

Principle 5

WAGES ARE PAID REGULARLY, DIRECTLY AND ON TIME

Migrant workers should be paid what they are due on time, regularly and directly.

Migrant workers are often paid less than other workers doing the same job and denied minimum wages. Many also face discrepancies between expected and actual wages. Some employers use false accounting, unregulated payment systems, fraud and the deliberate withholding of pay that is due, as a means of exploitation and control of migrant workers.

Forced savings schemes, irregular payments, and the withholding of pay can cause serious financial difficulties for migrant workers, many of whom may have taken on considerable debt to find work. If they miss loan repayments, they can incur considerable additional penalties and go even deeper into debt. These practices adversely affect families, and indirectly, economies that rely on regular remittances from migrant workers.

In some instances employers pay wages into bank accounts that are inaccessible to migrant workers. This widespread practice can create particular problems if the employer goes out of business or terminates the worker's contract, or at times of crisis when the worker needs funds instantly. Women migrant workers are especially vulnerable, as their wages are frequently deposited into accounts in the employer's name or that of a working husband.

IMPLEMENTATION STEPS

- Employers must pay wages on a regular basis in accordance with the terms of the contract and national law. The contract should contain a breakdown of which costs the employer and worker are expected to pay. Agreed deductions e.g. for accommodation, food, medical care, should be reasonable.
- There should be no hidden deductions of which migrant workers are unaware when signing the contract.
- The withholding or delaying of pay should be prohibited.
- Employers should pay at least the legal minimum wage to all workers or the appropriate prevailing wage, whichever is higher, and comply with all legal requirements on wages. In any event wages should always be enough to meet basic needs and to provide some discretionary income.⁸
- Payments should be made direct to migrant workers, or via an official banking system where such a system exists, and not via a third party, e.g. migrant recruiter. Migrant workers should be able to choose their own bank freely.
- Migrant workers should have full and complete control of any money earned. Pay should be deposited into a bank account in the migrant worker's own name, not in the name of the employer, nor in the case of female employees into the account of a spouse or male relative.
- All workers should receive appropriate pay slips with both payments and deductions clearly itemised and explained in a language each worker understands.
- Forced savings schemes, deposits, and runaway insurance should be prohibited.
- Tracking payment processes should be an integral part of managing migrant workers within company operations and establishes a paper trail for assurance and monitoring of the labour supply.

⁸ This is based on the [Ethical Trading Initiative Base Code](#) and [Fair Labor Association Workplace Code of Conduct](#) in relation to living wages and compensation.