The Fee Setting for Thai Labourers Working Abroad

Dusadee Ayuwat¹ --Thanapauge Chamaratana²

¹ Assistant Professor, Ph.D., Faculty of Humanities and Social Sciences and Committee of the Research and Training Center for Enhancing Quality of Life of Working-age People, Faculty of Nursing, Khon Kaen University, Thailand.
² Ph.D., Guest Lecture, Faculty of Humanities and Social Sciences, Khon Kaen University, Thailand.

ABSTRACT

This research was aimed to examine the cost setting for working abroad of Thai labourers. The study had been conducted by the qualitative approach, by in-depth interview as well as employing participatory observation techniques with 25 key informants who were labour brokers of legal labour agency company and labour sub-brokers. Key informants were selected by snowball technique from 5 main provinces which have many workers abroad; UdonThani, NakhonRatchasima, Khon Kaen, Chaiyaphum, and Nongkhai. Data collection was done during May - November 2012. Content analysis was employed for the data analysis. The results of the study indicated that the cost setting for working abroad is a main function of labour brokers who are the core of each sub-network. It is also determined by the policy of labour agency company and management cost of the sub-brokers. This cost was employed by the sub-broker in the labour broker’s network to communicate to their job-seekers or customer’s aboard. At the same time, the price will be set as an agreement with the labour brokers in other areas to maintain good relationship among them.

Keywords: Labour Broker, Labour Sub-Brokers, Cost Working, Working Abroad, Thai Workers

1. Introduction

Thai labourers migration to work abroad is a phenomena in Thai society over the past three decades. During 1973 thru 1975, in particular, countries in the Middle East accelerated their national infrastructure development and hence high labour force was required. Thai labourers at a great number as a result flooded into the Middle East (Hugo and Singhanetra-Renard, 1987). In 1982, as many as 105,186 Thai labourers applied through the official procedures of the Ministry of the Interior’s Department of Labour to work in foreign countries, before the number decreased (Pitayanon, 2002) owing to the completion of many Middle East infrastructure projects. From 1988 to 1990, the number of migrant labourers for the same purpose increased again, although to other destinations, i.e., Taiwan, Singapore, Israel, Brunei Darussalam, and Hong Kong (Lamwiliakesorn, 2003). The number then decreased from 1997 to 1998 due to the Asian economic crisis. Until 2011, Thai labourers authorized to work abroad amounted to over one million, with Isanlabourers outdid other regions. The most popular destination is Taiwan, followed by the Republic of Korea, Singapore, Israel, and Japan, respectively (Ayuwat, 2010).

In terms of the method of acquiring overseas employment, from 1999-2011, most labourers (72.32%) relied on the service provided by private agencies licensed to locate jobs abroad, which are called “Labour Agencies”. These agencies hired labour brokers to find labourers, and prepared documents and other logistical requirements. A labour broker is a liaison person between Thai labourers and the place of work at the destination under the policy of the agency he or she is affiliated with. Labour brokers rely on their own social network. Working abroad requires an amount of money called the “per head” cost, which a labourer is charged by the agency. This article emphasizes knowledge related to the setting of fee for working abroad through labour brokers and sub-brokers working for these agencies. The Finding will be
useful for the solution of problems that may arise from the overcharge of the fee in the future. Research objective was to study the fee setting for Thai labourers who want to work abroad

2. Research Concept

To understand the setting of fees for travelling to work in a foreign country, one needs to understand the laws related to sending of labourers to work abroad first. These laws included the Act of Employment and Protection of Job Seekers 1985, the Act on Employment and Protection of Job Seekers, Amendment Issue 2, 1994, and the Third Issue, 2001. The important elements of the rights of labour agencies that are entitled to be paid the service fees and other contingencies from labourers under the law are as follows: (The Labour Commission, 2002)

The Central Employment Registrar, i.e., The Employment Department Director, must authorize a labour agency. The labour agency is then entitled to receive the service fee and necessary expenses from job seekers according to these conditions:

(1) The labour agency may not charge any other fee from the job seeker except the service fee or related expenses.

(2) The labour agency may not charge the service fee more than 30 days prior to the job seeker’s departure. When receiving the fee and the expenses, the labour agency must issue the receipt to the job seeker.

(3) The labour agency may not charge more than the amount of the wage the labourer will receive for the first month from his or her employer or for the first 30 days the job seeker is employed in the job: the TOR of which must be at least for one year.

In case the term of employment is for an employment period of less than one year, the service fee will be decreased proportionately. The expense will be charged as it incurs, but not higher than three times the wage the labourer receives for the first month or the first 90 days the job seeker is employed. The exception is for employment in Israel or the Republic of Korea, where the term of employment is over two years. In this case the expenses can be charged as truly incur, which will not be higher than four times of the monthly wage the labourer receives for the first month or the first 120 days job seeker is employed (http://epsthailand.org, retrieved January 31, 2014).

For employment in Taiwan, where the term of employment is less than two years, the labourer will be charged as truly spent, but not over two times and a half of the wage the labourer receives for the first month or the first 75 days the job seeker is employed. The expenses chargeable incurs from locating job position, fees and contingencies in placement of the labourer, including certification of documents, translation, visa fee, and assistance of the job seeker in the country of destination as stipulated by local laws and regulations. Expenses not defined as expenses in job provision, but can be defined as personal expenses, cannot be charged from the job seeker. These include a passport fee, medical examination, skill test, airfare, airport fee, language and cultural training before working abroad.

3. Research Methods

The research study presented here is part of the main research on the Roles of Labour Network in Setting Fee for Thai Labourers to Work Abroad. The qualitative research method was used with 25 key informants consisting of 7 labour brokers registered to work as employees in the labour agencies listed in the Ministry of Labour’s database and 18 sub-brokers in the areas of Udon Thani, Nakhon Ratchasima, Chaiyaphum, Khon Kaen, and Nongkhai. These areas are noted as the first five areas in Thailand, where the highest number of labourers were authorized to work overseas during 2005 – 2011. Data was collected by the in-depth interview, participatory and non-participatory observations. The research instrument was the interviewing guideline. The data were computed by classification and categorization according to the issues under study and analyzed by comparing the data of each category before the content analysis was derived.

4. Research Results

This part presents the backgrounds of labour brokers and sub-brokers, procedures in sending labourers to work abroad with these labour brokers and sub-brokers, and setting of fee for Thai labourers to migrate to work abroad.

4.1 Backgrounds of Labour Brokers and Sub-Brokers

From the in-depth interview with key informants, we found that one to two labour brokers affiliated with labour agencies authorized by the Ministry of Labour to locate jobs abroad work as the center of
each area. These labour brokers acted as the “team leader” and the members work as sub-brokers or “team workers”.

The seven center labour brokers were from 42 to 56 years of age. All have experienced working overseas for two or three times in Singapore, Brunei, Taiwan, the Republic of Korea, Kuwait, and Israel. These labour brokers are connected by a number of levels of social networks (Ayuwat and Chamaratana, 2013). Overseas working experiences and life enable them to effectively use their experiences with their customers or job seekers.

The labour sub-brokers were from 26 to 50 years of age. Most have experience working abroad for one to two times, which is less than the team leaders. Most went to work by applying through the labour agencies. Only some went to work overseas through their own social network such as relatives or friends. Some have no experience working overseas before. Most of the labour brokers and sub-brokers completed high school while some hold a bachelor’s degree or a high vocational certificate. Most of the labour brokers and sub-brokers are local people in the areas.

4.2. Procedures in Sending Labourers to Work Abroad with Labour Brokers and Sub-Brokers

To understand how the fee for sending labourers abroad is set, it is necessary to understand the steps and the process involved in doing so which necessitate the service fee for each labourer. Seven steps are involved as follows:

**Step 1** Contact between a labour broker and a job seeker – Two patterns were found. First, the labour broker or sub-broker living in the area received an order from the agency informing about the number of labourers required to be sent overseas. The broker then started to locate job seekers in his area or in the vicinity via his social network such as relatives and friends or acquaintances. The labour broker might post an advertisement and give out flyers. Secondly, if the number of labourers could not be found in the area, the broker would go out of the area with a team of two to three persons led by the broker. They usually contacted the elderly in person because during the day, able-bodied workers went out to work. The brokers would talk with the family to know if family members wished to send a member to work abroad. They would leave their telephone numbers and usually they were contacted back.

**Step 2** Filling the application form – After the broker and the job seeker had met and discussed for the first time, the group meeting would be convened. The broker usually called eight to ten labourers to meet at the same time to fill in the application form and submit copies of their ID cards and house registrations. The broker and sub-brokers would assist in the process and make an appointment for an orientation day. At this stage, the labourers did not have to pay yet, except only for photocopying documents, which would cost less than 100 Baht per person. Some brokers and sub-brokers helped fill in the application form and preparing their documents. In this case, they charged each labourer 2 to 10 USD. It can be seen that for this step, the job seekers only showed that they were interested to work abroad. Labour brokers would tell them how much they would charge for being the facilitator.

**Step 3** Orientation and screening test – Orientation was organized at the labour agency, which is usually in the city and is the same place as in Step 2. If it is in Bangkok, the labour broker would take the job seekers there by hiring a van and charge each labourer from 500 to 1,000 Baht (16 – 32 USD) depending on the distance. After the orientation, the labour broker took labourers to perform a skill test by producing a work piece according to the given instruction. At each test, there were more competitors than the job positions available, but the result could be informed on the day. Altogether this step took three-five days including the trip. Each job seeker had to pay for transportation, accommodation, and meals. Some brokers charged a job seeker an amount of 2,000 to 5,000 Baht (65 – 161 USD). This is another role of the labour broker and sub-broker who facilitated job seekers in the process of finding a job overseas.

**Step 4** Making contract – After the result of the test was announced, the labour broker would urge the job seekers to sign the contract immediately. All necessary documents with everything required had been prepared before hand, and only waiting for each job seeker to sign. Before signing, the labour broker would explain the terms and conditions and finally the cost or what is called the “per head cost”, which could amount to 150,000 – 350,000 Baht (4,839 – 11,290 USD) depending on the destination country. It should be noted that per head cost set by the labour broker is higher than stipulated by law (as in the research concept). However, job seekers seemed not to mind since they might not be informed of the related law. On the contrary, they understood that labour brokers and sub-brokers assist them in many ways until they were able to travel to work abroad. It could be said that job seekers themselves made the service fee higher than it should be. During this step, the labour broker asked for a deposit of 10,000 – 20,000 Baht (323 – 646 USD).
Some labour brokers gave information and facilitated job seekers to make a loan from labour agencies. In this respect, job seekers did not need to deposit any amount of money or asset. The labour agency would advance the amount to be deducted from the wage they would receive from working overseas. They would have to pay for the interest at a rate of 7.5 – 10% per month. The wage would be deducted every month until the amount was covered. The job seeker had to open an account at a bank for the wage for transfer of the monthly amount to be paid back. They might need to sign the power of attorney or might need to give their ATM cards to the broker to get the amount from their accounts. Job seekers had to give consent that the labour broker would take from their account an amount of 5,000 – 10,000 Baht (161 – 323 USD) to pay their family. It could be said that this is a “slave contract” with which job seekers had to accept in order to be able to work abroad. We saw that labour sub-brokers facilitated labour agencies to obtain benefits from the loan made by job seekers.

**Step 5** Documentation – Before departure, labour brokers took job seekers who were accepted and already signed the contract to have a medical check-up, apply for an official overseas working permission, test the skill, register for overseas employment license, and apply for a membership of overseas employment fund; all of which took two to four weeks. The expense incurred in this respect would be by law and under the responsibility of job seekers. However, most of the time, and for the matter of convenience, job seekers paid labour brokers an amount of 5,000 – 7,000 Baht (161 – 226 USD) for the said expense. When considering item by item, this amount paid to labour brokers was higher than what is stated by the law. For example, a passport fee is 1,000 Baht (32 USD), labour skill standard test fee payable to the Testing Unit of the Department of Skill Development is not over 500 Baht, medical check-up fee payable to an officially registered medical institute is 1,500 Baht (48 USD), overseas employment fund membership fee is 300 – 500 baht depending on the destination. These fees, when summed up, amounted to 3,000 – 3,500 Baht (97 – 113 USD), whereas the job seekers paid their labour broker an amount of 5,000 – 7,000 Baht (161 – 226 USD), or a 43 – 50 percent higher. During the stage of inspection by interviewing by officers from the Ministry of Labour, all job seekers were guided by their labour brokers to inform a lower expense than the amount they paid which was higher than what the law stipulates (as in Step 4). The job seekers usually cooperated with their labour brokers and sub-brokers for fear of being cancelled from trip and employment contract. This meant they would lose their time and expense for nothing. It can be seen that labour brokers and sub-brokers played a continuous role and influenced job seekers even when they already passed other processes. This was because there were a number of documents left to be managed, which would be beyond the capacity of job seekers most of whom only completed high school level. In addition, there is no governmental organization to assist job seekers in this respect.

**Step 6** Pre-departure training – One to two weeks before departure, the labour agency organized training on basic information about the country of destination, e.g., social, economic, political, cultural conditions and way of living as an alien in that country. This took one to two days at a predetermined venue. This training follows the requirement of the Ministry of Labour (Training Center for Job Seekers before Departure, 2009). At this stage, the labour broker led job seekers to the training at the Department of Employment in Bangkok. They came in a van which job seekers paid 500 – 1,000 Baht each depending on the distance. During the trip, the labour broker and sub-broker asked for the remaining “per head cost” from some job seekers who had not paid.

**Step 7** Sending job seekers abroad – Labour brokers or sub-brokers generally went to the airport with job seekers, again in a van. The job seekers paid 500 to 1,000 Baht according to actual distance. The labour brokers or sub-brokers assisted in coordinating the travelling and gave the job seekers necessary items such as contact person’s number and address, basic local language conversation written in Thai karaoke. They also reminded job seekers about the steps in going through the immigration at the country of destination. At this stage, some labour brokers collected the remaining fee from the job seekers. If any job seeker could not pay, the plane ticket would not be given. This meant the job seeker could not go even though he or she arrived at the airport. Therefore, it was found that job seekers had to prepare the remaining amount of money to pay their labour broker or sub-broker. They would do anything they could to have the amount of money, such as borrowing from relatives, mortgage the land, or even made a “slave contract” in order to be able to depart for the job. When they reached the country of destination a representative of their employers came to meet them before taking them to their work place. Documentation, medical check-up and all required logistics procedures took another three to five days. If there were no problem, the labourers would be able to start the job.

Charging of fees by labour brokers and sub-brokers at each stage is compared with the official rate of service stipulated by the law as shown in Table 1.
According to the Employment and Labour Protection Act, labour agencies may not charge labourers working in Israel higher than the first month wage in the case of short-term employment (less than one year) and may not charge higher than the first month wage for three times in the case of long-term employment (over one year). In the Republic of Korea, long-term labourers pay an amount not over the first month wage for four times. In general, the first month wage is roughly 20,000 – 40,000 Baht (645–1,990 USD), depending on the destination. That means the service fee should not be over 40,000 baht for short-term employment and not over 120,000 Baht (3,871 USD) for long-term employment or not over 160,000 Baht (5,161 USD) for long-term employment in Israel and the Republic of Korea (Table2).

### Table-2. Comparison of the legal per head rate and what the labourers paid for employment in major countries of destination

<table>
<thead>
<tr>
<th>Countries</th>
<th>Legal Rate</th>
<th>Charged by Labour Broker</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taiwan</td>
<td>Should not exceed 120,000</td>
<td>120,000 – 180,000</td>
</tr>
<tr>
<td></td>
<td>(3,871 USD)</td>
<td>(3,871 – 5,807 USD)</td>
</tr>
<tr>
<td>Singapore</td>
<td>Should not exceed 60,000</td>
<td>60,000 – 120,000</td>
</tr>
<tr>
<td></td>
<td>(1,936 USD)</td>
<td>(1,936 - 3,871 USD)</td>
</tr>
<tr>
<td>Israel</td>
<td>Should not exceed 160,000</td>
<td>240,000 – 300,000</td>
</tr>
<tr>
<td></td>
<td>(5,161 USD)</td>
<td>(7,742 - 9,678 USD)</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>Should not exceed 160,000</td>
<td>180,000 – 240,000</td>
</tr>
<tr>
<td></td>
<td>(5,161 USD)</td>
<td>(5,807 – 7,742 USD)</td>
</tr>
</tbody>
</table>

**Remark:** 1 USD = 31 Baht
From above, it has been shown that labour brokers and sub-brokers violated the law, resulting in job seekers paying higher amount of service fee that what said by law. Even the lowest per head cost is still two to three times higher than what the law stipulates.

Fee setting is done by the center labour broker leader of each province based on the cost set by the labour agency together with the operation service the broker performed. The set per head fee or cost is the reference cost the team sub-brokers must use when contacting job seekers. The fee has to be checked and negotiated with the network labour brokers in other provinces in order to prevent “fee lowering”. Labour brokers may not be able to adjust the cost set by the labour agency, but they can adjust the charge operated by themselves or their sub-broker team who facilitate their customers. This involves the service provided by the labour brokers and satisfaction of the job seekers who receive quick services at all stages. This can be seen in the interview made with ‘Mu’, a sub-broker in Khon Kaen1 Network, who said,

“Sub-brokers like us cannot set the per head fee. It's up to Auntie [Sa, the center labour broker of this sub-network - Researcher]. She charges according to the rate set by the agency...”

Under the contacting procedure, a labour broker needs to work with other labour brokers in other areas to exchange information of job seekers. A labour broker network is a personal network since the center labour broker of each area has relationship with people in the network. His or her experience working abroad has led toward a working network that sends labourers to work overseas. The role of such network is in line with the analytical framework by Wasserman and Faust (1999) since the role of social network members of labour brokers both at the areal level and provincial level is in the pattern of multiple relation roles based on the intertwined pattern within the network. It also depends on the role of social and job activities. The intensity of these roles is evident when the center labour broker provides advice and assistance to other members in personal matters as well as work. The labour broker therefore is respected by sub-brokers. In addition, the labour brokers’ exchanging interaction is in accordance with the assumption of the exchange theory which says that interaction among people is achieved by means of reaction and response between reward and punishment, or satisfactory and unsatisfactory. This means exchanging of interaction between each other. It can be considered from greatest satisfaction after implementation (Smelser and Swedberg, 2005). In other words, the fact the labour brokers join a network to maintain personal relationship and provide benefits among one another is owing to their hope for return of benefits from their labour broker counterparts (Chamaratanat, 2010). In order to achieve the purpose of their job, i.e., finding labourers to work abroad, the social network relation of labour brokers is based on the exchange of benefits between “co-occupational friends”.

Labour brokers are well aware to maintain good network relationship. They try their best to avoid “fee lowering” of brokers of each network even though they are affiliated with different labour agencies. We often found labour brokers exchanged information among themselves on per head fee set by the labour agency they are affiliated with. Then they would negotiate until they came to agreement on a fee, and this is possible owing to the benefit rationale. “Mok”, a center labour broker from Khon Kaen 2 network, said:

“...We are friends, even though we’re from different agencies. When any conflict arises, especially about the per head cost, we call one another to ask what we should do, so that everyone will be okay... Once we got a big dispute over the case of sending labourers to Taiwan. Udon people wanted to charge 150,000, while Chaiyaphum brokers only wanted 100,000. The latter were afraid the fee would be too high until the employment department [the state’s organization responsible for employment – researcher] noticed it. We talked and talked for long before ‘Brother Chart’ agreed to come down to 120,000. He said it was okay, he would get 10,000 because the agency set the fee at 110,000...”

From above, it can be seen that besides expenses incurred during different steps, at the end labour brokers and sub-brokers still receive the difference from the fee set by their labour agency at an amount of 10,000–100,000 Baht (325–3,225 US$) per case, depending on the country of destination. The law states that the expense a labour agency can charge a job seeker will include the fee for locating a job position, expenses and fees for management until the job seeker is employed, i.e., certifying documents, translation, visa fee, care given to the job seekers abroad under that country’s law. Expenses not considered job provision or personal expenses of job seekers cannot be charged. These include passport, medical check-up, skill test, air fare, airport fee, language and cultural training course before working abroad. However, job seekers have to pay labour brokers and sub-brokers at each step for facilitating them. Additional expenses set by labour brokers includes passport fee, medical check-up, standard skill
test, language and cultural training; although labour agencies do not have any legal rights to charge for these expenses. However, 30 – 40% of the expense is deducted for the agency and 60 – 70% is deducted for labour brokers and the local network. More expenses incur during the migration step, such as travelling expense, food and beverage, photocopying, which are overcharged. The labour brokers set these cost and collect from job seekers in lump sum.

5. Conclusions and Recommendation

Research results indicate that there is a law that protects job seekers in their procedures for working abroad. However, at all stages, job seekers are intervened by the working process of labour brokers and sub-brokers, all of which at the job seekers’ expense. It can be seen that job seekers concede because they expect benefits from working abroad, especially in the country where job opportunities and revenues are good. This allows labour brokers and sub-brokers to facilitate their clients until they become confident of the brokers. The process eases brokers to set high fee, which can be categorized into two parts, one set by labour agencies and the other involves operations of labour brokers or sub-brokers. Labour brokers and sub-brokers who consider the relationship within the network set the latter. They need to maintain good relationship and would not lower the fee to compete for clients. The fee is set from considering the labourers’ needs at the destination and satisfaction of their operation. Therefore, when added to the fee set by the labour agency, the per head cost becomes much higher than what the law states.

1) The research result on fee setting for working abroad by center labour brokers which is based on their labour agency’s policy plus their own fee makes the expense for working abroad of the job seekers very high. They are more in debt while some even lose their land. The advantage taken by labour brokers should be lessened. Relevant organizations should build mechanisms to inspect the charge of the fee of labour brokers and control it within the scope of the law.

2) The research result on the use of sub-brokers by the center network labour brokers to collect high per head fee, which is higher than what is stated by the law affects the job seekers. If they are deceived and cannot go to work abroad, it will be difficult for them to sue the labour brokers. Labour agencies and labour brokers will say that sub-brokers should be responsible for it. Sub-brokers, however, are not officially within the system to send labourers abroad. Therefore, strict measures should be set to govern labour agencies and labour brokers who use sub-brokers. The authorization of employment abroad should be adjusted by registering a labour broker by person. The license life should be limited and the status of labour brokers regularly checked. They should be required to extend their licenses when they are expired; this will enable the state to be informed of their status in person and at the same time able to govern their operations according to the law.

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