

Recruitment Fees

IHRB Briefing

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Employer Pays Principle

No worker should pay for a job - the costs of recruitment should be borne not by the worker but by the employer.

What are recruitment fees?

Migrant workers frequently pay fees to agencies and brokers for recruitment and placement in jobs abroad. These fees may cover costs including the recruitment itself, travel, visa and administrative costs, and often other unspecified 'fees' and 'service charges'. These fees are often substantial and are sometimes set up as loans with high rates of compound interest.

These recruitment fees charged to workers represent the dominant business model of the recruitment industry in the global south, including within the supply chains of leading brands. This means that many workers are already exploited and vulnerable before they even arrive at their place of work.

Banning the charging of recruitment fees to workers is a key way that companies can ensure slavery-free supply chains.

The impact of recruitment fees

Large recruitment fees can leave workers in situations of debt bondage, a form of forced labour in which a person's labour is demanded as means of repaying a loan, trapping the individual into working for little or no pay until the debt is repaid.

Individuals in debt are less able to bargain for better pay or working conditions or to assert their rights.

Heavy indebtedness can seriously erode the value of remittances sent back home, with negative consequences for families and local economies in the country of origin.

Including recruitment in due diligence and audits

Many audits fail to include how workers are recruited and whether any fees have been paid. If workers have paid fees to obtain work they may already be in a situation of debt bondage before even arriving at the company worksite, whatever the subsequent conditions of employment.

Companies should include recruitment processes as part of their due diligence and worker welfare monitoring.

ILO Standards

According to the ILO there are over **150 million migrant workers** in the global workforce.

The ILO Private Employment Agencies Convention 181 states that "private employment agencies, shall not charge directly or indirectly, in whole or in part, any fees or costs to workers".

The ILO Protocol to Forced Labour Convention 29 specifically calls for measures protecting migrant workers of abusive and fraudulent practices during recruitment.

The business case for ethical recruitment

Many businesses fear that if they take responsibility for recruitment fees it will impose serious financial burdens on their operations. There are certain costs associated with recruitment, including visa and passport processing, training, medical checks, travel and insurance.

However, the true cost of recruitment services frequently bears little relation to the large fees being charged to migrants. The cost to businesses is far less than the often exponentially higher rates charged to migrant workers directly.

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There are also significant benefits to companies paying the 'true' costs of recruitment to legitimate agencies, including:

- **Higher productivity rates**, as workers are selected on merit and skill rather than on ability to pay.
- **Better retention of workers**, as fewer workers will abscond after being re-assigned to lower-skilled, and therefore lower-paid, work.
- Efficient professional recruitment processes, allowing **accurate budgeting and strategic planning**.



What should business do?

- Ensure that they **pay the full costs** of recruiting migrant workers.
- Have an explicit, clear and transparent, **recruitment policy that prohibits** the charging of recruitment fees to migrant workers, irrespective of where or how they are recruited.
- **Ensure** no worker is required to pay a deposit or bond to secure work, nor have to pay any reimbursements to cover their recruitment fees and costs, through implementing **procedures and guidelines** for the hiring of staff or use of recruitment or employment agencies.
- Only use migrant recruiters that are **legally registered**. All contracts with the migrant recruiter should specify that no fees be charged to the workers.
- **Inform applicants** through job advertisements and the interview process that they should not bear any costs of recruitment and placement.
- Check with migrant workers **on arrival** that they have not been charged any fees for recruitment or placement, and take remedial action if fees have been levied.
- Ensure that the recruitment of workers is included in **auditing and due diligence** processes.
- Provide confidential processes to migrant workers for **reporting exploitation**.

Key Resources

IHRB: Dhaka Principles for Migration with Dignity

IHRB: Fees and IDs – Tackling Recruitment fees and confiscation of worker's passports

IHRB: Staff Wanted Initiative – SEE formula

Clean Clothes Campaign: False promises - Migrant workers in the global garment industry

Interfaith Center on Corporate Responsibility: No fees initiative

International Organization for Migration: International Recruitment Integrity System (IRIS)

Verite: Help Wanted - Fair Hiring Toolkit

Leadership Group for Responsible Recruitment

In May 2016 the Coca-Cola Company, HP Inc., Hewlett-Packard Enterprise, IKEA and Unilever jointly committed to championing the 'Employer Pays Principle' – that no worker should pay for a job, the costs of recruitment should be borne not by the worker but by the employer.

Supported by IHRB, ICCR, IOM and Verite, the Leadership Group is calling for similar commitments from other companies to drive positive change in migrant worker recruitment.

"The support of our membership to further strengthen the EICC Code of Conduct and ban recruitment fees placed on workers demonstrates the industry's commitment to combat forced labor worldwide."

- Rob Lederer, Executive Director, Electronics Industry Citizenship Coalition