

Why flawed recruitment processes across Asia can lead to modern slavery

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There are an estimated 164 million migrant workers in the world, of which 56 million are working in Asia and the Arab States.¹ Working in all industry sectors, migrant workers are ubiquitous, yet an often unacknowledged or unappreciated part of global business. Their skills and labour provide the goods and services we take for granted. Their hard work helps to drive economic vitality, both in the countries where they find employment and in countries of origin through the remittances they send home.

Despite their undoubted contribution to economies around the world, in some countries migrant workers face many challenges and violations of fundamental rights. In particular, those employed in low wage occupations such as cleaning, agriculture, fishing, and factory work may encounter discrimination and prejudice, poor working and living conditions, scams and exploitation including forced labour and trafficking. Migrants' vulnerability to these exploitations may be caused and compounded by their lack of local language, knowledge and contacts. The information they do have is often inaccurate, incomplete or they are deliberately misinformed about their rights. In some occupations and some geographic regions such as the Gulf, they may have restricted or no access to supportive and effective trade unions. The main driver of exploitation, however, is often poverty. Lack of viable employment options in home countries results in people being willing to accept risk and a degree of exploitation in return for a job—any job—abroad.

And so we see migrant workers, the bedrock of many global supply chains, made vulnerable with whole systems and industries developed based on that vulnerability. It is significant that, for many migrant workers, their vulnerability begins while still in their home countries. Recruitment agencies across Asia find a ready market of candidates looking for opportunities to work abroad. They promise quick processing of paperwork to overcome government bureaucracy as well as good jobs, steady pay and substantial overtime. These are seductive promises when you have nothing.

Recruitment fees and exploitation

But of course, such things come at a cost. In return, recruitment agents often expect large fees from workers to manage the process. If migrants cannot cover the payments, they will usually arrange loans based on promises of future earnings. Before they know it, workers are committed and in debt, unable to get out of the arrangements they have made. They are now reliant on the recruitment agent to deliver on their promises and of course very often the recruitment agent does not. The process that migrants were assured would be quick and painless becomes long and torturous, with requests for additional fees to expedite the process. When workers finally arrive in the countries of destination, they see the reality of what they have signed up for. One by one, promises made by agents dissolve before their eyes. Wonderful jobs fail to materialise. The wages on offer are much lower than expected. The overtime on which they were counting is not at the rate they were assured would be the norm. Accommodation is cramped and

unsanitary. Food is low standard and meagre. But these workers are now trapped. They have paid large sums to get where they are, are now in debt and have no option but to take what is on offer.

This is the reality of exploitation and modern slavery. It is not the slavery of popular imagination, with victims forcibly taken and forced to work. It is workers themselves that today seek out employment and it is only once committed that they may find they have been deceived about the nature of the work, the pay and conditions, and they may find themselves subject to repercussions should they leave. Modern slavery usually looks like any other work. The chains that bind people are financial. It is about flawed operating systems and about poverty.

Why is such an obviously unfair system allowed to continue? Many migrant workers are employed in the supply chains of international companies, producing goods or delivering services upon which the global economy depends. No one working at the head office of that company would expect to pay money to get a job. If recruitment is undertaken through an agency, it is the expectation that the employer will pay the costs, never the person who seeks employment. Why should it be different for the very poorest, ironically those who can least afford the additional burden?

Once more, it is a systemic issue. A whole deeply flawed system of operation has developed that is difficult to overcome. In competitive markets, one key variable is labour costs. In many countries we see wages squeezed to a minimum. For migrant workers there remains, however, an additional place to squeeze: recruitment costs. If the expectation is that workers will pay these fees, we see costs moved off the company balance sheet until they no longer feature as a cost to the business at all. The genuine costs of production are now hidden from view, and false price points for goods and services have developed. These prices quickly become normalised but fail to reflect the reality. Once such practices are established and norms set, it becomes increasingly difficult to operate differently without impacting on your business.

A new business model – the Employer Pays Principle

So embedded is this system that there is an acceptance by many migrant workers that paying recruitment fees is a normal part of the process. Many also believe the more they pay, the better the job will be. In more recent times, pressure from consumers, civil society and governments on companies to prevent modern slavery has forced attention back onto this deeply challenging situation. International brands are beginning to take action and trying to operate according to a different business model. My own organisation, the Institute for



Photo by N. Wilkins (author).

Human Rights and Business (www.ihrb.org), has been working with a group of international brands as part of The Leadership Group for Responsible Recruitment to develop new recruitment models based on a simple premise, the Employer Pays Principle, which affirms that "No worker should pay for a job. The costs of recruitment should be borne not by the worker but by the employer". Leadership Group members and increasingly other companies are trying to work with their suppliers to ensure that migrant workers are recruited ethically, with recruitment fees and charges the responsibility of the employer. This Employer Pays model of recruitment is, however, still far from the norm. The iniquities of the current systems of recruitment that predominate in Asia and elsewhere are frequently compounded by lack of effective government oversight. Recruitment fees to workers are not illegal in many countries that send migrant workers abroad. The recruitment industry can be an important part of the economy. Sometimes there are close ties between the recruitment sector and government. Even when regulation exists, enforcement may be inadequate or non-existent or adversely impacted by corruption. The international nature of migration for work also adds in additional complications for both governments and businesses attempting to undertake effective due diligence across international borders.

And yet, beyond preventing exploitation and forced labour, there are other reasons for addressing flawed recruitment processes. Migrant worker remittances contribute significantly to the GDP of many countries of origin in the global South (i.e., 11% in Bangladesh in 2012 and 31% in Nepal in 2015-16).² This can have a significant impact on development outcomes. In 2018, US \$529 billion was remitted to developing economies.³ However, if the value of a significant proportion of this revenue stream is eroded through debt repayment, the benefits of working abroad are lost.

Ethical recruitment is good for business

For international companies and their suppliers, exploitative recruitment processes present significant commercial and reputational risks and inefficiencies. An ethically recruited workforce represents a more stable basis of

sustainable productivity and growth based on respect for human rights. Mapping labour supply chains and working with suppliers to move to an Employer Pays model of recruitment is a necessary long-term investment in risk management and business efficiency. It will require significant ongoing engagement from brands and their suppliers as the costs of recruitment transfer from worker to employer. Accommodating this increase will require some adjustment, especially amongst buying teams working to maintain competitive margins. It is, however, an inescapable challenge. Companies must also advocate and work with governments to ensure that practices that exploit workers are prohibited.

Addressing modern slavery and protecting worker rights must always be about more than looking for those individuals in need of help. It is about recognising and tackling the systemic issues that enable abuses. Corporate engagement, underpinned by appropriate government legislation and effective enforcement, can meaningfully reduce the risk of severe forms of labour exploitation. Preventing the charging of recruitment fees to migrant workers is one very significant way that companies and governments can take action. Sustained collective action can and must shift the mainstream model of migrant worker recruitment to one based on the Employer Pays Principle whereby no worker bears the cost of securing their own job.

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Notes

- 1 International Labour Organization (ILO). 2018. *ILO Global Estimates on International Migrant Workers—Results and Methodology*, 2nd ed. pp.ix, 20; <https://tinyurl.com/ILO-IMW-2018>.
- 2 Remittance data from the World Bank Open Data portal, indicator 'Personal remittances, received (% of GDP)' by country, <https://tinyurl.com/WB-PR-PC>.
- 3 The World Bank. 2019. 'Press Release: Record High Remittances Sent Globally in 2018'; <https://tinyurl.com/WB-RHR-2018>.