Rents, Rent-Seeking and Corruption in Transnational Labour Migration
A Case Study of Labour Migration from Bangladesh to Malaysia

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Abstract

**Objectives:** This research explores the vicious cycle of rents, extractive and exploitative rent-seeking behaviour, corrupt practices, and their impact on the transnational labour market from a political economy perspective. The study focuses on labour migration from Bangladesh to Malaysia as a case study. It gives a deeper understanding of how irregularities and corruption facilitate damaging rent-seeking behaviour in different segments of the transnational labour export market and migration process.

**Methodology:** This study is fundamentally exploratory and qualitative in nature. Information has been gathered, corroborated and triangulated through qualitative methods and procedures. The observations and comments in this thesis do not necessarily represent all concerned stakeholders.

**Key findings:** The study reveals that Bangladeshi nationals working abroad as migrant labourers account for the second largest source of foreign remittances to Bangladesh and represent over one-fifth of the annual addition to the country’s total labour force. Despite the invaluable role of Bangladeshi migrant labourer in the economy, the country gravely lacks effective, credible and labourer-friendly migration governance context. The most significant observation is that labour migration, fundamentally controlled by private entrepreneurs and individuals, is extractive and exploitative in nature. The regulatory, institutional and enforcement frameworks, and policy decisions on both ends (Bangladesh and Malaysia) have been transnationally syndicated and captured by some ruling party-backed business entrepreneurs. The primary conclusion of this study is that the transnational political-regulatory-labourer trading nexus in the labourer supply and demand ends has made the labour market system dysfunctional and accelerated the process of chronic rent extraction and exploitation of overseas job seekers.

Despite the incidents of illegal migration and the syndicated process arguably being reduced, the cost of migration has increased up to six times, and overseas job-seekers have lost the opportunity to bargain with labourer recruiting agencies and their intermediates; subsequently, labour migration has been severely reduced. This situation also compels the overseas job-seekers to migrate to Malaysia from Bangladesh in desperate conditions (e.g., transported by fishing boats and small ships through the Bay of Bengal), which led to the death or disappearance of at least 1,050 people in 2015 - 2016.

**Concluding remarks:** The empirical findings of this research can be useful for adopting well-informed policy decisions to further the achievement of the 2030 Sustainable Development Goals.
Key Words: Corruption, drivers of rents, rents, rent-seeking behaviour, transnational labour migration, transnationally organized syndicate

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<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
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<tr>
<td>BAIRA</td>
<td>Bangladesh Association of International Recruiting Agencies</td>
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<tr>
<td>BDT</td>
<td>Bangladeshi Taka (currency of Bangladesh)</td>
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<td>BMET</td>
<td>Bureau of Manpower, Employment and Training</td>
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<td>BOESL</td>
<td>Bangladesh Overseas Employment and Services Limited</td>
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<tr>
<td>CAT</td>
<td>Convention Against Torture</td>
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<tr>
<td>CRC</td>
<td>Convention on the Rights of the Child</td>
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<tr>
<td>CEDAW</td>
<td>Convention on the Elimination of all Forms of Discrimination Against Women</td>
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<tr>
<td>E-Card</td>
<td>Enforcement Card issued by the Immigration Department of Malaysia</td>
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<td>EUR</td>
<td>Euro Rates</td>
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<td>G2G</td>
<td>Government to Government</td>
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<td>G2G Plus</td>
<td>Government to Government Plus</td>
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<td>GAMCA</td>
<td>Government Approved Medical Centers</td>
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<td>GD</td>
<td>Group Discussion</td>
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<tr>
<td>IACA</td>
<td>International Anti-Corruption Academy</td>
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<tr>
<td>ICCPR</td>
<td>International Covenant on Civil and Political Rights</td>
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<tr>
<td>ICEAFRD</td>
<td>International Convention on the Elimination of All Forms of Racial Discrimination</td>
</tr>
<tr>
<td>ICESCR</td>
<td>International Covenant on Economic, Social and Cultural Rights</td>
</tr>
<tr>
<td>ICRMW</td>
<td>International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families</td>
</tr>
<tr>
<td>IOM</td>
<td>International Organization for Migration</td>
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<tr>
<td>IT</td>
<td>Information Technology</td>
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<tr>
<td>KII</td>
<td>Key Informant Interview</td>
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<td>LEAs</td>
<td>Law enforcement agencies</td>
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<tr>
<td>MACS</td>
<td>Master of Arts in Anti-Corruption Studies</td>
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<tr>
<td>MoU</td>
<td>Memorandum of Understanding</td>
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<tr>
<td>MYR</td>
<td>Malaysian Ringgit (Currency of Malaysia)</td>
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<td>NEM</td>
<td>The New Economics Theory of Migration</td>
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<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
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<td>UDHR</td>
<td>Universal Declaration of Human Rights</td>
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<tr>
<td>UNODC</td>
<td>United Nations Office on Drugs and Crime</td>
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<tr>
<td>UNTOC</td>
<td>United Nations Convention against Transnational Organized Crime</td>
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<td>USD</td>
<td>United States Dollar</td>
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1. Introduction

'We (labour recruiting agencies) are traders of human labour. Our business is not for charity. To be honest, we invest money in accumulating an unlimited amount of monetary gain in as short a time as possible. So, we exploit and cheat migrant labourers for money (extractive rents) in all possible ways, and some migrants die or are endangered because of poor conditions. The rents we extract illegitimately are also shared or distributed among the intermediates or brokers, LEAs, regulatory agencies and even a section of employees of the employers. If we do not share these rents to them, we will not get work orders or be able to send labourers abroad. Thus, almost all stakeholders either in the source or destination countries are extractive and exploitative rent-seekers in many different ways. This is a reality. If we deny this fact, we will not be telling the truth.'

- From an interview with an owner of a labourer recruiting agency, July 29, 2017, Dhaka, Bangladesh

1.1. Background

1.1.1. The global context

The concept ‘transnational labour migration’ (hereinafter also ‘labour migration’ or ‘migration of labourers’) means the movement of people from one country to another with a view of being employed other than on his or her own account.1 Transnational labour migration is a phenomenon that concerns all regions of the world.2 Some estimates reveal that there were 232 million international migrants in the world in 2013, of which 150.3 million were migrant workers.3 The ‘migrant workers’4 constitute 4.4 per cent of all workers in the world.5 Among them, 55.7 per cent are men and 44.3 percent were women.6 The share of estimated migrant labourers in South-East Asia (including Malaysia) and the Pacific

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1 This is an operational definition.
3 ILO global estimates on migrant workers, 5.
4 The term ‘migrant workers’ hereinafter used as the ‘migrant labourers’.
5 ILO global estimates on migrant workers, 6.
6 ILO global estimates on migrant workers, 7.
region constitutes 7.8 per cent of global migrant labourers. In fact, labour migration is ‘an integral part of the global economy’ as all countries are involved in the transnational migration process, either as sending or receiving or transit countries of the overseas job seekers.

Source: ILO, 2015, 16.

Labour migration is a market-driven phenomenon. Frustration with the local situation, geopolitical and ethnic crises, and a lack of decent work opportunities are fundamental factors that play a decisive role in a person’s decision to migrate for an overseas job. It is claimed that globalization and opening up of new markets and borders generates a supply of migrant workers eager to escape poverty and unemployment in home countries and meet the labour deficiencies of receiving countries. The chronic poverty often motivates many job seekers to migrate illegally, in desperate conditions and often even endangering their lives.

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7 ILO global estimates on migrant workers, 16.
The labour migration process and practices could be a win-win situation for workers, employers and both countries of origin as well as countries of destination. Migration is also the source of ‘positive incentives’ including employers benefitting from cheap labour, recruiting agencies benefitting from placement, migrants benefitting from wages, the labourer-sending countries benefitting from remittances, etc., but also negative incentives including immigrants’ ‘debt bondage’. The growing demand for cheap labour in labour-intensive regions has created ‘profit opportunities for migration racketeers who can easily operate in the weak legal environments of the sending countries’. It is argued that the supply-demand context of international labour migration creates a ‘high return - low risk venture’ for labour trading across borders. This situation arguably has made it more attractive to labour exploiters. The ‘irregular practices’ (for example, charging exorbitant fees to workers or providing false information about jobs in the process of labour migration) generate hardship for migrant workers, distort labour markets in countries of destination, and the undeclared work of migrants suggests the existence of policy failures. The deception, coercion and information asymmetry during the migration process can lead to ‘socially undesirable migration’ and subsequently the vicious cycle of exploitation of migrant workers, for example, misuse of, or illegal acts taking place in the context of work against persons of

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14 Al-Ubaydli, The Economics of Migrant Workers in the GCC, 5-6.


17 Omar Al-Ubaydli, *The Economics of Migrant Workers in the GCC*, 5.

foreign origin who are working in another country. The corporate crimes and irregularities are transnationally organized, and the sending countries are typically too poor to tackle this organized crime. The governance of labour migration is one of the most complex policy areas, especially for governments. The state of governance of labour migration varies by country and region, depending on the skill level of the migrant worker, the permeability of borders and the informality of labour markets at the destinations. Thus the governance of labour migration is about balancing a host of different issues and interests.

1.1.2. The Bangladesh context

Bangladesh, the world’s most densely populated country, is a massive source of the transnational labour force in the global labour market. The projected total population of the country was 160.21 million in 2016. The official overseas employment data from the years 2007 – 2016 reveals that on average, 589,805 Bangladeshi citizens have left the country annually for overseas jobs. The leading destinations of migrant workers are Oman (23.7%), Saudi Arabia (17.6%), Qatar (16.9%), Singapore (9.1%), Bahrain (5.8%), and Malaysia (3.7%). The largest portion of Bangladeshi migrant workers is less-skilled workers (52.5%), followed by skilled (32.8%), semi-skilled (13.8%), professionals and others categories.

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19 The term ‘corporate crime’ refers here to crimes committed either by a corporation, its agent or by individuals acting on behalf of a corporation or other business entity. Corporate crimes are illegal acts or omissions, punishable by the state under administrative, civil or criminal law, which are the result of deliberate decision-making or culpable negligence within a legitimate formal organization. These acts or omissions take place within legitimate, formal business organizations. See Anne Alvesalo-Kuusi, Anniina Jokinen and Natalia Ollus, ‘The Exploitation of Migrant Labour and the Problems of Control in Finland,’ in Van Aerschot, Paul, and Daenzer, Patricia, eds., The Integration and Protection of Immigrants: Canadian and Scandinavian Critiques (Farnham & Burlington: Ashage, 2014), 121.
20 Al-Ubaydli, The Economics of Migrant Workers in the GCC, 6.
21 ILO (2012), 7.
22 ILO (2012), 3.
26 The overseas employment data (official) from the years 2007 – 2016 is summarized by category of employment for this study. Source: Bangladesh Bureau of Statistics (BBS), Statistical Pocket Book Bangladesh 2016 (Ministry of Planning of Bangladesh, 2016), 137.
The top destination of Bangladeshi labourers is the Arab region (79.5%), followed by South-East and East Asia (14.2%) and other areas (6.4%) (see Figure 2).

The remittances received from migrant labourers have made an outstanding contribution to the economy of Bangladesh. After the ready-made garments sector, overseas labour migration has become the second largest source of foreign exchange earnings of Bangladesh. The country received 13.6 billion USD in 2016, which accounted for 42.4 per cent of the Bangladesh Bank’s foreign exchange reserve. According to the World Bank, Bangladesh was ranked the eighth remittance recipient in the world in 2016. The impact of remittances could be seen as ‘a silent economic revolution in Bangladesh.’

Despite the above outstanding contribution of the migrant labourers to the Bangladesh economy, the migrant labourers receive negligible support during the migration process and in post-migration situations. The employment and the labourers’ rights in migration policies for her nationals are also absent compared to what is generally acceptable, internationally. In this situation, the migration process of Bangladeshi citizens is fundamentally dependent on remittances.

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29 Ibid.
and controlled by private entrepreneurs and individuals.\textsuperscript{34} Research shows that only 0.3 per cent of the migrants went abroad under government management and the other 99.7 per cent, under private management.\textsuperscript{35}

The job opportunities for Bangladeshis through legal channels have decreased in the Middle East and Malaysia since 2008.\textsuperscript{36} This context also pressures people to migrate unlawfully.\textsuperscript{37} In fact, the country as a labourer source end lacks an effective and credible regulatory framework and enforcement. The country also lacks effective collaborative measures to curb transnationally organized crime and corruption in sending workers abroad.

1.1.3. Labour migration from Bangladesh to Malaysia

Malaysia is one of the popular destinations for migrant labourers from Bangladesh. The official record shows that between 2006 and August 2017, at least 557,256 Bangladeshi nationals migrated to Malaysia for employment.\textsuperscript{38} It is noted that officially, sending Bangladesh labourers to Malaysia was closed between 2010 and 2013 (see also Figure 2). The average labour migration during this period was still 55,726 persons a year.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{Figure_3.png}
\caption{Overseas labourer migration from Bangladesh to Malaysia from 2006 - August 2017}
\end{figure}

Source: BMET/Official data


\textsuperscript{35} Khoda and Akram, \textit{Good Governance in the Labour Migration Process}, 48.


\textsuperscript{37} Ibid.

In 2009, Malaysia imposed a ban on recruiting Bangladeshi workers, following malpractices in recruitment, joblessness, low-wage exploitation, non-payment of wages, and bad living conditions; private recruiters were solely responsible for recruitment in 2007-’08. During the time, official migration cost was set at BDTs 84,000 (EUR 857) per person, but jobseekers were charged around BDTs 200,000 (EUR 2,041). After a series of bilateral meeting and discussions, both countries signed a Memorandum of Understanding (MoU) on November 26, 2012. Under this agreement, Malaysia agreed to recruit workers from Bangladesh under the Government to Government (G2G) system. Between 2013 and 2015, only 10,000 labourers were sent to Malaysia for the plantation sector under the G2G agreement.

In order to make the process of labour migration faster and hassle-free for labourers, both Bangladesh and Malaysia signed another MoU, known as the G2G Plus, on February 18, 2016. Under this agreement, both governments have set a target of sending 1.5 million workers from Bangladesh to Malaysia in the next three years. Under the G2G Plus System, each worker is supposed to pay up to BDT 37,000 (EUR 377) to the concerned recruiting agency at Bangladesh end as the most of the migration cost would be borne by Malaysian employers. It is alleged that both G2G and G2G Plus eventually failed because of the
absence of effective cooperation and coordination among the concerned bureaucrats and regulatory agencies of both Malaysia and Bangladesh.46

1.2. The literature on transnational labour migration

Specific empirical data and in-depth analysis of the role of corruption in facilitating illegal labour migration is very low.47 This is also true for Bangladesh. There are several reports and research documents prepared by researchers and experts48 as well as international organizations49 that have diagnosed root causes, processes and consequences of illegal labour migration and human trafficking of Bangladeshi nationals. The decision to become an overseas labour migrant is a multidimensional and complex process.50 The two major factors identified in the existing literature are the push (supply) and pull (demand) factors.51

46 Interview with key informants, July 17-30, 2017, Dhaka, Bangladesh.
51 Siddiqui, Untold Stories of Migrants, 2; Afsar, Unravelling the Vicious Cycle of Recruitment, 11; The Government of the People’s Republic of Bangladesh and International Labour Organization (GoB - ILO), The homecoming: Profiling the returning migrant workers of Bangladesh (Dhaka: International
In the Bangladesh context, the push factors, the supply side of the human migration phenomenon, includes economic and non-economic factors.\textsuperscript{52} The economic push factors are job scarcity, unemployment, desire to increase income and savings, overcome debts, insecurity of livelihoods in the country, indebtedness, desire for a better living standard, attaining financial solvency, relatively better earning facility in the countries of destination, etc. On the other hand, the non-economic factors include ‘perceived favorable conditions abroad’\textsuperscript{53}, encouragement by agents\textsuperscript{54}, relatives and friends, family liability, escaping gender-based violence, marital discord, domestic violence, political instability, the effect of witnessing the successful migration of other people in the community, etc.\textsuperscript{55} Thus, the Bangladeshi nationals have been observed to use international migration as a poverty-alleviation strategy for many decades.\textsuperscript{56} Well-organized networks of human labour traffickers exploit these conditions which push people to migrate.

The pull or the demand side factors include the availability of good employment opportunities and better income, and demand for cheap labour in other countries.\textsuperscript{57} These are the conditions which often attract people to migrate illegally across borders.

The research on transnational labour migration is often very difficult because of the nature and underground organization of human labour trading.\textsuperscript{58} Furthermore, more reliable and
valid estimates of the true extent of illegal transactions in transnational labour migration are important to understand the problem.\textsuperscript{59} It is argued that transnational labour traders use the vulnerabilities of the workers like unemployment and scarcity of income opportunities, the vicious cycle of poverty, weak legislation, ineffective enforcement, corruption, and so on. The role of corruption in transnational labour migration has not been fully explored in the available studies. This necessitates carrying out explorative research for understanding the problem better.

1.3. Conceptual framework

Transnational labour migration discussed in this study refers to the movement of people as migrant labourers across transnational borders by improper means involving force, fraud, deception or abuse of vulnerabilities of people by transnational organized networks of recruiters and transporters, with the aim of exploiting victims.

According to the author’s observations, in the process of migration of people across borders, violations of legal procedures can occur in one or more of the following: a) the recruitment process, b) the provision of documentation like passports, visas and work permits, c) the descriptions of jobs and wages and work conditions that are used to recruit workers, d) the process through which jobs and visas are acquired in the destination country, or not acquired but misrepresented to the migrants, e) the process of crossing borders, and f) the employment conditions and rights of workers in the destination country.

The supply and demand factors are vital for a deeper understanding of labour migration and rent extraction in the context of labour migration from Bangladesh. The term “rent” is defined here as “excess incomes” or incomes higher than the next best opportunity for that agent, which, in simplistic models, should not exist in efficient markets.\textsuperscript{60} More precisely, a person gets a rent if he or she earns an income higher than the minimum that person would


have accepted, the minimum usually defined as the income in his or her next-best opportunity. Rents can exist for a variety of reasons, sometimes signaling efficient market solutions to problems but sometimes market inefficiencies or exploitation. Both internal and external factors work together in motivating or forcing a person to migrate illegally, and subsequently become a transnational labour migrant.

Bangladesh has a very large unemployed labour force. On the contrary, there is a high demand for cheap labour both in the Arab States and a few South-East Asian countries. Local recruiting agencies play a vital role in identifying job opportunities for overseas job aspirants. They have close ties with the officials of manpower export regulating entities and with overseas employers. However, many of these agencies also operate in grey areas by violating some laws and regulations using their links with politicians, enforcement agencies, border-forces, and foreign employers who may all want to violate laws for different reasons.

This situation has created a monopolistic position for a small number of labour export agencies who send labourers abroad through legal and often illegal processes. Recruiting agencies can enjoy both ‘positive rents’ and ‘extractive rents’ in the overseas migration business. Positive rents emerge when recruiting agencies to provide a valuable service to job aspirants and identify new and higher wage destinations for migrants. The provision of this service can, in theory, allow a successful agency to charge higher service fees and earn a rent that is effectively a reward for its innovation and information generation. On the other hand, monopolistic agencies can also earn extractive rents if they raise service charges (some of which can be illegal) to exploit migrants. A service charge can also be extractive if the job is fictitious or wrongly described, for instance, if migrants find they have to stay abroad illegally and work for low wages.

Finding job opportunities is often costly because recruiting agencies need to spend resources on getting information from foreign countries, but the investments can also be damaging if the agencies try to make money illegally. If they choose this course of action, they may need to pay off officials of regulatory entities and law enforcement agencies and political leaders to keep continuing their exploitive and illegal business. Successful agencies involved in illegal and extractive activities have to ‘manage’ officials and enforcement
agencies in both Bangladesh and sometimes the receiving country. They also have to spend resources to make sure that their strategy of hiding real information, for instance, salaries and benefits for job seekers, is successful.

Rents for labour exporting companies can play a positive role if they create incentives for these companies to seek out good job opportunities for Bangladeshis looking for jobs. However, if these companies start using their monopoly or oligopoly power to extract fees from job-seekers that are either excessive or based on false information, these extractive rents signal inefficiency and exploitation. The type of regulatory structure and whether there is collusion between labour exporting firms and regulators will determine whether the rents are moderate and positive in their impact or excessive and exploitative. This is because ruling party-backed few labour trading agencies, few political leaders and regulators determine the fees and charges that companies can extract, and they may directly extract fees and charges using illegal and exploitative methods.

The illegal labour migration incidents are difficult to detect and mitigate. The linkages between corruption and human labour migration are challenging too. The anti-corruption angle in this thesis is to look at the political-regulatory-market interface that determines how legal and illegal extraction from job-seekers takes place and the impact on the quality of jobs that are found, the extent of falsification and fraud inflicted on job-seekers, and whether the fees are a fair reflection of the service provided or an exploitative extraction. Corruption in labour migration takes place when rents are extractive and based on violations of laws in the labour migration process. Clearly, transnational labour migration issues in the Bangladeshi context are complicated and need careful investigation.

1.4. Theoretical framework

The transnational labour migration process is complex and involves multi-faceted factors. An overview of a few theoretical approaches and frameworks will help to understand the dynamics of transnational labour migration.

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The neoclassical theory of migration was originally developed to explain migration in the process of economic development in the works of Hicks\textsuperscript{62}, Lewis\textsuperscript{63}, and Harris and Todaro\textsuperscript{64}. The key argument of this theoretical model is that migration results from actual wage differentials across markets or countries that emerge from heterogeneous degrees of labour market tightness. Furthermore, migration is driven by geographic differences in labour supply and demand and the resulting differentials in wages between labour-rich versus capital-intensive countries.\textsuperscript{65} The theory also shows a linear relationship between wage differentials and migration flows.\textsuperscript{66} This theory is criticized for overlooking the negative role of migration policies and politics, and market imperfections of home and host countries\textsuperscript{67}, which makes the migration process costly.

The human capital theory\textsuperscript{68} is considered an elaboration of the macro-level neoclassical theory of human migration at the micro-level. This theory postulates that a rational individual migrates for maximizing his or her benefits and gains. The socio-demographic characteristics of an individual are the important determinants of migration.\textsuperscript{69}

\textsuperscript{63}Arthur Lewis, “Economic development with unlimited supplies of labor”, The Manchester School of Economic and Social Studies 22 (1954), 139-191.
\textsuperscript{67}Kurekova, Theories of migration, 7.
capital factors including skills, age, marital status, gender, occupation, and labour market status as well as preferences and expectations accelerate the ‘chances of successful migration’\textsuperscript{70}. This theory is criticized for presenting an excessively optimistic view of migration which is not always a voluntary process to maximize gains.\textsuperscript{71}

The new economics theory of migration (NEM) postulates that migration decisions are taken by households, not individuals. The decisions of migrants are influenced by a comprehensive set of factors which are shaped by conditions, for example, household income, an absence of institutional mechanisms for giving support to poor households and different market failures, e.g., labour market, credit market or insurance market of the home country.\textsuperscript{72} The NEM has been criticized for focusing on the supply side of the migration process and ignoring the demand side conditions.

The ‘network theory of migration’\textsuperscript{73} assumes that migration is a process that depends on ‘social ties in pre-migration networks’\textsuperscript{74}. The ‘social networks’, or people who are known to each other or linked by kinship and work experience, provide channels for the migration process and this often influences overseas job seekers to move into or through specific places and occupations. The theory does not clearly recognize the role of push and pull factors and the role of private recruitment agencies in facilitating the migration process.

According to the dual labour market theory\textsuperscript{75}, migration is driven by the conditions of labour demand. The advanced/capital-intensive countries create a demand for low-skilled jobs that local high-skilled workers refuse to do. To fulfil the requirements of capital-


\textsuperscript{71}Kurekova, \textit{Theories of migration}, 7.

\textsuperscript{72}Douglass, at el., \textit{Theories of international migration}.


\textsuperscript{75}Michael J. Piore, \textit{Birds of Passage, Migrant Labor and Industrial Societies} (Cambridge: Cambridge University Press, 1979).
intensive countries, the immigration of low-skilled workers may be necessary. This theory emphasizes the demand for less-skilled labourers, formal recruitment processes/channels, and immigration practices.

The ‘historical-structural approach’ is based on the idea of Wallerstein’s world system theory. Capital mobility is a crucial factor for the world system. According to this theoretical approach, migration is a function of globalization. The expansion of export manufacturing and export agriculture has led to a disruption in traditional work structures and has mobilized the population for regional and long-distance migration. It is argued that capital and labour mobility are interconnected. However, this approach disproves that individuals have free choice in making migration decisions and sees migration as a response to the outcome of broader structural processes.

The political economy approach captures local factors immediately influencing people’s migration decisions and strategies with a wide range of interactions of political, economic and social factors, policies, processes, and institutional determinants affecting migration in specific contexts. This approach also argues for ‘interdisciplinary research’ examining the interconnectedness between the causes and consequences of migration in various spatial levels, context, processes, and changes. This theory gives a broader picture of the migration issue.

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77 Kurekova, Theories of migration, 8.

78 Kurekova, Theories of migration, 9.


82 Stephen Castles, “Understanding Global Migration: A Social Transformation Perspective.” Conference on Theories of Migration and Social Change, St Anne’s College, Woodstock Road, Oxford, 2008 (b).

83 Kurekova, Theories of migration, 15.
The earlier discussions illustrate that labour migration is a complex and multidimensional phenomenon. Each of the above theories has strengths and weaknesses. The majority of the theoretical modes and approaches suffer from either sending or receiving country bias. Nevertheless, a political economy approach may be the best way of enabling a deeper empirical understanding84 of the research problem.

1.5. Research question

What are the drivers of rents, extractive and exploitative rent-seeking behaviour, and corruption associated with transnational labour migration, with specific reference to Bangladeshis going to Malaysia?

1.5.1. Research sub-questions

1. What frameworks can best explain transnational labour migration and what empirical evidence supports these explanations?
2. What sorts of formal and information interventions and rents are associated with labour migration?
3. How do extractive and exploitative rents and corruption affect the process of transnational labour migration?
4. What are the consequences of corruption in transnational labour migration?

1.6. Research objective

The main objective of the research is to explore the vicious cycle of rents, extractive and exploitative rent-seeking, and corrupt practices, and their impact on transnational labour migration from a political economy perspective.

1.6.1. The specific objectives are to:

1. Critically review legal, institutional and enforcement frameworks and the government’s response to transnational labour migration related incidents;
2. Diagnose vulnerability factors/determinants associated with transnational labour migration;

3. Provide an understanding of how corruption facilitates damaging rent extraction and rent-seeking behaviour in different segments of the labour export market;

4. Capture the consequences of corruption in labour migration, especially at the individual and household levels in Bangladesh.

1.7. The rationale of the research

The recent incidents in labour migration from Bangladesh to Malaysia require urgent attention. A systematic process of understanding these problems from a political economy perspective is vital because it helps to decide what, where, why, and how to mitigate this challenge.

1.8. The scope of the research

This study covers Bangladesh as a source country and Malaysia as a destination country. The study focuses on the supply side of the transnational labour, taking the demand in Malaysia as given. The incidents and processes related to the beneficiaries and victims of labour migration for the transnational labour market are explored and understood at the individual and household levels in Bangladesh. The experiences (both positive and negative) of victims will be captured principally from Ukhia and Teknaf ‘Upazilas’ of Bangladesh. These two areas - adjacent to Myanmar and the Bay of Bengal - are seen as geographically vulnerable to transnational crimes including labourer trafficking from Bangladesh to South-East Asia.

85 'Upazila' is a Bengali word for a geographic/administrative region which functions as a sub-unit of a district in Bangladesh.
2. Methodology

This study is fundamentally qualitative and exploratory in nature. A political economy approach has been followed by drawing on an analysis of rents and the impact of the rent-seeking behaviour of the stakeholders involved in labour migration.

2.1. Sources of information

The study is predominantly based on qualitative information and supported by quantitative information. Information is collected from both primary (hereinafter empirical) and secondary sources. The 'informants' have been identified, categorized and selected through snowballing, convenience, quota, and purposive sampling techniques.

2.1.1. Primary information

The empirical information has been gathered from migrant labourers, owners and officials of recruiting agencies, employers and brokers at labourer source, personnel from an overseas migration related ministry, a regulatory entity, and related sources. Concerned academics, researchers and experts on transnational labour migration, representatives of migration research and advocacy organizations, etc., have also been interviewed.

2.1.2. Secondary information

The secondary sources include relevant international conventions, country-specific (mainly Bangladesh) policies, laws, official reports and documents, research reports, books, peer-reviewed journal and newspaper articles, and other documents.

2.2. Data collection methods

The content analysis method is followed for critically reviewing secondary materials and information. As part of the reviewing of the legal, institutional and enforcement frameworks and government responses to transnational labour migration-related issues, relevant legal experts, academics, researchers, and persons from regulatory entities with oversight.

86 An informant is defined here as a person who has the freedom to provide answer or opinion and can make remarks, opinion and arguments to the issues or questions are asked by the researcher.
responsibility for overseas migration, recruiting agencies, etc., have been interviewed as ‘key informants’. Below is an overview of the methods which have been used for gathering, corroborating and triangulating empirical information.

2.2.1. In-depth interviews

The impact of corruption, mostly at individual levels, has been captured through interviewing persons in the process of migration as labourers to Malaysia. The brokers involved in labour migration have been interviewed as well. A total of 17 persons have been interviewed in this category.

2.2.2. Key informant interviews (KII)

The persons who have a direct or informal stake in transnational labour migration or have extensive knowledge and experience on issues related to the governance and operations of the said issue have been interviewed through the KII method. A total of 58 key informants, including personnel from labour trading or recruiting agencies, middlemen, labour traders, labour trading apex bodies, regulatory entities like BMET, high officials of the labour ministry, labourer rights, and civil society organizations have been interviewed extensively. Concerned researchers, lawmakers and legal experts are also included in this category. Information on the drivers of corruption, rent exploitation and rent extraction processes, etc., has been gathered and corroborated through KIIs.

2.2.3. Group discussions (GD)

A total of 37 overseas job-seekers have attended six discussions. During the discussions, the author endeavoured to understand the reasons for their decision to migrate to Malaysia for a job by paying abnormally high amounts to the brokers and labour recruiting agencies, their vulnerabilities, including in terms of their job and livelihood opportunities, during and post-migration situation, etc. Though group discussions it was also attempted to understand the migration process related to other information including salary and benefits.

87 The persons who have formal or informal stakes/linkages to the transnational labour trafficking, or have extensive knowledge and experiences in issues related to the governance and operations of the said issue.

88 Persons in the process of migration as labourers from Bangladesh to Malaysia.
A total of six GDs have been conducted, mostly in Ukhia and Teknaf Upazilas of Bangladesh. The experiences (both positive and negative) of victims have also been captured primarily in the same Upazilas.

### 2.2.4. Case study

This method has been used extensively for exploring how policy decisions as well as regulatory and enforcement entities are captured and controlled by a group of labourer exporting firms and syndicates. The author has also endeavoured to understand the process of facilitating rent extraction in violation of the law in different segments of the labourer export market. This also helps understand how individual overseas job-seekers fall into the trap of extractive and exploitative rent-seekers. A total of 21 case studies were conducted during the field investigation.

### 2.3. Data collection tools

A set of checklists, interview protocols and informed consent forms appropriate to the informants and contexts was developed, field-tested, and used for gathering and corroborating information objectively and carefully. The number of the informants in the study was determined on the basis of necessity, accessibility, and availability of informants and study resources.

### 2.4. Triangulation and validation of information

The empirical and secondary information was cross-checked, validated and triangulated through multiple triangulation methods including methodological and situational triangulations as appropriate to the field context and informants. As part of data corroborating and validation, a set of validation and triangulation methods has been adopted conjunctively. The same kind of information was checked from multiple sources including both primary and secondary sources. Under the ‘methodological triangulation’ process, multiple qualitative methods including KII, in-depth interview, group discussion, case study, content analysis, and conversation analysis has been utilized. Furthermore, under the ‘situational triangulation’ process, it has used data on the rent-seeking behaviour of people in situations/segments of labour migration generally and migration to Malaysia.
specifically both legally and illegally. Both secondary and empirical information has been gathered, cross-checked, corroborated and triangulated simultaneously using multiple methods appropriate to the informants.

**Table 1: Information collection and triangulation procedures at a glance**

<table>
<thead>
<tr>
<th>Research questions</th>
<th>Key issues covered</th>
<th>Informants (persons/entities provided information)</th>
<th>Data collection methods</th>
<th>Data collection tools</th>
</tr>
</thead>
</table>
| 1. What frameworks can best explain transnational labour migration and what empirical evidence supports these explanations? | • Challenges in the regulatory & institutional frameworks  
• Drivers of rents and rent-seeking behaviour  
• Vulnerabilities of corruption                                                                                                                  | • Public officials at ministries  
• Officials at regulatory & enforcement entities  
• Labour trading apex body  
• Labour traders  
• Owners of recruiting agencies  
• Migration academics, experts & researchers                                                                                     | • Key Informant Interview (KII)                                                                                       | • Checklist appropriate to the informants                                                                                             |
| 2. What sorts of formal and information interventions and rents are associated with labour migration? | • Drivers of rents  
• Types/forms of rents  
• Problems of rent-seeking behaviour                                                                                                                 | • Concerned academics, experts and researchers  
• Public officials  
• Owners of recruiting agencies  
• Civil society organizations                                                                                                          | • KII  
• In-depth Interview  
• Group Discussion                                                                                                               | • Checklist appropriate to the informants                                                                                             |
| 3. How do extractive and exploitative rents and corruption affect the process of transnational labour migration? | • Rent extraction process in different segments of labour migration markets                                                                                   | • Owners of the recruiting agency  
• Intermediates/brokers  
• Overseas job-seekers  
• Migration syndicates  
• Migration rights organizations & activists  
• Journalists, etc.                                                                                                                    | • KII  
• In-depth Interview  
• Group Discussion  
• Case Study                                                                                                                                | • Checklist appropriate to the informants  
• Semi-structured questionnaire                                                                                                          |
| 4. What are the consequences of corruption in transnational labour migration? | • Consequences of rent-seeking behaviour and corruption                                                                                                      | • Overseas job-seekers  
• Migrant labourers & their relatives  
• Migration syndicates  
• Migration rights organizations & activists                                                                                     | • In-depth Interview  
• Group Discussion  
• Case Study                                                                                                                | • Checklist appropriate to the informants  
• Semi-structured questionnaire                                                                                                           |
2.5. **Research ethics**

The participation of informants in the study process was voluntary. The principles and standards of research ethics have been followed carefully. Accordingly, the names and identities of the informants are protected and not mentioned in this thesis.

2.6. **The strength of this research**

This is an original piece of empirical research on transnational labour migration. This is the first exploratory research focusing on labour migration from Bangladesh to Malaysia as a case study and examining the transnationally organized criminal groups, irregularities, and corruption in the different segments or processes of labour migration through the lens of rents, rent-seeking, rent-extraction, and exploitation. No other study has previously examined the transnational labour migration related issues using the lens of rents and rent-seeking. The study also provides insights, information and facts on transnationally organized and syndicated corrupt practices including the amount of bribe or rents extracted and exploited in the process of labour migration.

2.7. **The limitations of this research**

The major limitation of this research is that due to the lack of financial support, only limited empirical information could be collected, corroborated and triangulated at the demand end destination point, Malaysia. In order to minimize this gap and also to ensure the reliability and accuracy of the information at the demand end, the researcher attempted to collect and corroborate information regarding the demand side from key informants at the supply end of the migrant labourer.
3. Transnational Labour Migration: A Case Study of Bangladesh

'We have dozens of well-articulated rules, regulations and regulatory institutions. Our country (Bangladesh) is very strong in the regulatory framework and compliance record of international conventions. In reality, we, the recruiting agencies, do not bother with the legal framework. This happens because there are many holes or frontiers of opportunities for bypassing the regulatory and institutional framework. We, a section of employees in law enforcement agencies, and regulatory entities at both ends (labourer supply and employers in Malaysia) are just human traders even worse than slave traders. We are just running after money desperately, bypassing labour laws and workers’ dignity.'

- From an interview with the owner of a labour recruiting agency, July 22, 2017, Dhaka, Bangladesh

Bangladesh is a country of origin for migrant labourers. Accordingly, the legal and regulatory frameworks have been developed fundamentally for handling outgoing migration of labourers. The nation’s migration policies and its governmental institutions, hence, aim at increasing the number of Bangladeshi migrant workers and increasing and better utilizing their remittances.\(^89\) In Bangladesh, migration is a normal part of everyday life and is closely linked to the political and economic development of the country.\(^90\) Below is a critical overview of the legal structure of the outgoing migration of Bangladeshi nationals. This discussion will, to a certain extent, help to understand the causes of corruption in the process of transnational labour migration from Bangladesh.

3.1 The regulatory framework

3.1.1 International conventions signed and ratified by Bangladesh

Transnational labour migration from Bangladesh began officially in 1976. The country has signed and ratified a number of the conventions and agreements relevant to overseas

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laborers and their families. The most notable conventions ratified by Bangladesh are the International Convention of the Rights of All Migrant Workers and their Families (ICRMW, 2011); the United Nations Convention against Transnational Organized Crime (UNTOC, 2011); the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW, 2000); the International Covenant on Civil and Political Rights (ICCPR, 2000); the International Covenant on Economic, Social and Cultural Rights (ICESCR, 1998); the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (1998); the Convention on the Rights of the Child (CRC, 1990); the International Convention on the Elimination of All Forms of Racial Discrimination (ICEAFRD, 1979), and the Universal Declaration of Human Rights (UDHR, 1972). The international conventions recognize the rights and entitlements during and after the movement, and protection of the migrant labourers and their families within the countries of origin and destination.

According to the ICRMW, migrant workers and members of their families shall have the right to be fully informed of all conditions before their departure from the country of origin. The international conventions also discourage illegal migration and encourage safe and legal migration. Therefore, the signing and ratification of global conventions and declarations were expected to promote safe labour migration from Bangladesh.

3.1.2 The country policies on transnational labour migration

3.1.2.1 The Expatriates' Welfare and Overseas Employment Policy 2016

The country adopted a long awaited migration policy framework for its outgoing citizens in 2016 with the help of development partners and non-government organizations. The goal of the policy is to ensure and encourage safe and dignified migration, and protection of migrants and their families. The policy aims at meeting certain objectives, including creating opportunities for overseas job seekers; ensuring the safety and rights of migrants; ensuring

91 ICRMW was adopted by the UN General Assembly on December 18, 1990 and came into effect on July 1, 2003. Bangladesh has signed it in 1998 and ratified in 2011.

92 Article 37, ICRMW (1990).

93 The Expatriates’ Welfare and Overseas Employment Policy 2016 (This document was originally prepared and approved in Bangla), Ministry of Expatriates’ Welfare and Overseas Employment, The Government of the People’s Republic of Bangladesh, Bangladesh.
welfare services for workers and their families; promoting gender equality in the migration process; incorporating migration into national planning and development and welfare policies; promoting inclusive labour migration governance; involving the private sector in labour migration, etc. This policy is considered by the stakeholders to be a very modern, timely, appropriate, and well-articulated document.94

3.1.2.2 The National Skills Development Policy 201195

This policy is adopted to empower all individuals to access decent employment and ensure Bangladesh’s competitiveness in the global market. The policy aims at supporting rapid and inclusive economic growth by enhancing individuals’ employability in labour markets, and ensuring demand-driven and responsive training for employers and labourers.

3.1.3 The laws on the overseas migrant labourer

3.1.3.1 The Overseas Employment and Migrants Act, 201396

This is a very comprehensive and up-to-date law on migrant labour adopted by Bangladesh. Its goals are to promote opportunities for overseas employment, to establish a safe and fair system of migration, and to ensure the rights and welfare of migrant workers and members of their families in conformity with the 1990 International Convention on the Rights of Migrant Workers and the Members of Their Families and other international labour and human rights conventions and treaties ratified by the People's Republic of Bangladesh. The key elements of this law are: labour trading through licensure; registration of migrant labourers and migration clearance, and protection of their interests; prescribing the ceiling of the cost of migration to be charged; establishing a labourer welfare wing (a unit under the Ministry of Expatriates' Welfare and Overseas Employment, Bangladesh) and bilateral

94 According to the key informants and labour migration experts interviewed by the author from July 17 to August 31, 2017 in Dhaka, Bangladesh.


agreements on migration; protecting the rights of migrant workers; imposing penalties (including imprisonment for a ten years’ term with a fine of BDT 500,000 (Euro 5,100) for sending migrant workers overseas in an unlawful manner, charging unlawful fees, etc. ‘This act has covered almost everything for a safer and smooth migration of Bangladeshi national for overseas jobs,’ said an owner of a labour recruiting agency in Bangladesh during an interview.97

3.1.3.2 The Prevention and Suppression of Human Trafficking Act, 2012

The law was adopted to control outgoing labourer trafficking through transnationally organized action. Under the legal system of Bangladesh, if a case is filed against someone, s/he is generally considered innocent (presumption of innocence). However, if someone is charged under this Act within or outside the country, the person would be presumed guilty (presumption of guilt). This act aims at ensuring the prevention and suppression of human trafficking and the protection and implementation of rights of the persons who fall victim to human trafficking as well as safe migration.

3.1.4 Rules on labour migration from Bangladesh abroad

The country has adopted a considerable number of rules against the acts relevant to labour migration. The notable rules are: Emigration Rules 2002, Recruiting Agents Conduct and License Rules 2002, Wage Earners Welfare Fund Rules 2002, Special Privilege Policy of Expatriate Bangladeshis for Remittance, 2008, Medical Test Policy for Overseas Employment 2008, and Selection of Commercially Important Persons (Non-Resident Bangladeshi) Rules 2015. These rules cover major issues like labour migration processes, including overseas labour migration, mandatory obligations of parties, decent employment opportunities, the role of recruiting agencies and regulatory entities, the welfare of migrant workers and their families, etc.

3.2 The institutional framework

The country has both formal and informal institutional structures for labour migration.

97 Interviewed on July 19, 2017, Dhaka, Bangladesh.
3.2.1 The formal labour migration structure in Bangladesh

The formal structure covers both public and private institutions. Under the Ministry of Expatriates’ Welfare and Overseas Employment, the Bureau of Manpower, Employment and Training (BMET) is the lead agency to regulate, control and oversee the process of overseas labour migration of Bangladeshis, including providing clearance of documents before the departure of migrant labourers. The BMET is also responsible for supplying manpower against the demand both at home and abroad and regulating about 745 private agencies. The Bangladesh Overseas Employment and Services Limited (BOESL) is the sole state-owned recruiting agency responsible for providing assistance to employers, recruiting agencies and governments at home and abroad in recruiting migrant labourers from Bangladesh. The other key entities of the formal structure are: The Wage Earners' Welfare Board, the Probashi Kallyan Bank (Expatriates’ Welfare Bank), and the Emigration and Passport Department of Bangladesh.

The formal private institutional structure includes Bangladesh Association of International Recruiting Agencies (BAIRA)\(^98\), approved recruiting agencies, medical centers, foreign employers and their agencies or representatives, individuals and sponsors, Government Approved Medical Centers (GAMCA), etc.

3.2.2 The informal labour migration structure

The informal labour migration structure includes kinship and network-based institutions. The key units of the informal structure at the labour supply end are the labour supplying organizations, recruiting agencies, recruiting agents, visa traders, and 'labourer suppliers'\(^99\). At the migrant labour demand end, there are recruiting agents, big or small visa traders or collectors, Bangladeshi migrants labourers or residents.\(^100\) The informal

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\(^{98}\) An apex body of the private recruiting agencies in Bangladesh established to promote and protect the rights and interests of the members.

\(^{99}\) Individuals who work to find overseas job-seeking labourers and create contacts between the labourers, recruiting agencies and human traffickers. They are also known as the sub-agents, 'dalals' (brokers) and 'middlemen' (intermediaries) of migrant labourers.

sector or structure generates more than 90 per cent of employment for overseas migrant labourers.\textsuperscript{101}

3.3 Diagnosis of loopholes in the regulatory and institutional frameworks

Bangladesh has a good track record of adopting modern and appropriate legal instruments, including the signing and ratification of international conventions and protocols, but this does not ensure that the country has a good record of their implementation. There are allegations of violating or ignoring the laws and international conventions on migrant labourer throughout the whole process of migration from Bangladesh to the countries of destination. The critical observations of this research regarding the legal institutional framework of labour migration in the context of Bangladesh as a labour-sending country are as follows:

- According to Article 3(1) of the Overseas Employment and Migrants Act, 2013, the control of all activities surrounding transnational labour migration from Bangladesh is solely vested in the Government or its delegated authorities. Accordingly, the government agencies and recruiting agents are responsible to deal with the whole process of labour migration.

- The reality is that the labour migration from Bangladesh is done through both formal and informal migration structures. The lion’s share (almost 90 per cent) of labour migration from Bangladesh is done with personal arrangements and initiatives, through the informal structures.\textsuperscript{102} Therefore, the labour migration process in Bangladesh is fundamentally dominated by the private sector and individual entrepreneurs. This research has observed that none of the policies, laws and rules or other relevant documents recognizes the presence and role of the private recruiting agencies, transnational intermediates, brokers, syndicates, and individuals in labour migration from Bangladesh abroad. Therefore, the laws of the country do not recognize the kinship and network-based labour migration.

\textsuperscript{101} Khoda and Akram, \textit{Good Governance in the Labour Migration Process}, 24.

\textsuperscript{102} Khoda and Akram, \textit{Good Governance in the Labour Migration Process}, 39.
The country's legal framework also does not cover irregular and illegal migration which is a serious concern for the outgoing migrant labourer. Accordingly, the sector cannot be controlled and regulated in view of the present realities of Bangladesh.¹⁰³

The legal framework and mandates have also given impunity to the misconduct of Bangladeshi public officials working at home and in foreign missions, including Immigrant Registrars and Labour Attachés dealing with overseas migration matters. According to the key informants, this sort of impunity, in fact, works as an incentive or safeguard for public officials of regulatory and law enforcement entities dealing with transnational labour migration.¹⁰⁴

Furthermore, no provision for compensation for the migrants has been specified in the existing legal mandates.

Some officials and employees of the regulatory entities and law enforcement bodies dealing with labour migration from Bangladesh to Malaysia or elsewhere are unfriendly or harass labourers at the time of providing approved migration-related documents. ‘All migrant labourers have to pay bribes to them because these officials know that they will never lose their job because of their bribery,’ said a number of overseas job-seekers, owners of recruiting agencies and brokers during the interviews.¹⁰⁵ The empirical findings of this study show that the integrity and accountability mechanisms in the regulatory entities of labour migration in Bangladesh are almost dysfunctional. As almost all of the migrant labourers are illiterate or impoverished, the public officials of regulatory entities can easily exploit them through information asymmetry.

Finally, this research has found that due to the lack of effective, transparent, and credible implementation of existing rules and regulations in Bangladesh as a labourer-sending country, the overseas job-seekers fall victim to corruption. Furthermore, the vulnerabilities of the overseas job-seekers along with the lack of effective accountability and integrity mechanisms in Bangladesh have created opportunities for exploitation and extraction of

¹⁰³ Khoda and Akram, *Good Governance in the Labour Migration Process*, 40.
¹⁰⁴ Interview with an overseas migration expert in July 2017, Dhaka, Bangladesh.
¹⁰⁵ Interviews with the owners of labour trading/recruiting agencies between July 15 to August 30, 2017, Dhaka, Bangladesh.
rents by a segment of public officials of regulatory entities in the transnational labour migration chain on both ends (Malaysia and Bangladesh). Therefore, effective implementation of the existing laws and policies in Bangladesh, and accountability and credibility of officials and employees of the country's regulatory bodies are a deep concern in the transnational migration process of Bangladeshi nationals for overseas jobs.
4. Rents, Rent Extraction and Exploitation, and Corruption in Transnational Labour Migration: Empirical Observations

‘From 2013 to 2015, thousands of Bangladeshi nationals including women and children desperately attempted to reach Malaysia illegally through the Bay of Bengal using fishing boats and small ships. People motivated by some labour trading agencies, brokers and traffickers moved to Malaysia without passports and valid documents. Many of them were held captive in the jungles of Myanmar, Thailand and Malaysia, and starved, dead or disappeared forever. These incidents happened primarily because the legitimate path for migration of Bangladeshi nationals to Malaysia for jobs has been sealed for years. A group of us (labour traders) was also involved in these corrupt practices.’

- A group of owners of Bangladeshi labourer recruiting agencies. Group discussion held on July 22, 2017, in Dhaka, Bangladesh.

In this chapter, the author will present the key findings of his analysis of the vicious cycle of rents, rent-extraction, rent-exploitation, and corruption in the transnational labour migration and labour-trading market. The discussions and explanations are supported by empirical evidence and lessons learned mostly from Bangladesh. The explanations and remarks made in this chapter are applicable only to the persons or the concerned segment of the people interacted with and interviewed during information gathering and corroborating, and do not equally represent or are necessarily applicable to all individuals involved in this business. However, we can reach some general conclusions from this research.

4.1 Rents and rent-seeking in the transnational labour market

‘Rent’ is extra income relative to one’s next best opportunity.\(^{106}\) If one’s income is five dollars a day in his own country, and migration to another country gives six or more dollars per day, the extra income is rent and all sorts of activities or interventions for getting rents is rent-seeking. People move from one country to another for more income, so to say, rent. A worker spends/invests money to get a rent that is higher than the investment. Rent in this context is the financial benefit of migrating and rent-seeking is the cost paid or spent for

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\(^{106}\) Khan and Sundaram, *Rents, rent-seeking and economic development*, 1.
migration. Throughout the whole process of migration, the concerned stakeholders, including recruiting agencies, employers, brokers or intermediates, officials, and employees of regulatory and law enforcement agencies demand extra income or profit and thereby seek their own rents from the migrant or the business employing them. Therefore, labour migration is a complex process of rents and rent-seeking. Everybody involved in the migration process could be considered to be involved in rent-seeking behaviour.

All activities, interventions, inputs, and investments for creating and arranging the overseas job for migrant labourers are part of the rent-seeking expenditures of different players. Both recruiting agencies and migrants invest in the migration process. The rent-seeking in the transnational labour migration process includes: the costs of establishing labour trading or recruiting offices both at home and abroad; collecting work orders; paying for visas and tickets; managing regulatory and enforcement entities, and their employees; collecting information to identify migration opportunities; where necessary, paying bribes in both source and destination countries of migrant workers to the personnel of regulatory and law enforcement entities; contacts at different levels; using connections to arrange for jobs for migrants labourers; managing and collecting approvals of migration-related documents and passports from the regulatory entities, and so on. All these expenditures are rent-seeking, though some are legal and some are illegal and some may make the migrants better off while others serve to exploit them.

4.2 Problems of rent-seeking in transnational labour market

The empirical observation of this research demonstrates that there is an acute inequality in the distribution of rents in the transnational labour market. The problem arises when one party, especially recruiting agencies or intermediaries, intends to make excessive profits by cheating, creating information asymmetries or information monopolies (by hiding or tampering with information) and using coercion. The workers do not know who to contact for jobs, the best country of destination for migration, or how to go about it. In this situation, intermediary functions emerge. The intermediary entities collect information on overseas jobs, manage the application process, and arrange everything including the collection of job offers or work permits, visas, official clearances, tickets, and so on. Those
who arrange these are not expected to do so free of cost. The recruiting agencies need to invest (in seeking rents) to create connections with ministers, law enforcement agencies (LEAs) including police, immigration, and border control personnel. This is done by:

- influencing or bribing politically influential persons including lawmakers and key policy makers of the Republic for adopting or amending necessary policies/laws in favour of the labourer traders
- getting positions in the apex business bodies (for example BAIRA) of recruiting agencies at the labourer supply end (Bangladesh)
- capturing regulatory entities including the concerned Ministry (Ministry of Expatriates' Welfare & Overseas Employment, BMET, etc.
- thereby, establishing control over the process of labour migration to capture a significant share of the rents from migration for themselves, even if it leaves migrants worse off, exploited, or sometimes dead.

The empirical findings of this study demonstrate that in doing transnational labour trading in Bangladesh, various forms or modes of illegal rent-seeking have been indispensable. A few of these forms or modes of rent capture in transnational labour migration process are discussed below.

4.2.1 The monopoly and socially damaging rents in labour migration

A monopoly situation emerges when migrants do not have access to competitive bargaining with the recruiters over migration costs and overseas job-related matters and processes. If the intermediary migration agencies can collude, they can extract higher charges from migrants and this is a socially damaging rent because the transfer of rents from migrants to labour agencies decreases the net social benefits of labour migration to a great extent. The intermediary labour recruiting agencies in Bangladesh arrange for and create employment for the overseas job aspirants. On the other hand, job-seekers do not have information about overseas jobs. In this situation, the migrant workers have to depend greatly on the recruiting agencies. In the labour migration context of Bangladesh, the relationship between the migration-seekers and migration agencies, individuals and entities is heterogeneous and
mostly one-sided. In this situation, the job-seekers, who are mostly illiterate, unskilled or semi-skilled, do not have much bargaining power. This imbalance has created a vicious cycle of information asymmetries. The labour recruiting agencies, officials, and employees of regulatory bodies who give approval of migration-related official documents and clearances can easily capitalize on this asymmetric situation in their favour, asking for or extracting excessive rents for the services they provide to the migrant worker.

4.2.2 The coercive rents in transnational labour migration

The research indicates that the rents in labour migration become coercive when migrant labourers are forced to pay excessive migration costs as determined by the recruiting agencies or middlemen. When a migrant worker spends money and seeks extra income higher than the investment, this could be a beneficial rent seeking for the migrant. Both recruiting agencies and migrant workers seek rents. But agencies seek to capture a large part of these rents, and information asymmetries and political connections help them do so beyond a level that is beneficial for the migrants.

When this sort of payment is, in addition, demanded in a coercive context, then the rent extraction from the migrant is even higher. Workers often migrate to Malaysia having incurred large debts and pay these off at high interest after arrival from their monthly salary. In this situation, migrant workers do not have the option to bargain with labour traders or recruiting agencies. Workers often fall into this coercive situation after arrival in Malaysia. Workers in most cases used to manage migration cost by selling properties, valuable goods like the gold ornaments of family members, but also by bondage debts, NGO loans, and so on. But this is usually not sufficient nowadays, and workers sometimes discover that they have incurred large debts and are bound to stay overseas for an indefinite time to recover their migration costs. In a context where there is huge pressure on unemployed male members of the family to search for jobs, males and sometimes females of working age are willing to take risks in organizing migration opportunities with labour market intermediaries.

The research exposes that family demand for incomes can also create pressure to accept forced labourer conditions. Some recruiting agencies and intermediaries mostly at the
labour supply end use the vulnerabilities of overseas job-seekers and eventually capture rents through coercion in transnational labour migration process. This process of rent seeking is commonly happening at the labour supply end.

**Box 1: Vulnerabilities of overseas job seekers**

'I have paid BDT 300,000 (EUR 3,062) to a local ‘dalal’ (middleman) to go to Malaysia. I managed BDT 50,000 (EUR 510) by selling a cow, BDT 200,000 (EUR 2,041) by leasing land, and another BDT 50,000 (EUR 510) by selling rice stored for family consumption. With my higher secondary education, I could perhaps get a lower graded job locally with a bribe. With that salary, I could not survive. I have not yet received the ‘kagoj’ (contact letter) from the dalal.

The dalal promised me that I would get two years’ job contract with monthly salary of 1,000 Ringgit (EUR 213) but I have not yet been informed of anything more about my job or the employer. If I distrust the dalal, he will sell the incoming visa to another person…. I do not know what is waiting for me in Malaysia, but the ‘bidesh job’ (overseas job) could relieve me from the curse of unemployment, disrespect and pressure of family members, and consequently create an opportunity to get married too.’

- Overseas job-seeker, age 28, interviewed on July 23, 2017, Dhaka, Bangladesh

**4.2.3 Extractive and exploitative rents in transnational labour migration**

For providing services required during the process of labour migration, the intermediary groups or brokers may logically demand or seek a share of the rent. The study indicates that if the rent demand is irrational relative to the service provided in the labour migration process, the rent becomes extractive. For example, if a labour recruiting agency in Bangladesh creates pressure or forces an overseas job-seeker to pay three to four thousand Euros as the migration cost to Malaysia, when the recruiting agency could make an adequate profit by charging only EUR 1,000, the rent extraction is extractive too. The overseas job-seekers, mostly the unskilled workers, have the least information to manage job abroad. On the other hand, the recruiting agencies and their collaborators including the intermediates could arrange a job for the unskilled and unemployed people through their own initiative,
and thereby they create rents too. The employment opportunities created by the recruiting agencies for overseas job-seekers could be termed as a positive rent in the transnational labour migration process. This rent becomes exploitative when the recruiting agencies use this rent to make excessive money through exploiting (by hiding overseas migration related information including the salary and benefits of the job, actual cost for migration, etc.) the condition of the labourers.

As the migration process is transnationally organized syndicated, the Bangladeshi labourers experience excessive rent extraction in their migration to Malaysia. The empirical findings of this research demonstrate that labour migration business is one of the most lucrative businesses to accumulate capital within a short period by exploiting, cheating, or abusing overseas job-seekers. The research also reveals that the extractive and exploitative rent-seeking activities take place in the labour migration process through well-organized transnational networks involving some policy makers of the Republic, regulatory and law enforcement officials, and labour market traders and intermediates at both labour supply and demand end.

4.2.4 Unproductive rents in labour migration process

The empirical findings of this study expose that labour traders have to pay money illegally for capturing much of the rents in labour migration. This investment, the rent-seeking that allows them to capture excessive rents, is unproductive for the society as a whole. In addition, ‘This money never enters into the mainstream financial system of the country. A part of the rent incurred by the labour recruiting agency (at least BDT 100,000/EUR 1,021\(^\text{107}\)) from each of the Bangladeshi overseas job-seeker is arguably transferred abroad through ‘Hundi’, an illegal money transfer system,’ said one of the key informants during an interview\(^\text{108}\). The study also indicates that the recipients of this money are the owners of

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\(^{107}\) One Euro is equivalent to BDT 97.97 (Bangladeshi Taka/BDT) as of September 24, 2017. Source: Interviews with key informants, July 15 to August 30, 2017, Dhaka, Bangladesh.

\(^{108}\) Interview with an owner of a labour recruiting agency, July 29, 2017, Dhaka, Bangladesh.
Synerflux Sdn Bhd\textsuperscript{109} (hereinafter Synerflux). Similar allegations have been corroborated and validated with the labourers who migrated from Bangladesh to Malaysia in 2016.

### 4.3 Rent extraction in labour migration: Process observations

Recruiting agencies cannot do labour trading illegally without colluding with the regulatory and law enforcement agencies of the states concerned. In order to establish a monopoly in labour trading, a group of recruiting agencies and their syndicates have been observed to keep away others from the competition by capturing policy, legal and enforcement frameworks of the Republic. Here connections with power and politics are vital prerequisites. So when a group of labour traders establish links with politicians and the state, they establish a monopoly in labour trading. Therefore, when politicians collude with labour traders, the frontiers of the incidents of corruption in transnational labour migration processes become widespread. Thus, damaging types of irregularities and corruption can occur when legal, regulatory, administrative, enforcement, and other agencies collude with a group of labour traders at the cost of the state and public interest.

#### 4.3.1 An example of an organized ten-agency rent-seeking syndicate

In mid-2016, only ten out of 745 recruiting agencies got the major opportunity to send labourers from Bangladesh to Malaysia. There were no pre-set criteria to select the ten out of 745 agencies in Bangladesh, and the selection process and criteria are still unknown to the labour market agencies outside the ten-member syndicate. The author’s empirical observation is that the ten companies are directly or indirectly owned by the ruling party supporters and close relatives of the ruling party ministers. In fact, the actual owners of the ten agencies are ruling party members or affiliated with the ruling party, and a few are backed by a group of influential ruling party leaders and policy makers of Bangladesh.

\textsuperscript{109}Synerflux SDN BHD, an IT-based HR company, is authorized in Malaysia to lead and coordinate the whole migration process between Malaysia and Bangladesh. For details, see https://www.ctoscredit.com.my//business/SYNERFLUX-SDN-BHD-0895689U, accessed September 9, 2017.
Table 2: How is the ten-member syndicate formed?¹¹⁰

<table>
<thead>
<tr>
<th>Agencies belonging to the syndicate</th>
<th>Ownership pattern/political connection/identity</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>The ten recruiting agencies-based organized syndicate in Bangladesh</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agency ‘A’</td>
<td>Owned by a ruling party supporter and one of the leading influential migrant labour traders in Bangladesh</td>
<td>Coordinate and lead the formation process of the ten-member syndicate on the Bangladesh side</td>
</tr>
<tr>
<td>Agency ‘B’</td>
<td>Owned by a ruling party supporter and influential manpower businessman</td>
<td>Coordinated the ten-agency syndicate and convinced Synerflux to select the ten agencies from Bangladesh for sending labourers</td>
</tr>
<tr>
<td>Agency ‘C’</td>
<td>Owned by a central level influential ruling party leader and Parliament Member</td>
<td>Arguably influenced and convinced a group of key policy makers of the Republic in favour of the necessity and existence of the ten-member syndicate in place of 745 agencies</td>
</tr>
<tr>
<td>Agency ‘D’</td>
<td>Owned by a relative of an influential minister of the ruling party</td>
<td>Arguably provided support to the coordinators/organizers (Agencies ‘A’ and ‘B’) of the ten-agency syndicate in making the policy decision in favour of the ten-agency syndicate instead of 745 labour trading agencies in Bangladesh</td>
</tr>
<tr>
<td>Agency ‘E’</td>
<td>Owned by a close relative of an influential minister</td>
<td>Allegedly helped the coordinators of the syndicate in making a policy decision in favour of the ten-agency syndicate</td>
</tr>
<tr>
<td>Agencies ‘F-J’</td>
<td>Pro-ruling party recruiting agencies/labour traders</td>
<td>Each of the five agencies allegedly paid at least BDT 100 million (EUR 1 million) as extractive rents/bribes¹¹¹ to the coordinators (Agencies ‘A’ &amp; ‘B’) of the ten-agency syndicate. The rent is arguably paid to be included in the ten-agency syndicate.</td>
</tr>
</tbody>
</table>

One agency control syndicate/migrant labour receiving gateway in Malaysia

| Synerflux Sdn Bhd (Synerflux) | Owned by the former Malaysian home minister Azmi Khalid and Mohd Amin Bin Abdul Nor, a Malaysian resident of Bangladesh origin | Both owners allegedly used their positions and political connections to influence key policy decision makers in Malaysia including the then Deputy Prime Minister (during Prime Minister Najib Razak’s regime) in favour of giving sole authority to Synerflux to deal with all Bangladeshi migrant labourer issues. |

Source: Interviews with key informants, July 15 to August 30, 2017, Dhaka, Bangladesh

¹¹⁰ For security reasons and research ethics (i.e., commitment given to the informants to not disclose their names and identities), some information is omitted for publication purposes.

¹¹¹ One Euro is equivalent to BDT 97.97 (Bangladeshi Taka/BDT) as of September 24, 2017.
4.3.2 Rent seeking to create the ten-agency syndicate

A group of the labour recruiting agencies alleged that at least half of the ten members of the syndicate had to bribe the organizers to participate in the syndicates. Two influential businessmen cum labour traders arguably have led to the creation of the ten-member syndicate in Bangladesh to send labourers from Bangladesh to Malaysia. A few of these agencies did not even have previous experience to send labourers from Bangladesh to Malaysia. “The key qualification for the rest was money paid to the organizers of the syndicate. Allegedly, at least EUR 1 million was paid by each agency to be included in the ten-agency syndicate.”

The other 735 agencies lost their positions in the segment of the labour trading market dealing with Bangladesh and Malaysia because they failed to convince the highest policymakers of the Republic. The ten recruiting agencies effectively captured the political, regulatory and policy structures of the state primarily by using influence with the ruling party and bribery. Therefore, the findings of the study clearly show that the agencies that can access the ruling party can establish a monopoly position in the transnational labour migration market.

It is noted that the highest court of Bangladesh has also considered the situation and said that the labour migration process should not be confined to a certain group of person(s), recruiting agencies (see Box 2 on the next page). Despite this observation, the ten-member syndicate is continuing to export workers from Bangladesh to Malaysia. In fact, the protests of the deprived 735 recruiting agencies and the directives of the Supreme Court of Bangladesh against the presence of the syndication have had with little effect.

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112 Interviews with key informants, July 15 to August 30, 2017, Dhaka, Bangladesh.

Box 2: Order of a three-judge panel of the Appellate Division of the Supreme Court of Bangladesh led by its Chief Justice

“This petition is directed against the interim order passed by the High Court Division restraining the writ respondent numbers ... from allowing anyone other than the petitioners to recruit Bangladeshi workers for employment in Malaysia under visa number KDN/16031/FLALQ400319 dated 21.11.2016 for a period of 6 (six) months. ... We are of the view that the authority of exporting manpower to Malaysia should not be confined to a particular group of person(s).

Though there is no dispute that the writ respondents are already exporting manpower by using that particular type of visa, the writ petitioners should not also be deprived of availing the opportunity if they are otherwise found qualified to export manpower for plantations to Malaysia. The Bangladesh High Commission in Malaysia and the Labour Counselor shall scrutinize the recruiting agents' suitability and if they are responsive and qualified to export manpower by utilizing the visa No. KDN/16031/FLALQ400319 dated 21.11.2016, they should also be afforded opportunity. Since we have expressed our opinion in this regard, the rule issued by the High Court Division has rendered infructuous. The rule issued by the High Court Division is discharged."

- Civil Petition for Leave to Appeal No. 882 2017 against the Order dated 23.2.2017 passed by the High Court Division in Writ Petition No. 2346 of 2017.

4.3.3 Symmetrical collusion in labour migration

The research shows that if an agency attains a monopoly position by paying bribes to a few ministers and high-level officials, and subsequently migrant workers benefit from improved or more rapid service, they could implicitly agree to pay an extra cost. In this case, symmetrical collusion occurs. It is observed that when recruiting agencies and overseas job-seekers agree to share the cost of migration that leaves both parties better off, this type of rent seeking and rent sharing may be undesirable.

4.3.4 Cheating migrant workers through information asymmetry

In some situations, information asymmetry distorts the sharing of rents between overseas labour recruiting agencies and job-seekers. This happens when labour traders collect extra
‘expenses’ by convincing workers that this is necessary for gaining the opportunity for a good salary and benefits. This type of misrepresentation is a common phenomenon in the transnational labour migration market. For example, a recruiting agency and their brokers may inform the migrant worker that he will get a two-thousand-ringgit salary a month and collect an extra five thousand ringgits as expenses, but in reality, the migrant upon arrival in Malaysia may observe that the salary is much lower than that promised by the recruiting agency or broker. The workers usually agree to pay the higher costs in the hope of getting a good salary. This sort of information asymmetry collusion has become the norm in the migration labour market of Bangladeshi nationals going to Malaysia.

4.3.5 Damaging rent-seeking in labour migration process

The findings of the research reveal that in order to sustain the monopoly position in labour trading, businesses need to use political influence and power. It is observed that only a small group of agencies (ten out of 745) was able to capture the monopoly position using bribes. These payments could certainly be termed as corruption, as the political recipients of bribes abuse their position for personal financial gain. Bribing some politicians, police and other involved agencies and individuals to keep them happy, and maintaining control over the labour trading market could also be considered a type of rent seeking. This rent-seeking is illegal and is also damaging to the interests of the migrant workers.

4.3.6 Rent extraction through cheating overseas job-seekers

Even before the ten-agency syndicate emerged in 2016, migrant labourers were cheated by a number of the recruiting agencies involved in sending labourers from Bangladesh to Malaysia. But while earlier the market was more competitive and the asymmetric information and rent extraction were limited by information of better offers from some agencies, now job-seekers can be additionally exploited because there are only ten agencies in the market and the choice is much more limited. Members of the syndicate can dictate the migration cost. The job-seekers cannot bargain because they do not have alternative agencies or ways to migrate to Malaysia. Thus, in the controlled situation, people lost further bargaining
opportunities which have led to a culture of exploitation in the labour migration process from Bangladesh to Malaysia.

4.3.7 A comparison of the pre-and post-syndicated migration process

The pre-syndicated system was predominantly characterized by intense competition between the 745 recruiting agencies involved in sending overseas job-seekers to Malaysia. The job-seekers had the option of choosing their recruiting agency and bargaining with the migration agencies over the costs of their forthcoming migration.

The key challenge of that system was that a group of the agencies gave job offers to workers in excess of their work orders when the jobs did not exist in Malaysia. In this situation, several thousand migrant workers found themselves to be jobless and thereby they lost their investment in the migration cost. These incidents happened because a number of the recruiting agencies sent workers to Malaysia with false promises.

Despite this, the cost of labour migration was about one-third of the present cost, but the key problem was that some recruiting agencies falsely sent or smuggled Bangladeshi nationals to Malaysia. Thus, in the earlier system, the migration process was more open and competitive but was characterized by irregularities. The Bangladeshis who discovered they were jobless in Malaysia were forced to work illegally and some were alleged to have been involved in crime, for example, stealing goods. It is also alleged that about one-third of the migrants under the earlier system went to Malaysia without pre-arranged jobs or accommodation.

Thus, under the previous system, people could migrate to Malaysia at a low cost but there was a chance of becoming the victim of deception by some recruiting agencies in both the source and destination countries. Under that system, companies in the destination country, Malaysia, had the opportunity of hiring workers without proper permits at a lower wage, and migrant workers could be exploited by both employers and labour hiring agencies based in Malaysia.
4.3.8 Policy distorting corruption

Under the pre-syndicate system Bangladeshi overseas job-seekers had options for choosing their preferred recruiting agency. That system eventually collapsed due to corruption. By colluding with regulatory and law enforcement personnel, some of the recruiting agencies sent Bangladeshi workers to Malaysia without pre-arranged jobs. Thus, the earlier, more open system became dysfunctional due to the illegal activity of some recruiting agencies and the corruption of certain public officials. This was an example of policy distorting corruption.

In this situation, owners of a few recruiting agencies allegedly led by an influential businessman and a group of political leaders arranged for a ten-agency syndicate and convinced the government to approve it by saying that if the labour migration process was managed by them, no irregularities would happen and the image of the country would also be restored. The head of the government was convinced and allowed this syndicate to send Bangladeshi workers to Malaysia. Thus, the lobbying of a group of migration agencies was successful in influencing policymakers to introduce a restrictive labour migration policy as a way of solving the earlier problem of workers being sent to Malaysia without proper papers and job offers.

4.3.9 Predatory corruption

Instead of improving the situation, the restrictive ten-agency syndicate established a well-organized criminal organization, a rent-extractive system of labour exploitation. The bribe-based transfers to public officials and private employers in Malaysia have increased drastically. Under the present policy, only one company, Synaflux, was authorized in Malaysia to lead and coordinate the whole migration process to Malaysia. Some figures for the increase in bribe costs emerged through detailed interviews with informants. Under the present system, the bribes to the Malaysian gatekeeper, Synerflux, are around EUR 1,000 per visa, which means that the amount of bribes has increased drastically in the destination country. Under the earlier system, the recruiting agency had to pay Malaysian middlemen or brokers who worked to collect work permits from the local employers or companies around
EUR 200 for each visa. As the amounts of bribes increased at the destination, the cost of migration to Malaysia has also increased up to 10,000 Malaysian ringgit (Euros 2,100).\textsuperscript{114} The nature of corruption has therefore changed. The emergence of a more monopolistic labour migration market has allowed labour exporters to extract a much higher share of rent from migrants through bribes. The degree of hardship has increased and, in many instances, the degree of corruption can now be described as predatory. Now the syndicates on both sides use their monopoly power to set migration costs to extract exploitative rents. The overseas job seekers do not have any option to bargain over the migration cost as the cost is solely determined by the syndicate.

\textbf{4.3.10 Political corruption}

The corruption that has emerged in the labour migration process to Malaysia is not necessarily political corruption because the process was not driven by politicians for political or other ends. Rather, some corrupt agencies used their partisan identity and political connections to pursue unlawful and self-enrichment activities at the heavy expense of migrant labourers. A group of influential ruling party business persons and political leaders was involved and used their position for capturing or accumulating wealth illegally. Some informants alleged that this group of business cum political leaders organized themselves, and misguided and convinced the Chief Executive of the Republic by representing that this arrangement would reduce the irregularities in sending the labourers to Malaysia and the image of Bangladesh in Malaysia will also be restored.\textsuperscript{115}

\textbf{4.3.11 The appointment of Synerflux as the sole gateway in Malaysia}

The decision regarding the selection and appointment of Synerflux was one-sided. After selecting the company, the government of Malaysia informed Bangladesh that Synerflux has been awarded the job of recruiting Bangladeshi workers, including collecting job demand letters from the employers at the labour demand end.\textsuperscript{116} Accordingly, Synerflux established

\textsuperscript{114} One Euro is equivalent to BDT 97.97 (Bangladeshi Taka/BDT) as of September 24, 2017.
\textsuperscript{115} Interviews with key informants, July 17-30, 2017, Dhaka, Bangladesh.
\textsuperscript{116} “Recruiters oppose monopoly in hiring Bangladeshis to Malaysia,” The Star Online, February 17, 2016, accessed September 9, 2017,
offices in Bangladesh and Malaysia and now supervises the bio-medical process for workers’ registration, eligibility, medical screening, and delivery of visas issued by the Malaysian High Commission in Dhaka. According to one key informant, the formation of the Synerflux-led syndicate has created a single gatekeeper in Malaysia that now manages the whole process of labour migration from Bangladesh to Malaysia with very damaging consequences.117

4.3.12 A transnational syndicate led by Synerflux

In line with the desire of the Government of Malaysia, Synerflux was awarded the “sole and exclusive entity” right to develop, maintain and manage the system to implement a fully online system known as Bangladeshi Workers Management System (BWMS). As mentioned earlier, a Bangladesh-born Malaysian citizen played an influential role in establishing the syndicate on the Malaysian side.118 Synerflux used its gatekeeper role to facilitate a syndication with certain recruiting agencies in Bangladesh.119 Synerflux selected the recruiting agencies in Bangladesh, an official told the author, but could not specify the selection criteria.120 The Bangladesh Association of International Recruiting Agencies (BAIRA) has opposed the appointment of Synerflux and requested the government not to allow the said company to continue to control overseas labour recruitment in this area to no avail.121

4.3.13 Ten million Euros paid as bribes to be included in the syndicate

It is alleged that five out of the ten members of the syndicate in Bangladesh had to pay significant bribes to the organizers of the syndicate. The two coordinators of this syndicate


120 Ibid.

are the ruling party businessmen involved in the labour export business in Bangladesh and some are mid-level political leaders who have access to the senior/influential decision makers in the government. According to some informants, each of these five agencies paid at least EUR 2,000,000 to the coordinators of the ten-member syndicate and in total, at least EUR 10,000,000 was paid in bribes.122

4.3.14 No records of labour migration costs

The ten-company labour recruiting syndicate is observed to be collecting migration costs from the overseas job seekers in cash. The labourers are not provided authentic money receipt or similar kind of document against the payment.123

4.3.15 Sharing rents

The syndicate distributes rents to all persons involved in issuing and approving work permits, visa processing and so on. A major portion is given to Synerflux and it is alleged that some of this are then shared with regulatory and enforcement authorities in Malaysia through Synerflux.124

4.3.16 Irregularities in labourer export persist

It is alleged that the problem of migrants discovering that they do not have real jobs upon arrival in Malaysia still persists. For example, if a company needs 100 workers, it can provide paperwork for 300-400 workers for a price. Later, the employer gives jobs to 100 workers and take no responsibility for the additional migrants.125 These people become jobless and look for illegal employment opportunities, and sometimes hide in jungles and forests to avoid arrest.

4.3.17 Abuse of DP-10 Visa126

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122 Interviews with key informants, July 17-27, 2017, Dhaka, Bangladesh.
123 Interviews with key informants, July 15 to August 30, 2017, Dhaka, Bangladesh.
124 Ibid.
125 Ibid.
126 This is a professional work permit or ‘Employment Pass’ initially issued for two years by the Government of Malaysia to highly skilled foreign professionals like IT specialists, doctors, teachers, managers, nurses, etc. This permit can be extended for up to 12 years.
Migrant workers enter Malaysia on the three main types of visa: DP-10 Visa, Student Visa and Plantation Visa. The first and third types of visa are issued to skilled and unskilled migrant workers, respectively. This study found that unskilled workers come from Bangladesh to Malaysia on both DP-10 and Plantation Visas. It is alleged by informants that a group of public officials including the visa section officials of the Malaysian Embassy in Dhaka is involved in issuing the DP-10 and Student visas to unskilled and illiterate persons for bribes and that this practice has been going on for decades.\textsuperscript{127} It is also observed that the Immigration Department of Malaysia under the Ministry of Home Affairs is equally responsible for allowing Bangladeshi migrants to enter the country illegally. Some informants alleged that both the Immigration Department and the High Commission of Malaysia in Dhaka ignore these irregularities because some of their key officials get paid by the recruiting agencies and concerned syndicates of both Malaysia and Bangladesh.

\textbf{4.3.18 ‘Tarzan visa’}\textsuperscript{128}

There is also significant illegal migration of Bangladeshi labourers through the Bay of Bengal and the jungles of Myanmar, Thailand and Indonesia without any visas (the so-called ‘Tarzan visas’). From 2015 to 2016, thousands of migrants moved to Malaysia this way. These migrants have been smuggled by organized criminal syndicates of Bangladesh, Myanmar, Thailand, Malaysia, and Indonesia and are not to be confused with the processes described above.

\textbf{4.3.19 EUR 1.22 billion to 3.0 billion allegedly extracted as rents for issuing E-Cards}\textsuperscript{129}

After crossing the border to Malaysia, illegally arriving workers, with the help of local brokers, collect a card to stay and work temporarily in the country. The Immigration Department of Malaysia issued Enforcement Cards (E-Cards) to employers who registered their illegal foreign workers from February to June 2017 for the last time. A total of 71,903

\footnotesize{\textsuperscript{127} Interviews with key informants, July 15 - August 30, 2017, Dhaka, Bangladesh.  
\textsuperscript{128} ibid.  
\textsuperscript{129} Ibid.}
Bangladeshi migrant workers in Malaysia have made the highest number of applications for E-cards in response to a four-month amnesty period granted by the authorities. It is alleged that at least EUR 170 – 425 had to be informally paid by each worker for getting an E-Card. Accordingly, it could be estimated that at least EUR 1.22 to 3.0 billion was extracted from workers for issuing E-Cards during the same period. The illegal workers then collected their cards through brokers.

**4.3.20 Syndicates in issuing valid and fake E-Cards**

Some informants described a syndicate that is involved in issuing E-Cards. A group of public officials in Malaysia and the High Commission of Bangladesh in Kuala Lumpur share the illegal rents for issuing E-Cards. The Immigration Department in Malaysia became aware of these practices and has cracked down on those selling fake E-Cards, according to Kosmo Online. Director-general of Immigration, Mustafar Ali, said syndicates were offering employers fake E-Cards for between EUR 200 to 400 each. ‘We have detected more than 50 cases of fake E-Card scams that are offered by the syndicate to local and foreign employers’, according to officials of the Malaysian government.

**4.3.21 Incentives for promoting illegal migration**

The findings of this study reveal that the more people enter Malaysia without legal documents, the greater the illicit incentives for some law enforcement authorities including the Immigration Department, local police, Bangladesh Mission, brokers, and local employers. Individuals within these agencies and organizations have benefitted greatly over

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132 Interview with key informants, July 15 to August 30, 2017, Dhaka, Bangladesh.


134 Ibid.

135 Ibid.
the years. The local police allow illegal Bangladeshi workers to stay on if they pay bribes, some officials and employees of the Bangladeshi mission in Kuala Lumpur seek bribes for issuing legal documents on behalf of the Bangladeshi government, and local employers provide employment at a very low wage. Thus, all concerned players, including law enforcement authorities, middlemen and some local employers, have incentives to enable the vicious cycle of illegal migration to persist. If a migrant is illegal, it creates frontiers of opportunities for making money by the law enforcement authorities, the police, local employers, labour exporting intermediaries, and the syndicates.

4.3.22 Doing illicit business in issuing travel permits in Kuala Lumpur

The interviews conducted for this study show that issuing travel permits for Bangladeshi illegal migrants is a lucrative business. Some officials and employees of Bangladeshi High Commission in Kuala Lumpur, Bangladeshi nationals living in Malaysia and Malaysian citizens are engaged in arranging and issuing travel permits. Each permit costs from EUR 99 to 1,000.

4.4 Consequences of rent-seeking behaviour in labour migration

The comparison of pre- and post-ten-member syndicate leads to both positive and negative observations. The negative side of the policy was that the ten recruiting agencies engaged in rent-seeking to influence changes in the regulatory and policy structures and convinced all concerned entities to change the labour migration policy. Thus, through rent-seeking by these ten recruiting agencies in Bangladesh, the open labour migration market was replaced by a restrictive migration system. The revised policy has created new frontiers for corruption and exploitation in the labour migration process.

4.4.1 At least 1,050 died or missing between 2015 and 2016

Labour migration from Bangladesh to Malaysia is a huge illicit profit-making industry in both countries. Due to the syndicated high cost of labour migration, thousands of Bangladeshi labourers have attempted to migrate illegally, thereby endangering their lives. These

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136 Interviews with key informants, July 15 to August 30, 2017, Dhaka, Bangladesh.
incidents of labour migration and trafficking from Bangladesh to Malaysia, which happened between 2015 to 2016, received global attention in the electronic and print media. It was reported that the overseas job-seekers from Bangladesh to Malaysia were held captive and many died in the camps in the jungles located in Thailand and Malaysia unless a ransom was paid by the victim's family/relatives.137

Box 3: Voice of a housewife of untraced migrant labourer

Mohammed Ishaq, 28 years old and a day labourer, was a resident of West Sunaichari Village in the Jaliyapar Union Parishad of Ukhia Upazila, Bangladesh. He left home on November 3, 2015, without informing his wife and four children. He started his journey towards Malaysia first on a small fishing boat from his village and then on a deep-sea fishing boat waiting for him on the sea. Since then, Ishaq is missing and untraced. He had three daughters and one son, age five to 12. His wife now works as a domestic worker in the neighbouring houses to earn living. ‘You (researcher) know that earning livelihood for my children as a domestic worker or maid servant is socially disgraceful. My son also works as a day labourer twice a week to manage his education costs. I have never thought I would have this fortune before.’ Immediately after the departure of Ishaq from home, a local dalal came to the Ishaq’s residence and told her that her husband will reach Malaysia within ten days. The dalal told her that Ishaq will require EUR 1,750 after arrival in Malaysia.

‘It has already been 16 months, but I have not got information about the location of my husband. The dalal has disappeared. A few of my neighbours told me that my husband might have died on the boat while traveling to Malaysia, but I do believe that my husband is still alive. I have submitted letters to the officials at the Border Guard Bangladesh and Myanmar to get information about my husband. I am waiting for my husband with a hope that he will return to us anytime.’

- Interview with a wife of a missing labourer, September 2, 2017, Ukhiya Upazilla, Bangladesh

The number of people transported by boats and ships through the Bay of Bengal from Bangladesh to Malaysia was estimated at 50,000 in 2013, 63,000 in 2014, and 25,000 in

the first quarter of 2015.\textsuperscript{138} It is observed that some labour recruiting agencies, labour brokers and human traffickers used Teknaf, Ukhia, Cox’s Bazar Sadar, and Maheshkhali points for trafficking people to Malaysia.

At least 1,050 people are estimated to have died or are missing at sea between 2015 to 2016 as a result of starvation, dehydration, disease, abuse, and beatings by boat crews.\textsuperscript{139} It was also reported that over 200 graves were discovered by authorities near the smuggler’s camps along the Thailand-Malaysia border. This estimate also includes Rohingyas displaced from Myanmar. Malaysian authorities discovered thirty mass graves and confinement camps which contained the bodies of hundreds of Bangladeshis. The figure also includes trafficked victims of Rohingyas displaced from Myanmar. Malaysian authorities discovered thirty mass graves and confinement camps which contained the bodies of hundreds of Bangladeshis.\textsuperscript{140}

\begin{figure}
\centering
\includegraphics[width=\textwidth]{map.png}
\caption{People recently departed from the Bay of Bengal.}
\end{figure}


4.4.2 Worse than the earlier corruption-prone system

The incidents of migration of individuals without proper jobs arranged at the other end were one of the main negative features of the system prior to syndication. These happened mainly because of the distortion of the migration policy set by the government. However, under the present syndicated system, the migration cost from Bangladesh to Malaysia has increased up to ten times higher. Thus, under the syndicated system, although the incidents of one aspect of illegal migration have arguably decreased, the exploitation of labourers in terms of migration costs has increased. Moreover, the incidents of the entirely illegal migration through the dangerous sea routes has increased as many people are not able to afford the high costs of legal migration.

4.4.3 Net individual benefit reduced

Labour migration from Bangladesh to Malaysia is not damaging, but it signals that there is a scarcity of jobs and labour surplus in Bangladesh, and the high demand for cheap labour in capital-intensive countries. So labour migration potentially has socially beneficial effects. However, the author estimates that syndication raised the share of rents going to labour market intermediaries and significantly reduced the ones going to individual workers.

4.4.4 Distortion of competition in the labour migration market

This new syndicated system abolished competition between the recruiting agencies sending Bangladeshi workers to Malaysia. Currently, some 600,000 Bangladeshis are working in Malaysia, about half of them are believed to be undocumented. The ten agencies have bribed influential leaders of the Bangladeshi ruling party, regulatory and law enforcement personnel. This is an investment in rent seeking to keep out the other 1435 agencies from sending workers from Bangladesh to Malaysia.

4.4.5 Absolute monopoly on the demand side of the labour market

The ten agencies do not have much bargaining power with the owners of Synerflux regarding wages and conditions of the job contracts for migrant workers. It is also alleged

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142 Interviews with key informants, July 15 to August 30, 2017, Dhaka, Bangladesh.
that the owner of the Synerflux decides which one of the ten syndicated agencies would send how many workers.\textsuperscript{143}

4.4.6 Increased migration cost due to syndication

Before the emergence of the syndicate, all 1,445 agencies could send labourers to Malaysia at various migration costs. There was competition among the recruiting agencies at both the source and destination sides of the labour market. Under that ‘open migration system’, the overseas job seekers could also bargain with the recruiting agencies about the migration cost. At that time, migration costs were between BDT 37,000 to 150,000 for a worker.\textsuperscript{144} In the present system, a worker has to use one of the ten syndicated agencies and pay BDT 300,000 – 400,000.\textsuperscript{145} This indicates that under the ten agency syndicated system, the migration cost for each of the labourer has increased up to six times.

4.4.7 Lost opportunity

Officially, Bangladesh is not a source country for labour migration to Malaysia. However, there is a strong demand for up to two million Bangladeshi workers in the Malaysian labour market. The G2G agreement was signed by the two countries to export 1.5 million Bangladeshi workers but it was not implemented. The root cause is that if the agreement is implemented in the source country, some public officials from the labour ministry, regulatory agencies, political leaders, and recruitment agencies would not be able to extract bribes or rents over the years. In fact, the political leaders involved in policy-making are allegedly not interested in implementing this G2G agreement as this sort of agreements would make it much more difficult for corrupt officials and political leaders to seek extractive rents from workers.

4.4.8 Drastic fall in labour migration from Bangladesh to Malaysia

Exploitation of labourers in the migration process has allegedly increased at the source country after syndication. The migration cost is now up to six times higher and fixed by the

\textsuperscript{143} Ibid.
\textsuperscript{144} One Euro is equivalent to BDT 97.97 (Bangladeshi Taka/BDT) as of September 24, 2017. Source: Interviews with key informants, July 15 to August 30, 2017, Dhaka, Bangladesh.
\textsuperscript{145} Interviews with key informants, July 15 to August 30, 2017, Dhaka, Bangladesh.
syndicated ten recruiting agencies.\textsuperscript{146} The migration to Malaysia has, therefore, drastically fallen in this syndicated system. The good side of this system is that incidents of crime, including sending labourers to Malaysia without pre-set jobs, salary, etc., have also decreased. Despite the incidents of illegal migration being reduced, a transnationally organized, syndicated and exploitative migration process emerged, which is another form of criminal activity.

4.4.9 Promoting money laundering through ‘Hundi’

Bribes paid to the gateway points in Malaysia by Bangladeshi syndicate members for each of the migrating workers sent under the syndicated system is done through ‘Hundi’ or informal money transfers. It is noted that for each work permit or visa, at least 5,000 Ringgit (EUR 1,063) is paid. Accordingly, under the syndicated system, it is estimated that EUR 30 million has been illicitly transferred to Malaysia.\textsuperscript{147}

4.5 The drivers of rents; extractive and exploitative rents

4.5.1 No incentives for government officials under G2G and G2G Plus

The 2015 G2G initiative between the governments of Bangladesh and Malaysia has failed mainly due to lack of interest and support from the bureaucracy in the regulatory entities of the two governments. This system is not attractive to some bureaucrats in both countries because there is a much lower chance of getting bribes by abusing their public offices.\textsuperscript{148} It is noted that under this system, both parties agreed to process the migration of Bangladeshi workers for only EUR 377, but the actual cost of migration currently is EUR 4,083. If the cost were fixed by both countries and implemented accordingly, then the opportunities for extracting and exploiting rent by both sides would be reduced or stopped. Considering these hidden realities, it is understandable why the G2G and the G2G Plus initiatives have totally failed.

\textsuperscript{146} It is already noted that as per the G2G, an agreement signed between the government of Bangladesh and Malaysia, the total migration cost for a migrant labourer is BDT 37,000 (EUR 378), but the ten syndicate is observed to collect up to BDT 400,000 (EUR 4,083) from each of the migrated labourer.

\textsuperscript{147} Interviews with key informants, July 15 - August 30, 2017, Dhaka, Bangladesh.

\textsuperscript{148} Interviews with key informants (officials of BMET), August 17-25, 2017, Dhaka.
4.5.2 Weak accountability in regulatory bodies

Taking bribes by few officials and employees of the regulatory and law enforcement authorities (including the Department of Immigration) is a matter of public knowledge in Bangladesh. Almost all workers have to pay a bribe for getting a visa and migration-related documents cleared either through their agents, brokers or by themselves. This sort of bribery has been prevalent over the decades on both sides. This kind of misconduct of public officials on both sides persists because of the lack of effective accountability measures.149

4.5.3 Prevalence of policy capturing corruption

Some influential labour recruiting agencies with ties to the ruling party capture policy decisions by using their influence in the party, connections with key policy decision makers of the Republic, and by paying bribes to some key policy decision makers regarding labour migration. Only a few individuals in the party and partisan labour trading agencies benefit from these opportunities.

4.5.4 Politics-business- regulatory nexus

Some informants allege that the owners of two recruiting agencies out of the ten-member syndicate used their political identity, party positions, and business connections to convince the key decision makers of the Republic to get the approval of the ten-agency syndicate for Malaysia.150 In the view of a number of members of labour recruiting agencies and public officials dealing with labour migration in Bangladesh, the ten-agency syndicate for sending labourers from Bangladesh to Malaysia is the result of the nexus of politics-business- regulatory interests.151 All recruiting agencies in Bangladesh know this reality but rarely talk about it in public. Due to the absence of effective, credible, functional, and accountable democratic institutions and regulatory entities, the overseas labour migration business

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149 As viewed by migrant laborers in the process of migration to Malaysia, employees of regulatory entities in Bangladesh and owners of the recruiting agencies. Interviews with key informants, July 17 - August 31, 2017.

150 Interviews with key informants and senior officials at BMET, 15-30 July 2017, Dhaka, Bangladesh.

151 Interviews with key informants, July 15 to August 30, 2017, Dhaka, Bangladesh.
through partisan businesses connected to a political-regulatory nexus is considered a normal phenomenon.

4.5.5 Extractive regulatory institutions

The research shows that the key institutions of the Bangladeshi regulatory framework for overseas labour migration are unfriendly to migrant workers. The major entities, including the Ministry of Expatriates’ Welfare and Overseas Employment, BMET, BOESL, Wage Earners’ Welfare Board, Probashi Kallyan Bank, and the Emigration and Passport Department of Bangladesh, are extractive in nature. Migrant workers have to pay bribes to get clearance or approval of their overseas migration-related documents. Recruiting agencies, individuals, and brokers or intermediates who collect work permits and visas for the migrant workers also have to pay bribes to public officials and employees of the regulatory entities.

Box 4: The share of extractive rents going to some public officials in Bangladesh and Malaysia

‘We need to pay the Malaysian immigration police and some government officials (including the Embassy) to approve and complete the migration process of Bangladeshi labourers inside Malaysia. A section of the Malaysian police personnel welcomes illegal workers as they can extract unauthorized payments from them over the years.’

- From interviews with owners of labour agencies and officials of BMET, August 16 - 30, 2017, Dhaka, Bangladesh.

4.5.6 Rent-extraction tendency of private entities

In this research, it has been observed that the formal private institutional structure includes the BAIRA, approved recruiting agencies, medical centers, foreign employers or their agencies or representatives, individuals and sponsors, GAMCA, etc. All of them are engaged in capitalizing on the vulnerabilities of migrant workers to make as much money as possible by sending workers abroad. The empirical evidence of this research also reveals that in the absence of effective, accountable and credible regulatory entities, almost all of the private institutions are involved in seeking rents through exploitation during the whole process of the overseas labour migration.
4.5.7 Impunity of extractive and exploitative labour market traders

The incidents of rent extraction and exploitation endangering the lives and livelihoods of Bangladeshi migrant workers have been occurring for decades in Bangladesh. The persons, agencies and public officials involved in labour migration are rarely prosecuted for their crimes and corrupt practices. When allegations are raised against stakeholders in the overseas labour migration process, the accused individuals and agencies can easily escape the administrative and legal penalties. Here, unauthorized payments, rents and links to political parties are used explicitly and implicitly. Therefore, the culture of impunity over extractive and exploitive rents and rent-seeking behaviour is also the common trait in the transnational labour migration process.

Box 5: The rationale behind the exploitation of labourers in all possible ways

‘Most of us try to exploit migrant workers who do not have enough information and many can collect up to ten times higher fees than the reasonable costs of overseas migration. We are not here to serve the interest of workers. So, we are used to exploiting the migrant workers during and after the migration process. It is the responsibility of the state and its regulatory entities to make us accountable and responsible, and labour-friendly.’

– A view of a group of officials and owners of a labour recruiting agency in Bangladesh. A group discussion held on July 15, 2017, Dhaka, Bangladesh.

4.5.8 The vicious cycle of rents, rent-extraction, exploitation, and corruption

This research has revealed that the whole process of transnational labour migration from Bangladesh to Malaysia is characterized by rent-extraction and exploitation. It is also found that everyone, including the overseas job aspirants, recruiting agencies, employers, and officials and employees of regulatory entities and law enforcement agencies, is a rent-seeker. Some of the key policy makers of the Republic are also rent-seekers as they endeavour to provide incentives to create opportunities so that their party supporters and followers can benefit from the decisions they make.

The incidents of rent extraction, exploitation and corruption in transnational labour migration are not just observed on the supply side, they are equally prevalent on the
demand side in the destination country. The vicious cycle of rents and corruption in labour migration is thus a transnational phenomenon. The findings of the research also indicate that the transnationally organized rent-seekers and corrupt actors maintain a close nexus with politically influential and important persons including bureaucrats.
5. Conclusion

The primary finding of this research is that overseas labour migration from Bangladesh to Malaysia is a transnationally organized rent-extraction and rent-exploitation phenomenon. Almost all the stakeholders, including labour recruiting agencies, brokers, regulatory and law enforcement entities, and even some employers or their agents, have been observed as extractive and in collusion with other players.

The whole process of labour migration from Bangladesh to Malaysia is fundamentally dependent on and controlled by entrepreneurs connected to politicians, and consists of lengthy and complex processes. Bangladesh lacks an effective and credible regulatory framework and law enforcement mechanisms. None of the policies, laws and rules related to labour migration recognizes the presence and role of private recruiting agencies, transnational intermediaries, brokers, syndicates, and their collusive behaviour. Therefore, no measures exist to make this collusion difficult to continue or transparent.

The country also lacks effective collaborative measures to curb transnational crime and corruption in sending workers abroad. Misconduct of public officials on both ends happens because of the large rent-capture opportunities and the lack of effective accountability measures. The labour market system has become dysfunctional, primarily due to the illegal activity of a group of recruiting agencies and corruption of few public officials. This is further supported by policy measures, even though the policy was justified as a response to malpractices in the previous, more competitive system of labour migration. This sort of policy distorting corruption also pressures people to migrate illegally on boats and on foot through jungles at great danger to themselves.

The empirical findings of this research demonstrate that the labour migration trade from Bangladesh to Malaysia is a huge illicit profit-making industry in both countries. The labourer trading business often turns into labourer trafficking which has caused the death of thousands of the overseas job-seekers. At least 1,050 people have died or gone missing at sea and in the jungles of Myanmar and Thailand from 2015 to 2016.
In the absence of an effective, transparent, credible and competitive labour migration market, the labour sending and receiving entities have been found to be well organized and often syndicated to use monopoly control and information asymmetries over all segments of the labour migration process. The key institutions of the Bangladeshi regulatory framework for overseas labour migration are unfriendly to migrant workers. Therefore, rent extraction in the transnational labour migration process has been easy and exploitative. Transnational labour market intermediaries use the vulnerabilities of workers, like unemployment and poverty, weak legislation, ineffective enforcement, and corruption, to extract a large share of rents from migration, often leaving migrating workers significantly worse off. The research on transnational labour migration is also very difficult because of the nature and underground organization of human labour trading.

From this study we have also learned that an acute imbalance between the supply and demand of labour together with the absence of effective governance on both sides can lead to a vicious cycle of extractive and exploitative rent-seeking by labour market intermediaries and others involved. Making profit is an indispensable part of labour trading business, but the recruiting agencies and agents in both the sending and destination countries of labour migration have engaged in exploitative practices because governance and policy failures allowed them to do so. This has included charging exorbitant fees, hiding or providing false information about jobs, salaries and benefits, work and living conditions, and allowing victims to be led into a forced and bonded labour.

The transnationally organized and often syndicated labour trading agencies have thus lead migrant workers into a trap of exploitation. The research findings also demonstrate that the incidents of rent-seeking through the exploitation of the migrant workers in both their country of origin and their destination are not isolated events. Nor are they hidden. The interviews revealed that regulatory authorities and enforcement agencies, elected representatives and policy makers are all well informed about the crimes involved in the migrant labour market. The recruiting agencies have close ties with the officials in the manpower export regulating entities and with overseas employers. However, many of these agencies also operate in grey areas by violating some laws and regulations using their links
to politicians, law enforcement agencies, border forces, and foreign employers who may all want to violate laws for different reasons. This situation has created a monopolistic position for a small number of labour export agencies who send labourers abroad through legal and often illegal processes. The empirical evidence from this research also reveals that due to the absence of effective, credible, functional, and accountable democratic institutions and regulatory entities, almost all the private institutions are involved in seeking rents through exploitation during the whole process of overseas labour migration. Furthermore, the culture of impunity over extractive and exploitative rents and rent-seeking behaviour is also the common trait in transnational labour migration.

The nexus between business (the labourer recruiting agencies), regulatory entities (some officials and employees responsible for giving clearance and approval of migration related documents) and politically influential persons is the reason for the persistence of the transnationally organized rent-extraction, rent-exploitation and corruption in labour migration.

The study also reveals that the emergence of the ten-agency syndicate for sending labourers from Bangladesh to Malaysia not only distorted competition in the labour migration market but also disrupted the flow of labour migration. The migration of people from Bangladesh to Malaysia drastically fell under this syndicated system. Thus, under the syndicated system, although the incidents of some types of illegal migration were arguably reduced, the exploitation of labourers in terms of migration costs has increased up to six times. This rent extraction has become institutionalized through the syndicated system. Currently, the rents are arguably collected by the ten recruiting agencies at the labour supply end (Bangladesh) and then shared with the Synerflux, an IT company at the labour demand end, for each of the migrating worker sent under the syndicated system through ‘Hundi’. The empirical findings of the research also indicate that the transnationally organized rent-seekers and corrupt actors are in a close nexus with the politically influential and important persons, including few ruling partisan political leaders, members of the Parliament and bureaucrats in Bangladesh and Malaysia.
Finally, it can be said that the vicious cycle of extractive and exploitive rents and corruption in labour migration is a reality not only in Bangladesh but also in Malaysia. The transnationally organized crime, irregularities and corruption cannot be stopped overnight. The research suggests a number of policy changes that can contribute to reducing the exploitation of workers. These include undertaking country-specific systemic reforms, for example, introducing a worker-friendly online-based migration system including the approval of migration documents, interviews, and so on, and making job and migration cost related information available for all on the web; ensuring payments through the banking system; not restricting migration services to a few specific agencies; and cutting the scope of intermediates in the migration process. This empirical research also identified the necessity of further explorative research on the same issues.

Last of all, international bilateral and multi-lateral cooperation, and appropriate policy advocacy initiative(s) undertaken by the labour sending and receiving countries, migrant labourers’ rights and civil society organizations, electronic and print media, researchers and academics, etc., are vital for promoting governance in the transnational labour migration market and process.

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