

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 in many parts of the world, including within the supply chains of leading brands. This means that many workers are already exploited and made 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.

Due diligence, audits, and transparency reporting

Many audits fail to assess or fail to include an assessment of 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. It should also feature in company transparency reporting.

ILO Standards

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.

Further details of relevant ILO standards and guidance on recruitment can be found at www.ilo.org/fairrecruitment

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 fairer, more transparent recruitment and employment practices will improve workplace morale and discourage workers from absconding.
- 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 recruitment agencies that are legally registered. All contracts with the agency should specify that no recruitment fees be charged to 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.



The Leadership Group for Responsible Recruitment

is a collaboration between leading multi-national companies and expert organisations to drive positive change in the way that migrant workers are recruited. The Group is committed to establish and promote a new business model for recruitment centred on the 'Employer Pays Principle'.

www.employerpays.org

Leadership Group for Responsible Recruitment

The Employer Pays Principle

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Reflecting the Dhaka Principles for Migration with Dignity, adoption of the Employer Pays Principle is fundamental to combatting exploitation, forced labour and trafficking of migrant workers and represents an important step in achieving the UN Sustainable Development Goal of decent work for all. Companies across a range of industry sectors and locations are increasingly including commitments to an "Employer Pays" model of recruitment in their own operations and requiring their suppliers to do the same.

For open source guidance, tools and other resources visit the Responsible Recruitment Gateway at: www.employerpays.org