

WORKSHOP ON RECRUITMENT COSTS SURVEY

Presentations (Sessions 1 & 2)

- **Surveys on Migration Costs: An Introduction**
- **Migration Cost Surveys : 2014, 2015 & 2016**
- **Questionnaires for 2018 Surveys**

International Labour Organisation, New Delhi

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Surveys on Migration Costs: An Introduction

Introduction (1)

- **Low skilled international labour migration very significant for developing economies**
 - **Facilitate structural transformation**
 - **Respond to the disconnect between growth and domestic job creation**
 - **Reap demographic dividends**

Introduction (2)

- **Significant impacts of low skilled migration at the macro and micro levels**
 - Remittances stabilising external reserves
 - Reducing poverty
 - Improving educational and health outcomes of migrant households

Policy Responses Required to Improve Overall Migration Outcomes of Low Skilled Migration (1)

- **Migration processes can be thought of consisting of four major aspects:**
 - **Recruitment**
 - **Employment conditions and earnings**
 - **Remittances and transfer of earnings**
 - **Return and reintegration**
- **Policy initiatives have been undertaken in different labour sending and labour receiving countries from time to time**
 - **More in the nature of country specific interventions**

Policy Responses Required to Improve Overall Migration Outcomes of Low Skilled Migration (2)

- Coordinated actions at the Regional and International levels have been relatively less
 - Most successful international initiatives has been in the context of “reducing remittance cost”, induced by :
 - Generating reliable evidence on remittance cost
 - Commitments at the highest level of governance structures
 - Multilateral agreements
- ➡ **OUTCOME : forefront remittances as migration and migrant centric policy rather than as an external financial flow management**

Migration Cost in Policy Architecture (1)

- Relatively lesser attention on reducing migration costs
- Components of Migration Costs:
 - Administrative costs (documentation and checks – checking validity of contract, health and other checks including exit checks)
 - Recruitment costs (recruitment and visa fees to connect a particular overseas job offer with a particular worker)
 - Transportation costs (internal travel, international travel)

Migration Cost in Policy Architecture (2)

- High migration costs reflect large rent component
- High migration costs are regressive
 - Lower wage workers pay more for overseas jobs than higher wage workers
- Non transparency in migration costs
 - Many workers do not know upfront how much they will have to pay for overseas jobs
- Complex relation between regulation and migration costs

Migration Cost in Policy Architecture (3)

- High migration costs have serious implications for welfare of migrant and migrant households
 - Financing migration costs mainly through loans and borrowing
 - Debt trap
 - Significant portion of migrant earnings used for debt servicing
- ➡ **KEY NEED: identify and operationalise innovative policies to reduce migration costs**

Migration Cost Surveys : 2014, 2015 & 2016

Reliable Datasets on Migration Cost : ILO-World Bank-KNOMAD Surveys

- **Reliable migration costs data across different migration corridors fundamental to evolve sustainable policy responses**
- **ILO-World Bank have collaborated through a Working Group of the Global Knowledge on Migration and Development (KNOMAD) to build migration costs data base comparable across migration corridors**
- **First Survey initiated in 2014**
- **Subsequent Surveys were undertaken in 2015 and 2016**

2014 Surveys

- Destination surveys in Korea, Kuwait and Spain
- Covered legal and low skilled migrants
- Korea – Workers from Thailand, Indonesia and Vietnam
- Kuwait – Workers from Bangladesh, India, Egypt, Philippines and Sri Lanka
- Spain – Workers from Bulgaria, Ecuador, Morocco, Poland and Romania
- Relatively smaller samples

Worker-paid Costs in Korea, Kuwait, and Spain, 2014

Destination	Average Worker-paid Costs	Worker Earnings	Costs: Share of Earnings
Korea	\$1,525	\$36,000 at \$1,000 a month or \$54,000 at \$1,500 a month for 36 months	1 to 1.5 months of Korean earnings; could be less than 3% of Korean earnings if migrants stay max period
Kuwait	\$1,900	\$465/month	4 months of Kuwaiti earnings of \$11,160 over 24 months Bangladeshis & Egyptians paid more than Indians & Sri Lankans
Spain	\$530	\$1,000/month	Workers employed in seasonal agricultural jobs for 4-9 months; all had worked in Spain previously

Surveys and Bilateral Corridors (2015 & 2016 Surveys)

2015	2016
<ul style="list-style-type: none">■ Ethiopia-KSA■ India-Qatar■ Nepal-Qatar■ Philippines-Qatar■ Vietnam-Malaysia■ Pakistan<ul style="list-style-type: none">• To KSA, UAE	<ul style="list-style-type: none">■ India-KSA■ Philippines-KSA■ Italy<ul style="list-style-type: none">• From Egypt, Senegal, West Africa CFA, West Africa■ Mexico<ul style="list-style-type: none">• From El Salvador, Guatemala, Honduras■ Nepal<ul style="list-style-type: none">• To KSA, Malaysia, Qatar■ Russia<ul style="list-style-type: none">• From Kyrgyzstan, Tajikistan, Uzbekistan

Migration Costs: Contractual and Non Contractual Workers

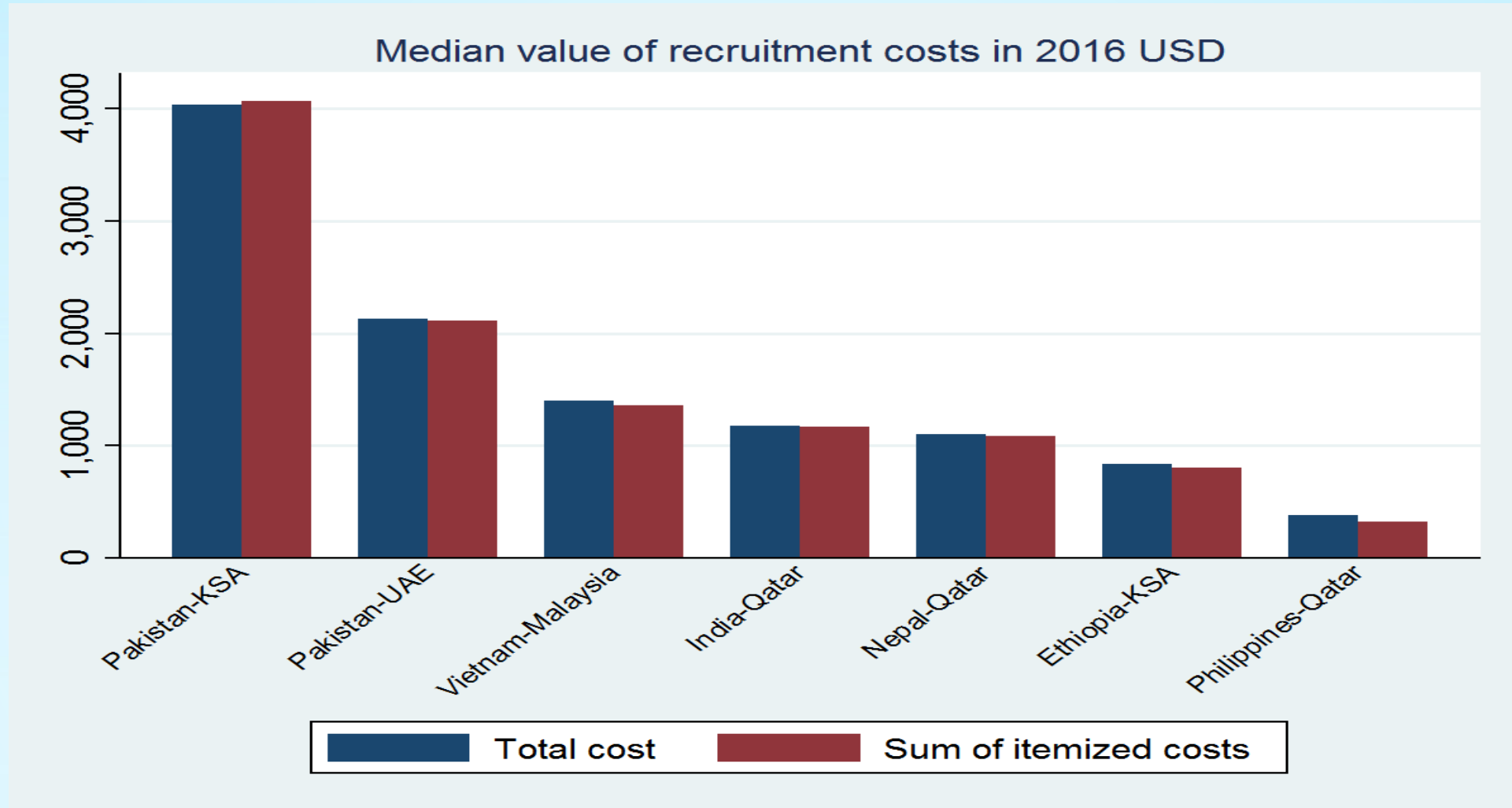
Contractual Workers

Survey	Variable	N	Mean	Median	Standard Deviation	Maximum	4th Quantile	5th Quantile
India-KSA 2016								
	Tot. recruitment cost in 2016 USD	409	1385.8	1329.0	778.7	14995.4	1495.1	1894.2
	Sum of itemized cost in 2016 USD	409	1350.5	1329.0	393.0	2491.8	1495.1	1894.2
	Monthly earnings at arrival in 2016 USD	409	326.5	324.0	67.4	594.8	364.5	409.3
	Current monthly earnings in 2016 USD	409	377.5	373.3	71.5	693.3	418.7	480.0
	Recruitment cost indicator (arrival monthly earnings)	409	5.0	4.1	7.8	120.0	4.9	6.1
	Recruitment cost indicator (current monthly earnings)	409	4.5	3.5	8.3	110.7	4.1	5.3

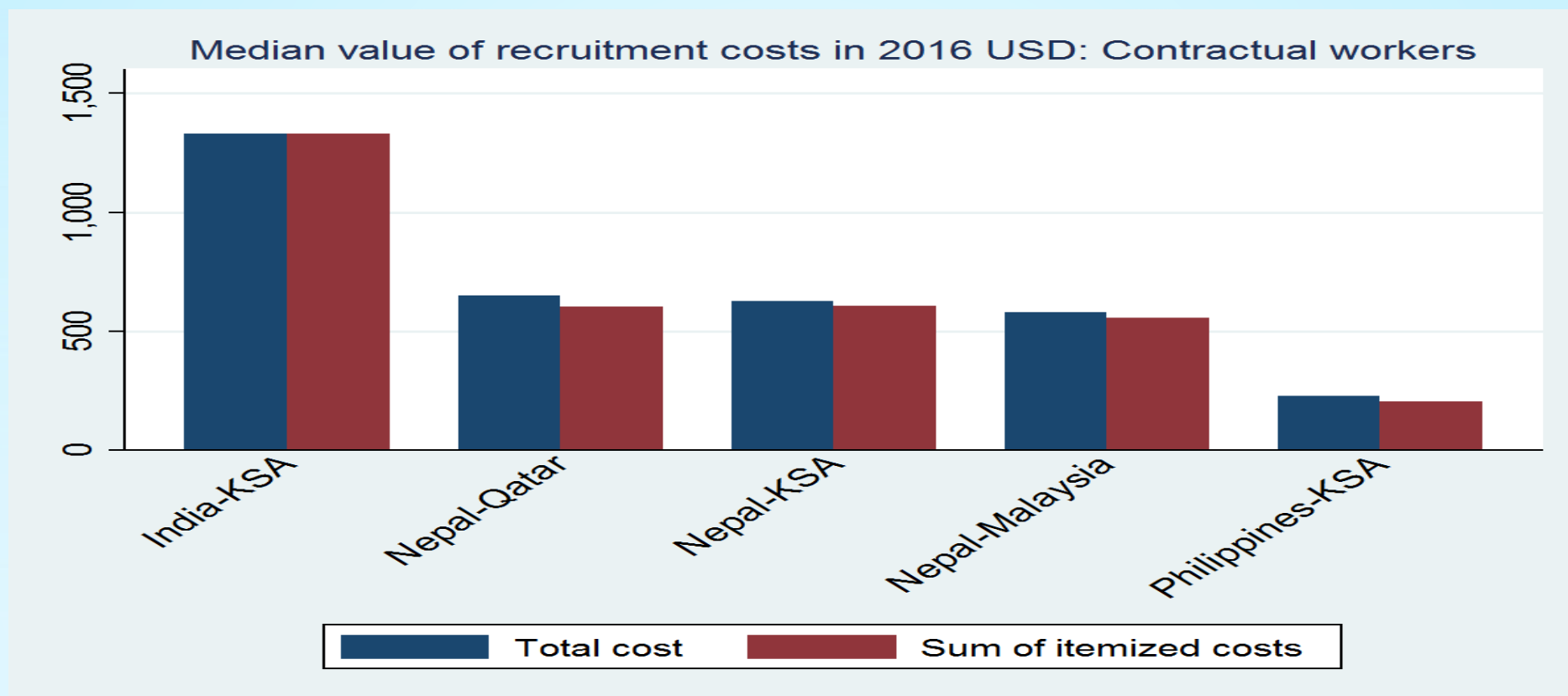
Non-contractual workers

Survey	Variable	N	Mean	Median	Standard Deviation	Maximum	4th Quantile	5th Quantile
Senegal-Italy 2016								
	Tot. migration cost in 2016 USD	68	1507.0	1049.9	1744.0	9415.5	1534.6	2690.1
	Sum of itemized cost in 2016 USD	83	1295.1	865.3	2274.1	17156.2	1589.9	2197.6
	Monthly earnings at arrival in 2016 USD	78	517.5	431.4	496.6	1748.6	805.9	1222.0
	Current monthly earnings in 2016 USD	81	765.1	719.0	483.3	1769.9	1150.4	1438.1
	Migration cost indicator (arrival monthly earnings)	47	2.4	1.6	2.7	12.8	2.5	6.7
	Migration cost indicator (current monthly earnings)	57	1.7	1.5	1.6	8.2	1.9	3.1

2015 Surveys

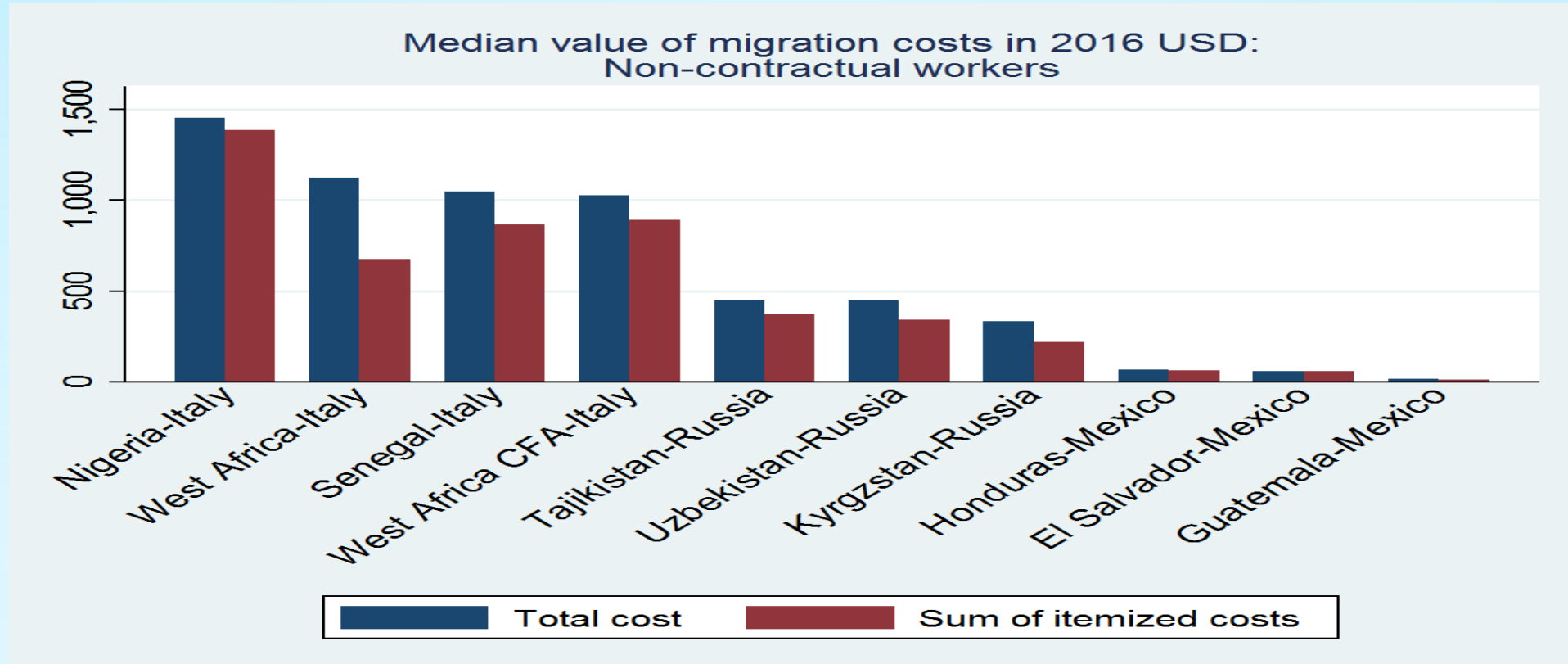


2016 Surveys: Contractual Workers



Note: Nepal 2016 survey was conducted prior migrants' departure to their destination countries. Reported earnings at arrival are based on the employment contract information, and migration cost questions are answered by migrants' families after the departure.

2016 Surveys: Non-contractual Workers



Note: Due to small number of observations, some origin countries in Italy 2016 survey were grouped based on common geographic/economic features:

1. West Africa: migrants born in Cape Verde, Ghana, Cote d'Ivoire, Gambia, Liberia, Guinea, Sierra Leone
2. West Africa CFA: migrants born in Benin, Togo, Mali, Guinea-Bissau, Burkina Faso, Niger

Recruitment Cost Indicator (RCI)

- RCI for each origin-destination country corridor is migration costs paid as a multiple of monthly foreign earnings

$$RCI = \sum_{i=1}^n \frac{c_i}{y_i}$$

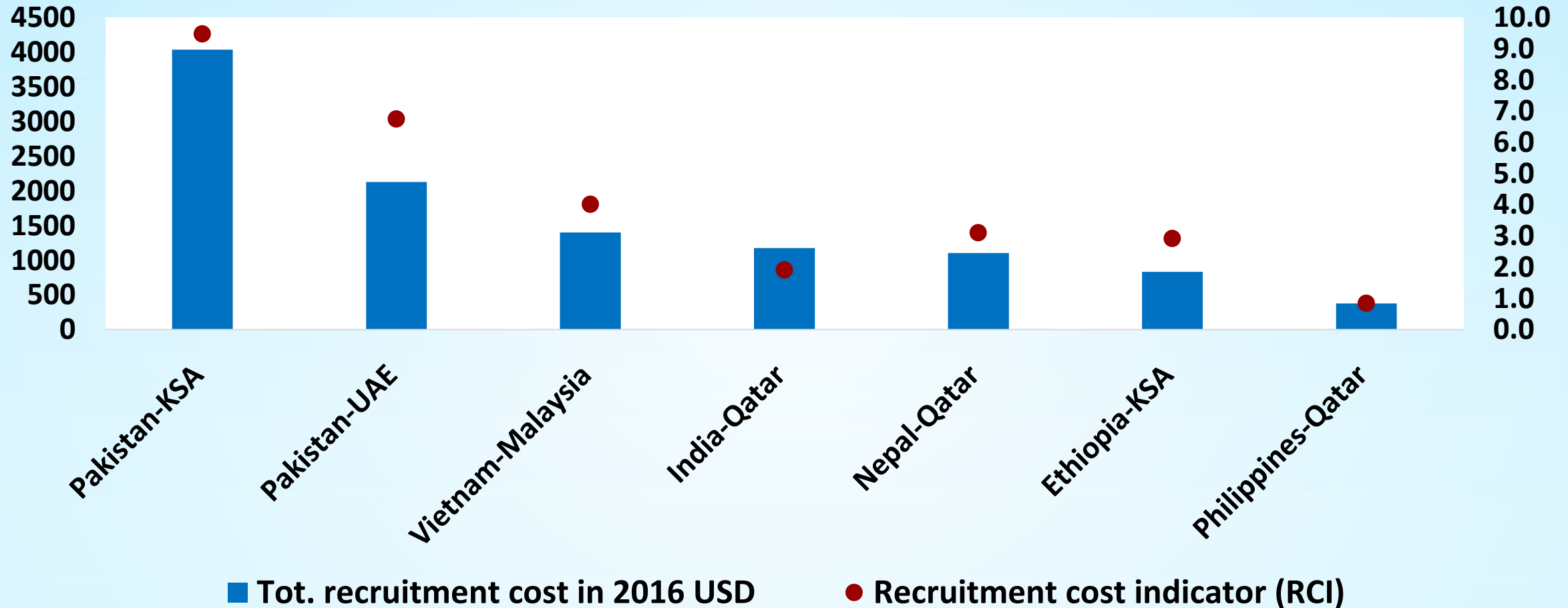
c_i : the total recruitment costs paid by worker i

y_i : monthly foreign wage, including overtime, after deducting taxes and social-security contributions

- Alternative measure: Median? 4th Quintile?

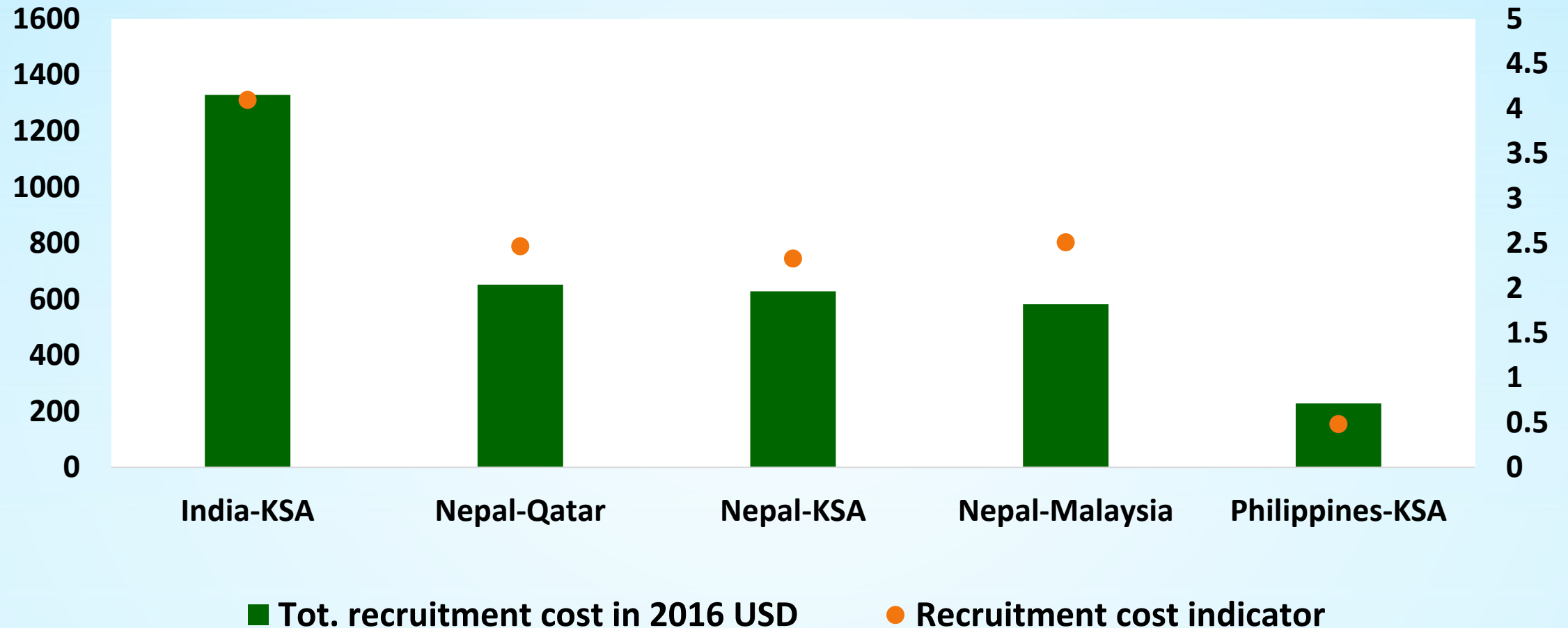
2015 Surveys

Recruitment Cost and RCI: Median Comparison



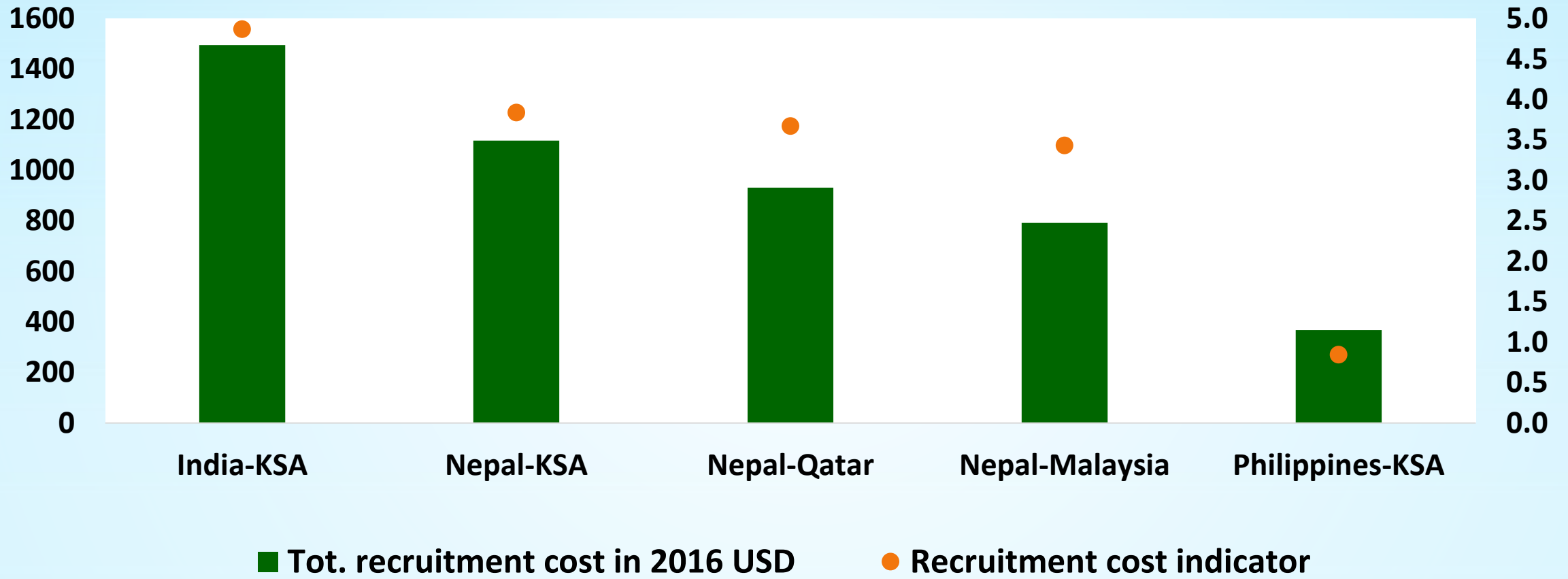
2016 Surveys: Contractual Workers (Median)

Recruitment Cost and RCI: Median Comparison Contractual Workers



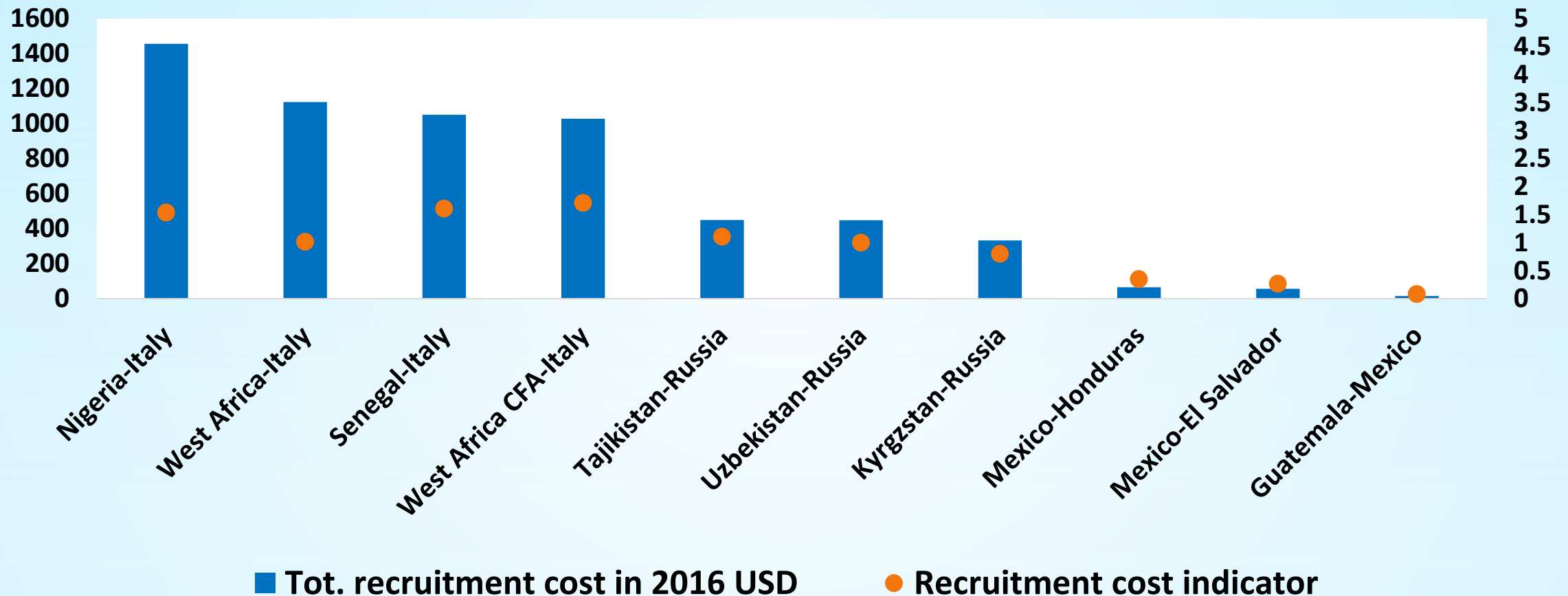
2016 Surveys: Contractual Workers (4th Quintile)

Recruitment Costs and RCI: Median of 4th Quintile Comparison
Contractual Workers



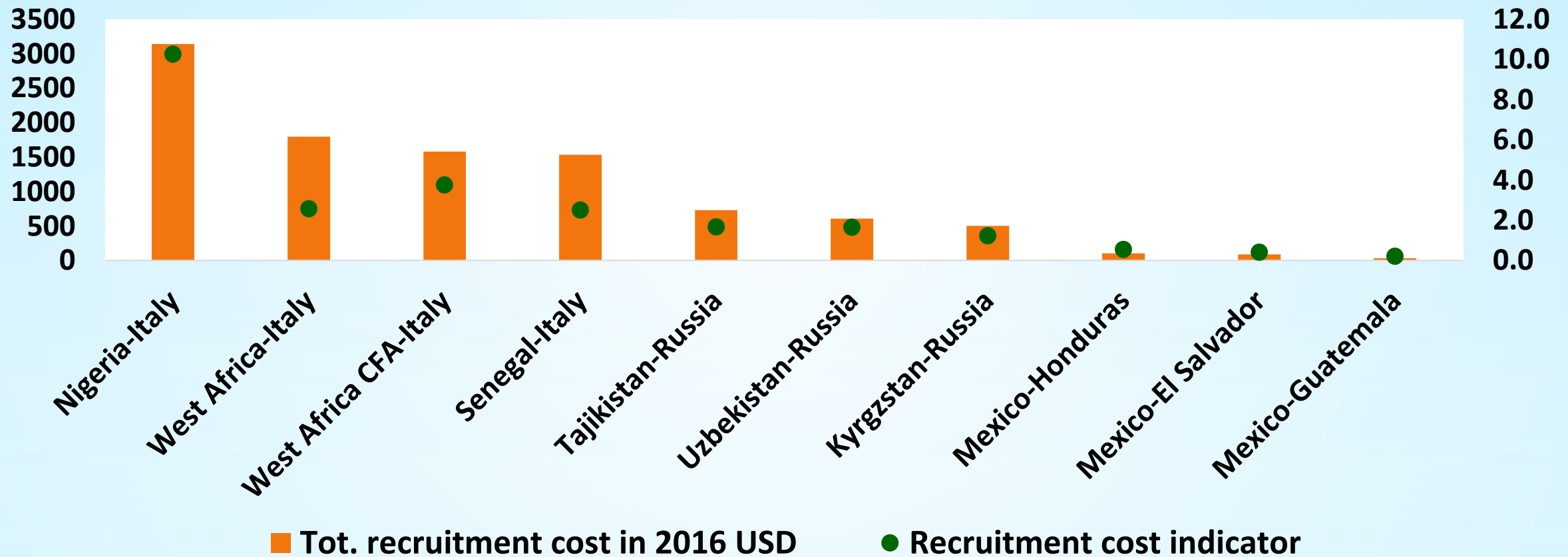
2016 Surveys: Non-contractual Workers (Median)

Migration Cost and MCI: Median Comparison
Non-contractual Workers



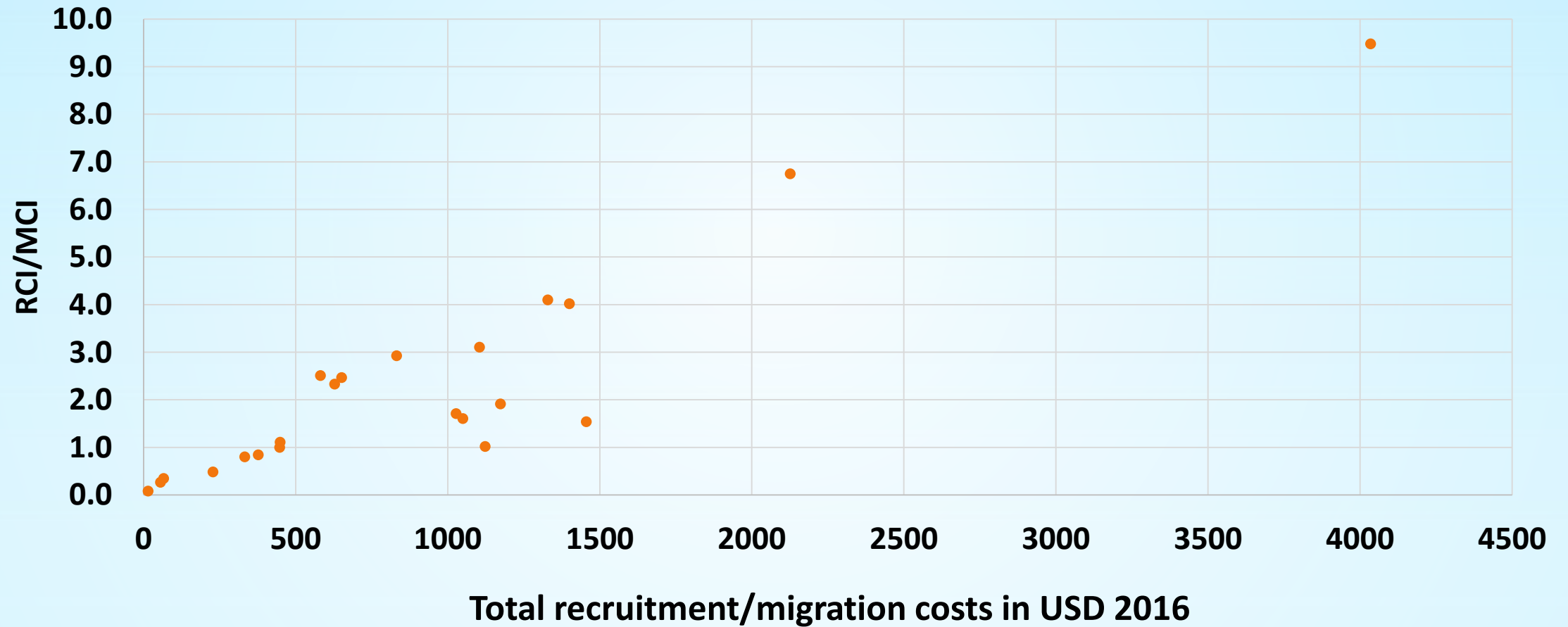
2016 Surveys: Non-contractual Workers (4th Quintile)

Migration Costs and MCI: Median of 4th Quintile Comparison
Non-contractual Workers

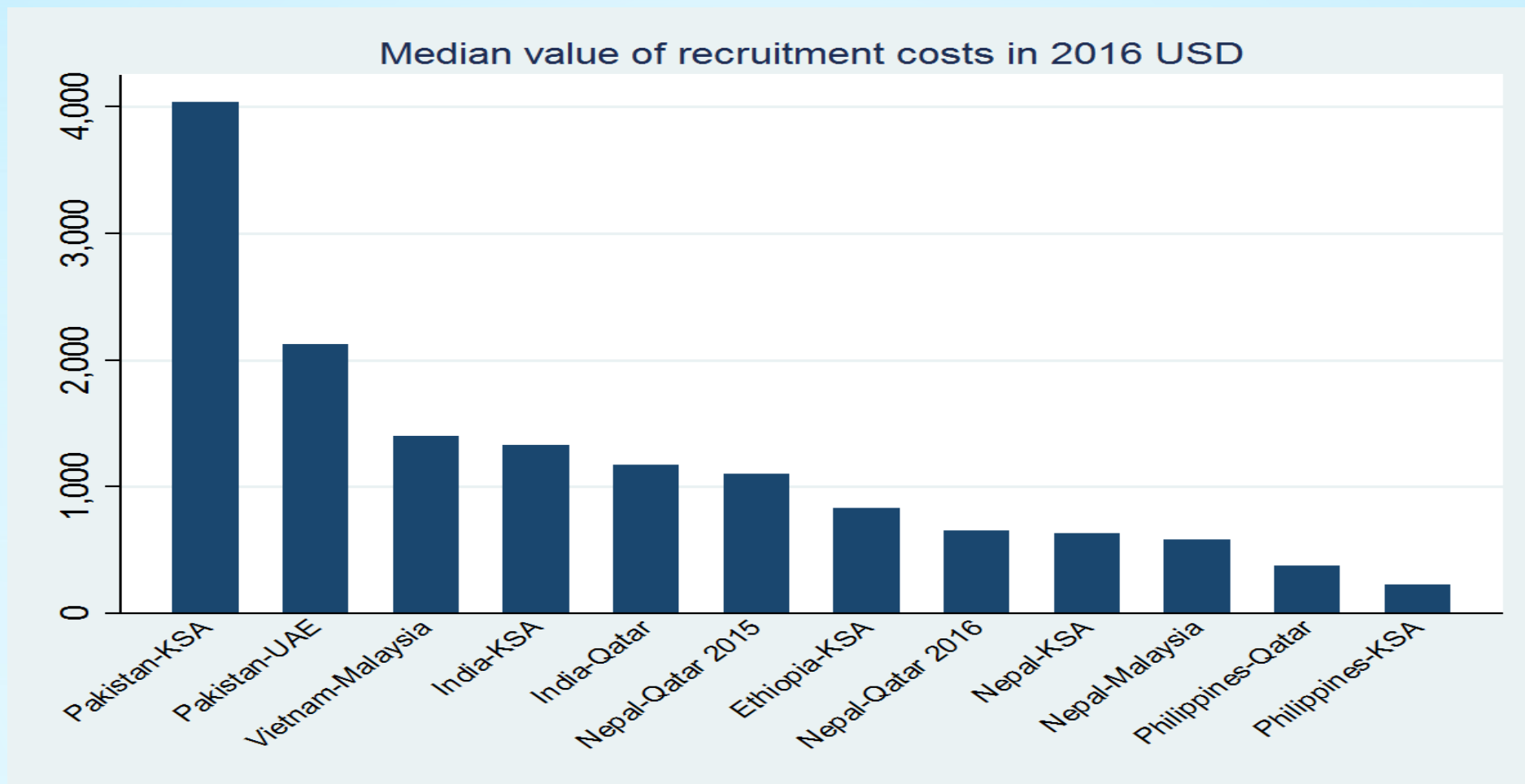


All Surveys: Correlation

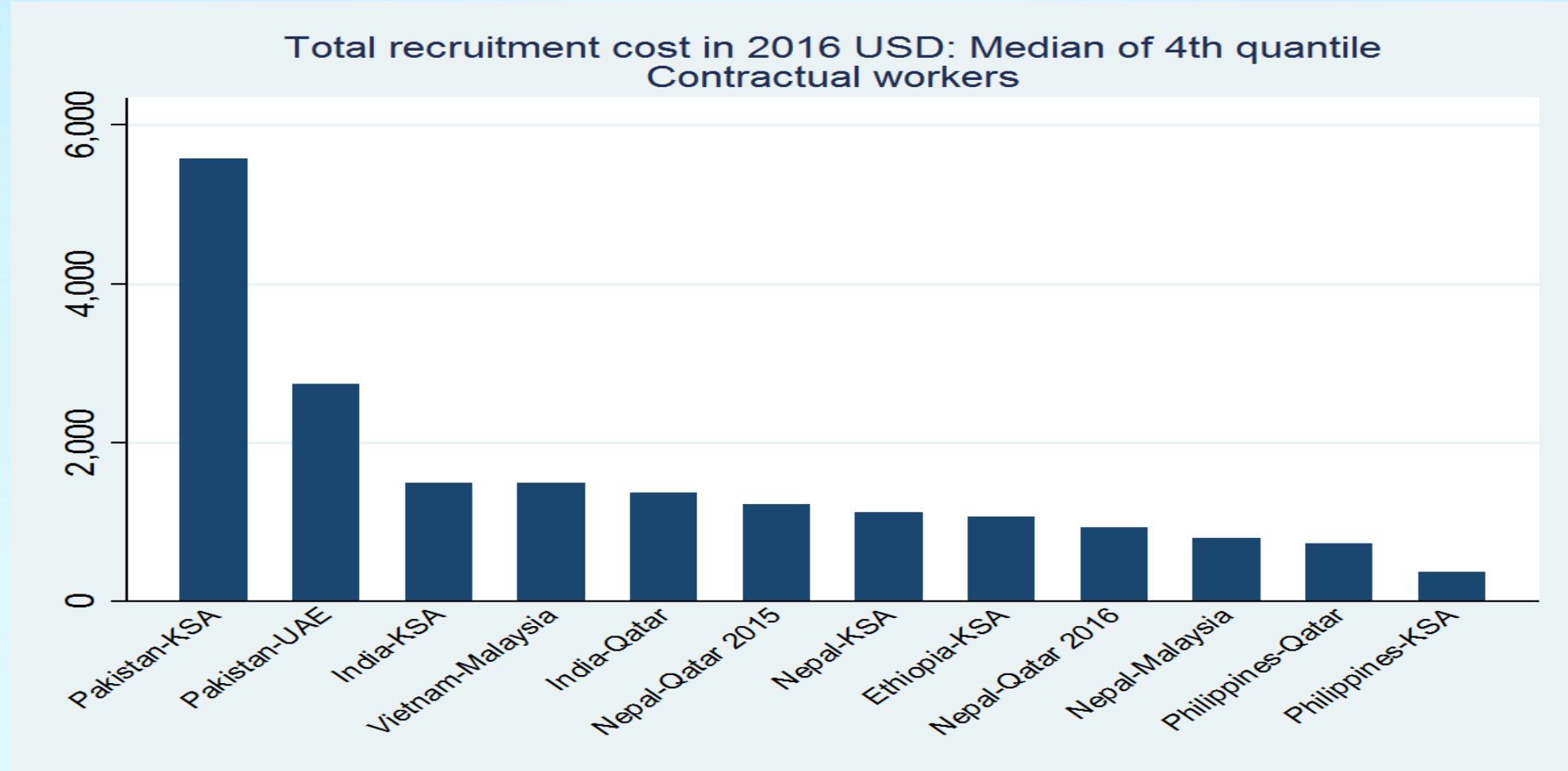
Recruitment Cost/Migration Cost and RCI/MCI: Correlation



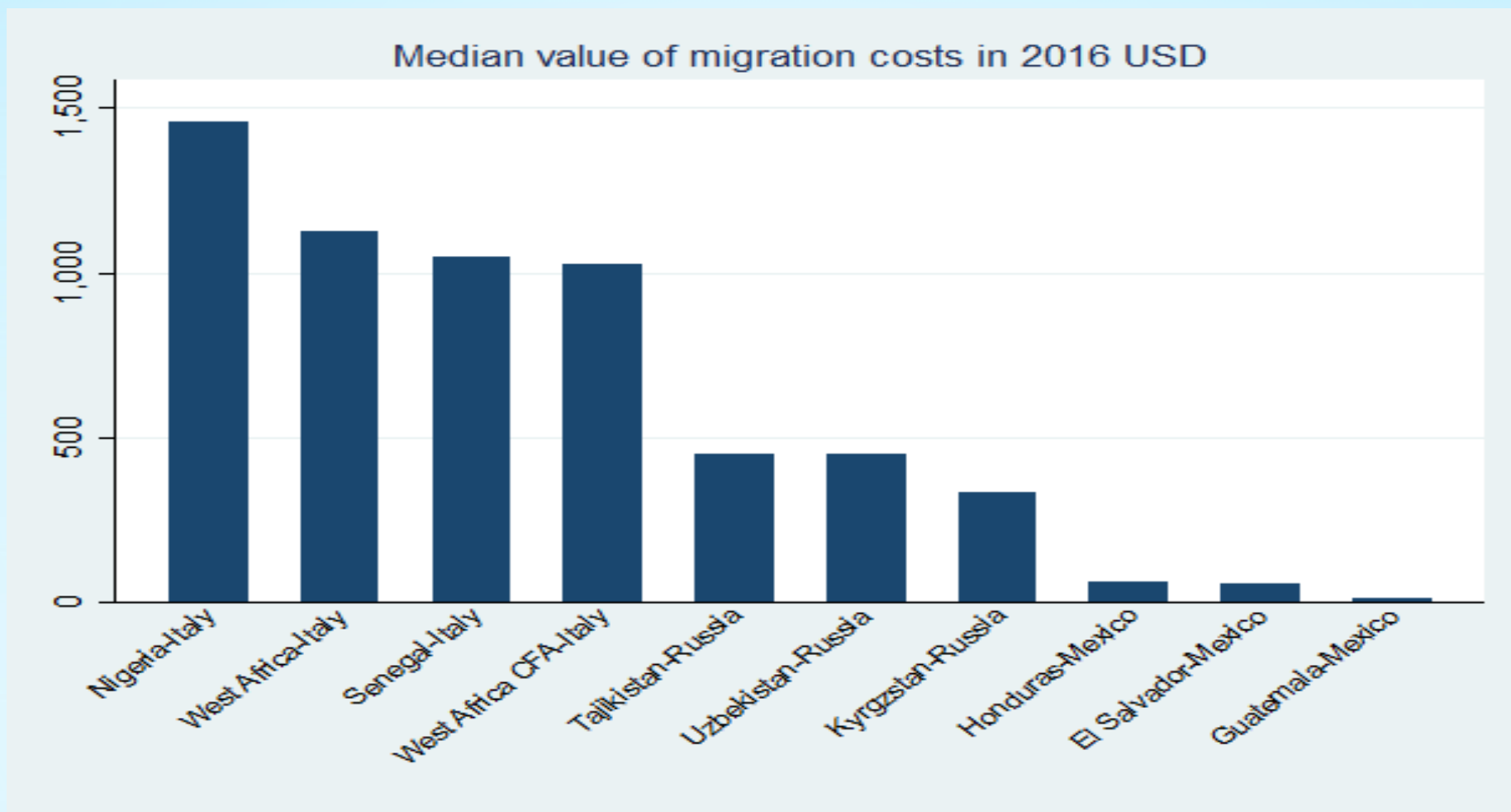
All Surveys: Contractual Workers (Median)



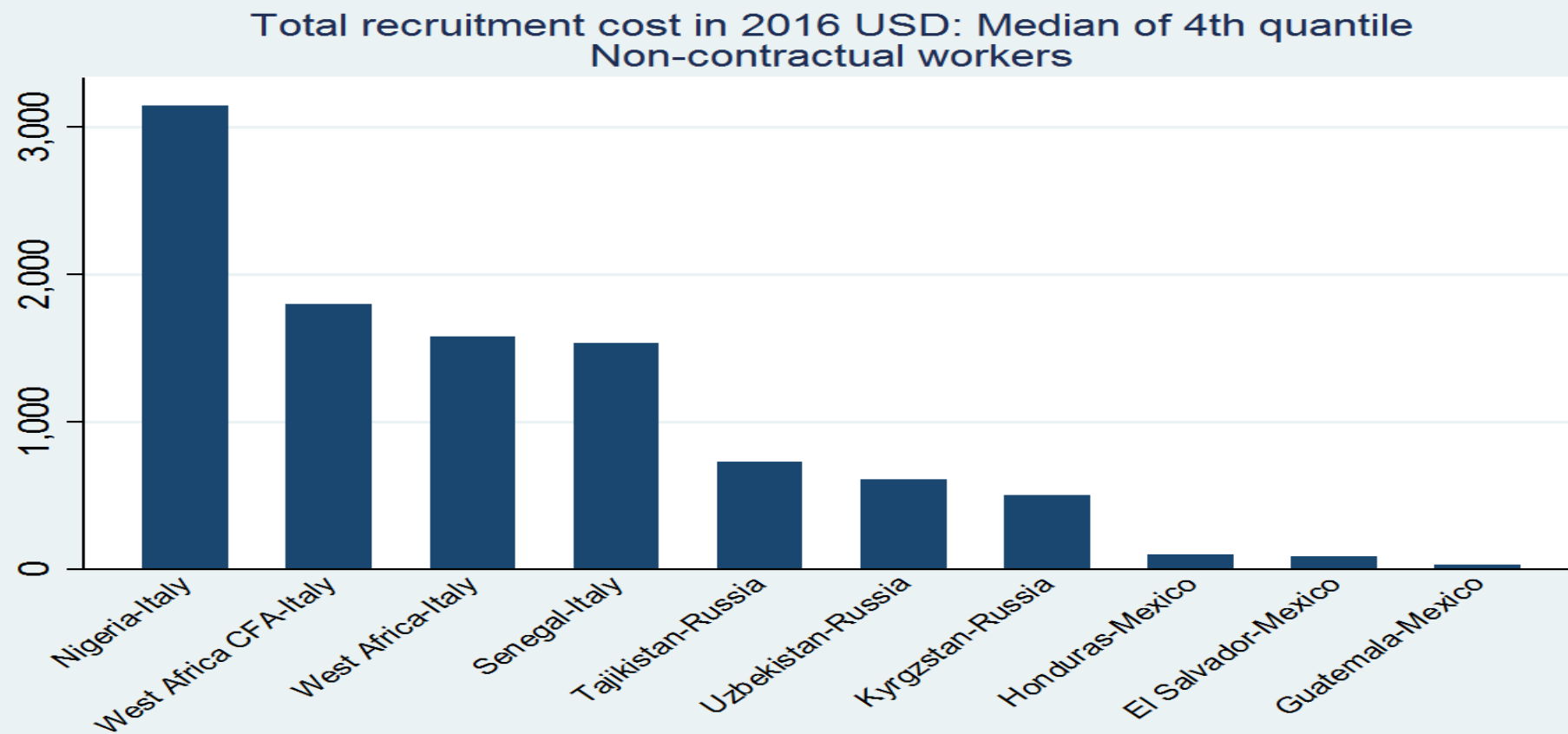
All Surveys: Contractual Workers (Median of 4th Quantile)



All Surveys: Non-contractual Workers



All Surveys: Non-contractual Workers (Median of 4th Quantile)



Major Drivers of Migration Costs

- Corridor is the most important determinant of worker-paid migration costs (particularly returnee surveys)
- Recruiters add to worker-paid costs but not to foreign earnings
- Education, experience, and sex affect worker-paid costs
- Regulatory structures influences migration costs
- Personal and agency networks have differential impacts

Key Learnings from the Surveys

- Issues of sampling - should be probabilistic for drawing generalizations across surveys and corridors
- Origin versus destination: contractual vs. non contractual... need for different questionnaires
- Household surveys versus airport surveys-both possible with distinct pros and cons
- Aggregate cost and its components...
- Link migration cost with work conditions
- Intensive practical CAPI and questionnaire training for investigators

Questionnaires for 2018 Surveys

Migrant Cost Survey Questionnaires 2018

Origin	Destination
<ul style="list-style-type: none">• Respondent Information• Costs paid for decent job abroad• Borrowing money for foreign job• Work in foreign country• Job environment• Job search efforts and opportunity costs• Current status and contact information	<ul style="list-style-type: none">• Respondent Information• Cost to find job abroad• Borrowing money for the foreign job• Jobs search and opportunity costs• Work in foreign country• Job environment• Current status and contact information

Structure of the Questionnaires (1)

- ***Demographic and Education data*** of the migrants
- ***Recruitment Process*** (How did the migrant learn about the job, who was paid to get the contract, what did migrants pay for items ranging from passport and visa to medical and police checks.....)
- ***Cost of borrowing*** money to meet migration cost (from whom money was borrowed, at what interest rate and with what collateral....)

Structure of the Questionnaires (2)

- ***Job search costs*** (how long did it take for the worker to get overseas job and what were the opportunity costs in time not worked because of preparing to go abroad...)
- ***Work and earnings abroad*** (what did migrants earn abroad, what work related benefits, did the migrant get paid wage that was promised prior to the departure, remittance transfers.....)
- ***Work related issues*** (including the cost of housing and food while abroad, hours of work and work related injuries and availability of work related rights ranging from being able to form or join the union to changing employers...)

➡ **Discussion on each of the questions to follow**

THANK YOU