colluding under common interest to increase their market share or profits or monopolistic control of the market

Annex

Table 3: Regression results

VARIABLES	Log of Migration Cost
Age	-0.00255
	(0.00566)
Previously worked at MY[14]	0.0149
	(0.134)
Household Size	0.00710
	(0.0129)
Residence at Divisional District[15]	0.204**
	(0.0926)
Family member worked overseas[16]	0.0683
	(0.117)
Village member worked overseas[17]	-0.0594
	(0.105)
Family member worked overseas##Village member worked overseas[18]	-0.0588
	(0.141)
Family member worked at MY[19]	-0.337
	(0.392)
Village member worked at MY[20]	-0.140*
	(0.0818)
Family member worked at MY##Village member worked at MY[21]	0.361
	(0.408)
Community perception on overseas work	-0.0402
	(0.0411)
Social Network is the primary Migration Informant[22]	0.435***
	(0.119)
Vulnerability Index	-0.0255
	(0.0690)
Repeated migrants[23]	-0.103
	(0.119)
Selected Migration Process, Private IRA[24]	0.135
	(0.185)
Selected Migration Process, Dalal[24]	0.0510
	(0.163)
Log of Expected Earnings	0.448***

[14] In reference to not previously working at MY
[15] In reference to residence being at other districts
[16] In reference to no family members worked overseas
[17] In reference to no village members worked overseas
[18] In reference to no family or village members worked overseas
[19] In reference to no family members working at MY
[20] In reference to no village members working at MY
[21] In reference to no family or village members working at MY
[22] In reference to IRA representatives being the primary migration informants
[23] In reference to 1st time migrants
[24] In reference to selected migration process being G2G

	(0.130)
Year = 2016[25]	0.407**
	(0.175)
Year = 2017[25]	0.279
	(0.192)
Year = 2018[25]	0.132
	(0.204)
Year = 2019[25]	0.172
	(0.216)
Year = 2020[25]	0.138
	(0.305)
Current Migrants[26]	-0.195*
	(0.108)
Constant	7.784***
	(1.445)
Observations	351
R-squared	0.204

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

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[25] In reference to year of migration being 2015
[26] In reference to returned migrants

Figure 25: Juxtaposition of recruitment and information flow
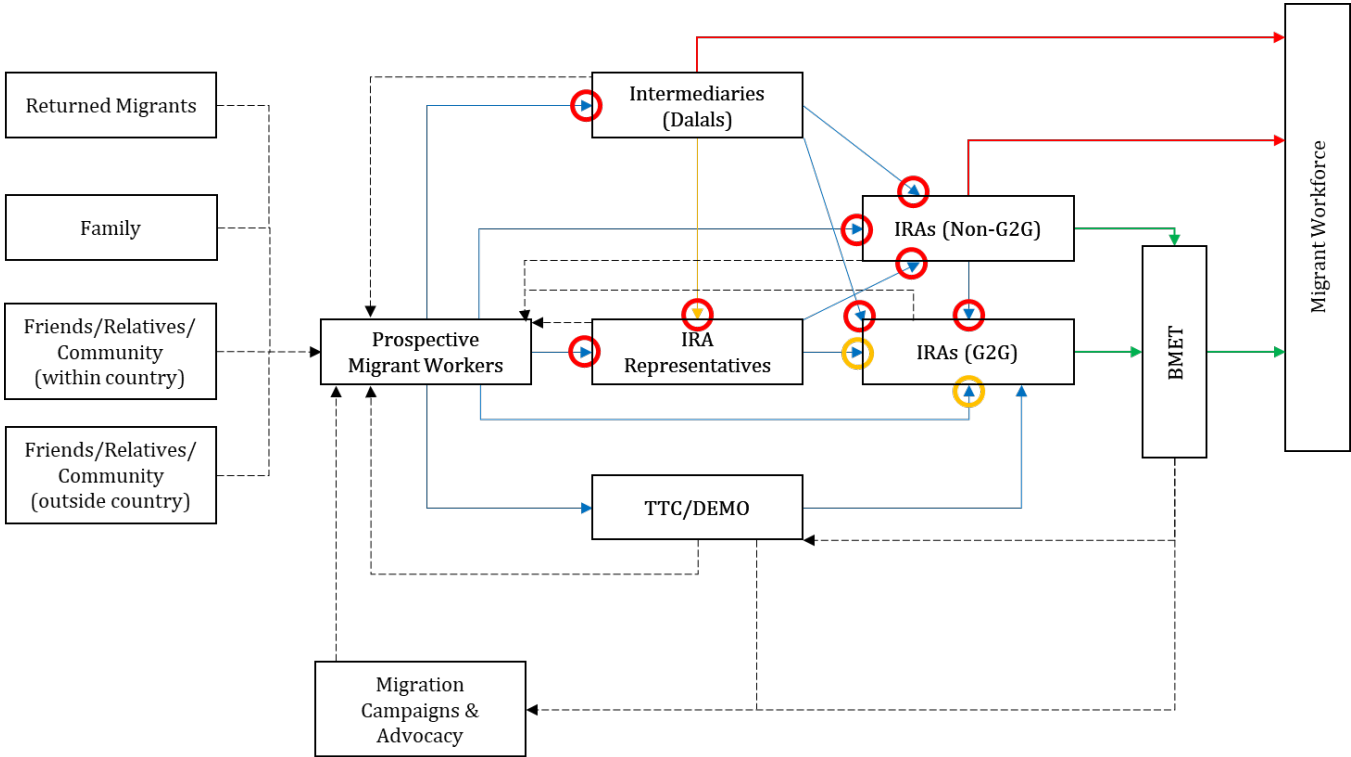
IRB Ethical Clearance Certificate

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iHE

30 April 2021

Mutasim Billah Mubde
House 07, Road 08, Sector 06, Uttara Model Town, Dhaka 1230, Bangladesh
Email: mutasim.mubde@gmail.com

Title: The Hidden Costs of Migration: Evaluating financial and non-financial costs in Bangladesh-Malaysia Migration Corridor

Dear Mutasim Billah Mubde,

The Institutional Review Board of the Institute of Health Economics (IHE-IRB), which is approved by Federalwide Assurance (FWA), No. FWA00026031 had reviewed your submissions – both the initial one and subsequent in response to IHE-IRB's comments for the ethical approval of the proposal "The Hidden Costs of Migration: Evaluating financial and non-financial costs in Bangladesh-Malaysia Migration Corridor".

IHE-IRB is providing the ethical approval of the proposal.

With thanks and regards,

Dr. Muhammod Abdus Sabur
Chair
Institutional Review Board