



## PAYING TO WORK: THE HIGH COST OF RECRUITMENT FEES

Each year, millions of workers turn to or are approached by labor intermediaries—recruiters, agents, or brokers—who facilitate the movement of labor to satisfy global demand. As globalization increasingly drives markets toward temporary or seasonal contract work that depends on labor mobility and flexibility, the importance of the recruitment industry grows.

Labor intermediaries function as a bridge between workers and employers and, at their best, can provide helpful guidance and assist in matching workers with jobs and in arranging visas and documentation, medical checkups, pre-departure orientation, training, and travel. These intermediaries can range from licensed and legitimate to informal and unregulated, and increasingly, to criminal.

The International Labor Organization recognizes the important function of recruitment in a globalized world, but cautions against its use in ways that harm workers:

*Recruitment should respond to established labor market needs, and not serve as a means to displace or diminish an existing workforce, to lower labor standards, wages, or working conditions, or to otherwise undermine decent work.*

Around the world, workers and advocates report that unscrupulous recruiters often use misleading and fraudulent practices to take advantage of workers, especially those who do not have access to information about job opportunities and their rights. In many cases, workers also lack access to remedies when they experience exploitation.

Dishonest recruiters employ a variety of practices that ultimately undermine decent working conditions: they mislead workers about the conditions and nature of a job, engage in contract switching, and confiscate or destroy workers' identity documents to prevent them from leaving. Another common practice—charging workers fees to access job opportunities or cover the costs of recruitment—is a dominant model of recruitment in much of the world that contributes to the facilitation of crimes such as corruption and bribery and puts workers at risk of exploitation, including human trafficking.

### WORKER-PAID RECRUITMENT FEES

In many cases, low-wage workers borrow large sums of money to cover the cost of recruitment fees, which can amount to anywhere from several hundreds to tens of thousands of dollars. Misled by promises of high wages, workers may borrow money from family or predatory lenders, or mortgage their homes or land, believing that they can easily repay their debts upon employment. These fees, which may also be combined with unfair and excessive interest rates, mean workers spend a period of time—sometimes years—working exclusively to repay what they owe.

When workers are charged recruitment fees, they become vulnerable to a variety of abuses, including debt bondage, a form of human trafficking in which individuals are forced to give up most or all of their salary until their debts are repaid. Individuals who carry debts that must be repaid with their wages are reluctant to complain to an employer or law enforcement, or leave the job. Workers may endure abusive conditions for fear of losing their job and defaulting on their debts. In many cases, unpaid debt results in threats to family members or loss of family property, adding further pressure for workers to stay in exploitative conditions.

## ENFORCING GOVERNMENT REGULATION AND PRIVATE SECTOR POLICIES

Currently, the loosely defined “recruitment industry” is ripe for creating conditions of exploitation. Existing laws often fail to assign any responsibility to recruitment agents to protect workers, and governments do not actively monitor recruiters or require remediation when recruiters use fraudulent practices to exploit workers. In those countries where recruitment fees are prohibited, governments often do not robustly enforce such prohibitions.

In many cases, it can be difficult to prove that recruiters or recruitment agencies were aware of the exploitative circumstances in which the worker eventually ended up—and, even if they do not knowingly contribute to a human trafficking scheme, their actions can significantly contribute to the vulnerability of the worker. Because holding recruiters criminally accountable is challenging, the enforcement of regulations on abusive recruitment practices is all the more important.

For many businesses, the use of recruiters is a necessity and therefore should be treated as any operating cost, but using recruitment methods that ultimately pass these costs on to workers is both unfair and unsustainable. All employers, including those who contract with governments, should bear the cost and responsibility of using recruiters and should support and work closely with licensed recruitment agents to prohibit unscrupulous recruitment practices. Employers should be willing to pay higher costs for agencies that effectively implement measures to prevent exploitation and governments should promote policies that protect workers, enforce labor regulations, and prosecute criminals who knowingly exploit the vulnerability of workers.

In recent years, there has been growing consensus that, throughout their supply chains, both governments and the private sector should prohibit the practice of charging recruitment fees to workers:

- In 2016, worker, employer, and government representatives to the ILO negotiated and adopted non-binding general principles and operational guidelines for fair recruitment. The ILO identified governments as having the ultimate responsibility for advancing fair recruitment, and included the principle that “No recruitment fees or related costs should be charged to, or otherwise borne by, workers or jobseekers.”
- In 2011, the Dhaka Principles for migration with dignity included as its first principle that no fees should be charged to migrant workers.
- The United States’ 2015 Federal Acquisition Regulation, Ending Trafficking in Persons, prohibits federal contractors from charging workers recruitment fees, among other misleading and fraudulent recruitment practices.
- The International Organization for Migration is developing the International Recruitment Integrity System (IRIS) to provide a platform for addressing unfair recruitment. Accreditation to the program will be based on recruiters’ adherence to certain principles, one of which includes a prohibition on charging fees to job seekers.
- The Consumer Goods Forum, a global network of more than 400 retailers, manufacturers, and service providers representing some \$3.5 trillion in sales, adopted a policy in 2016 stating the employer should bear the cost of recruitment, not the worker.
- The Leadership Group for Responsible Recruitment, convened by the Institute for Human Rights and Business, is a group of major companies working together with experts to address the payment of recruitment fees by workers. Launched in 2016, the initiative is based around the Employer Pays Principle, which states that “No worker should pay for a job. The costs of recruitment should be borne not by the worker but by the employer.” The aim of the Group is the eradication of worker-paid fees over the coming decade.



Access to fair economic opportunity is critical not only to the livelihood of workers but also to preventing human trafficking. Labor intermediaries can help connect workers and employers and should be compensated for this work. Too often, however, workers are forced to shoulder the cost of their own recruitment, which makes them increasingly vulnerable to exploitation. Governments and the private sector can take actions to eliminate this practice and help to create supply chains free from human trafficking.