

Defining the Business Case: Ethical Recruitment



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The role of private employment services and responsible employers

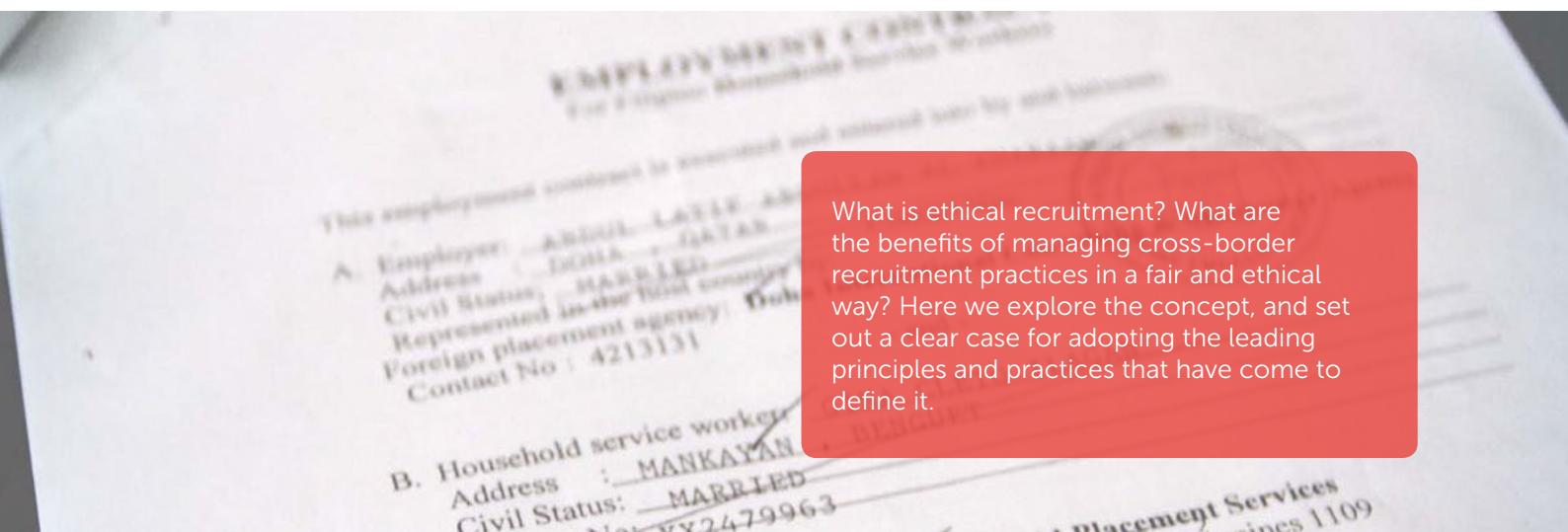
The world of work is changing, and labour mobility is now part of an increasingly dynamic and globalised world. Today, there are an estimated 232 million international migrants across the globe and 150 million of these are migrant workers.¹ Labour markets are increasingly global, and more and more jobseekers are looking beyond national borders for employment and livelihood opportunities. As the International Labour Organisation (ILO) has noted, "Migration today is for work".²

Within this context, private employment services (PrES) play an increasingly important role. They provide jobseekers with an entry point into employment, match labour supply and demand often across international borders, increase labour market participation and improve the functioning of such markets. Private employment services are key social and economic actors in the global economy.

The contribution of PrES is linked to the existence of appropriate industry regulation and the professionalism of employment and recruitment agencies. The World Employment Confederation is the global organisation representing reputable and ethical agencies. The World Employment Confederation members are committed to the highest quality standards and to delivering professional and safe services to all jobseekers and workers, in line with international labour standards and in full respect of the fundamental principles and rights at work.

¹ ILO, <http://www.ilo.org/global/topics/labour-migration/lang--en/index.htm>

² ILO, International labour migration: A rights-based approach – Executive summary



What is ethical recruitment? What are the benefits of managing cross-border recruitment practices in a fair and ethical way? Here we explore the concept, and set out a clear case for adopting the leading principles and practices that have come to define it.

Nevertheless, operating in a responsible and ethical way is not the norm and sometimes the link between labour mobility and intermediaries does not result in a "win-win" situation for the different parties involved (e.g., the jobseeker or worker, the intermediary, the user company). When unscrupulous intermediaries manage the recruitment and employment process, labour migration can result in risks and hardships, not least for jobseekers and workers. In the worst cases, these conditions can turn into severe human rights abuses such as forced labour and human trafficking, transforming the hopes and dreams of job seekers into nightmares.

The World Employment Confederation members and socially responsible businesses everywhere reject these abuses as the anti-thesis of decent work. Rogue operators lower the quality of services and tarnish the image of reputable business. They also undercut fair competition with ethical and responsible agencies at the expense of workers' rights.

Understanding the Background

Two principal resources establish the definition of ethical recruitment and set out its defining features.

1

ILO CONVENTION 181 ON PRIVATE EMPLOYMENT AGENCIES (PTEAS)

This Convention was adopted in 1997 by all three ILO constituents (governments, workers and employers) and establishes the internationally-agreed standards for the industry. Convention 181 recognises the role of PTEAs in the labour market and applies to both employment agencies that assign workers to clients³ and recruitment agencies that place them with an employer. It also establishes clear protections for jobseekers, notably respect for the fundamental principles and rights at work. A defining feature of the Convention is the prohibition of fee-charging to jobseekers.

2

THE WORLD EMPLOYMENT CONFEDERATION CODE OF CONDUCT

The World Employment Confederation Code was adopted in 2006 and updated at the World Employment Confederation World Employment Conference in 2015. The Code is based on Convention 181 and other international labour standards including the fundamental Conventions of the ILO⁴. It establishes clear parameters to define ethical recruitment. Representing the ethical employment and recruitment industry at the global level, members of the World Employment Confederation commit to:

- Comply with all relevant legislation covering their activities and observe the highest principles of ethics, integrity and professional conduct;
- Not charge any fees or costs to jobseekers or workers for services related to temporary assignment or permanent placement;
- Ensure that workers are provided with accurate details of working conditions and the nature of the job to be undertaken, including rates of pay and working hours;
- Respect occupational safety and health, the principle of non-discrimination and worker's rights, including freedom of association; and
- Respect confidentiality, quality of service and fair competition.

³ Workers, in this case, refers to individuals who are assigned to a user company to perform work under its supervision but who remain employees of the agency.

⁴ For information about the ILO's fundamental Conventions, see: <http://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm>.

HOW DOES ETHICAL RECRUITMENT HELP GROW YOUR BUSINESS: THE CASE FROM INDIA

The Indian Staffing Federation recently surveyed its members on ethical recruitment, and the results clearly reveal the benefits of good practice:

- 71% of those surveyed report positive worker/jobseeker morale, including higher efficiency in the workplace;
- 57% report improved enterprise performance, while 42% observe improved productivity;
- 57% of respondents also report stronger client relationships that result in "repeat customers";
- Other benefits include: stronger investor relations, reduction in turnover and lower hiring/onboarding costs.



Making the Case

Establishing a common understanding of ethical recruitment helps to define good practice, distinguish good actors from bad ones, and provides a rallying point around which ethical recruiters and allied stakeholders can drive change.

1 Creating new business opportunities

More and more companies have corporate social responsibility (CSR) policies that address labour and human rights risks in their operations and supply chains. Multinational enterprises (MNEs) seek to better manage and control these risks by identifying and engaging likeminded suppliers and responsible business partners. Implementing ethical recruitment practices will open access to potential new business.

2 Protecting the brand and reputation of the client

A link to unethical recruitment can severely damage a company's reputation or brand, with potentially significant consequences. Businesses tainted by allegations of forced labour risk "brand contamination", threatening client, investor and other stakeholder relations. This can mean a loss of business from clients concerned about their own reputations, threaten existing investment opportunities, and limit access to financing from new investors. In some industries, association with unethical practices can risk access to public funds, for example in infrastructure or development projects that require public or institutional investors.

3 Ethical recruitment agencies are more cost effective for the client over time

Lower quality services offered by unethical recruiters can be cheaper in the short term, but will be more expensive over time. If the user company is not happy with the candidate or the recruitment has not been conducted in compliance with the law, there will be additional costs for the company, whether to repatriate the candidate, the investment required to find a replacement, or the fines risked for non-compliance. The competitive advantage of lower pricing is not sustainable, and in the long run these unscrupulous intermediaries will lose clients. In addition, user companies can take agencies to court in several countries where joint-liability is in place, resulting in potential legal disputes that can also increase the cost to the agency.

4 Ethical agencies increase competitiveness

The business benefits of ethical recruitment are also clear, and indeed proven in the day-to-day operations and success of ethical recruiters around the world. Companies that adopt responsible business practices benefit from improved enterprise performance, streamlining and efficiencies in management and operations, and reduced business and operational costs. These improvements can be measured and compared over time. Socially responsible companies have higher levels of workplace morale, lower staff turnover, reduced costs for training and onboarding, improvements in quality, efficiency and productivity as well as fewer workplace grievances that can lead to absenteeism, work "slowdowns" or even industrial action.

5 Avoiding fines and other sanctions

These practices also help agencies comply with the law. Forced labour and human trafficking are strictly prohibited by international standards and in the laws of most countries around the world. Companies complicit in or caught benefiting from the exploitation of workers risk extensive fines, criminal and/or civil prosecution and even imprisonment if they are found guilty. They also risk losing their license to operate and can face "blacklisting" in some jurisdictions.

6 Ethical recruitment is the right thing to do

Respecting the dignity and human rights of all jobseekers and workers, and establishing safeguards to protect them from exploitation, including forced labour and human trafficking, is a moral obligation, not only for business, but for all stakeholders and the international community.

A Spotlight on Southeast Asia

**Adopting an ethical business model is not only good for jobseekers...
It is good for business.**

1

According to the World Employment Confederation member PALSCON, the Philippines Association of Legitimate Service Contractors, not charging fees to job-seekers means attracting higher-quality clients, better talent among referrals, and increased business opportunities. World Employment Confederation members are also part of a global dialogue and shared learning on industry best practice, which promotes innovation, creativity and business development. In increasingly congested and competitive markets, ethical recruitment enhances company reputations, enables good service providers to differentiate themselves from unscrupulous competitors and acts as a cornerstone to effective marketing strategies.

2

Providing professional services and not charging fees to workers is also a hallmark of ABADI, the Indonesian Outsourcing Association, another member of the World Employment Confederation. For ABADI, professionalism and a high standard of ethics means becoming a trusted partner to employers, establishing yourself as a "company of choice" and differentiating your company from others in a competitive marketplace. This, in turn, means increased business opportunities. Professional agencies also benefit from having a good reputation with jobseekers. By providing safe, healthy and ethical services, ABADI members attract high-quality candidates who perform well for employers and increase the number of "repeat clients". Good conditions for workers result in higher levels of job satisfaction, which in turn improves work performance and quality. This is the "win-win" of ethical and professional PrEAs in Indonesia.



A Cornerstone of Responsible Business

STEPS TO PROMOTE GOOD PRACTICE IN YOUR OWN OPERATIONS:

1 Develop a company policy

One of the first steps agencies and their business partners can take is to establish a clear commitment to ethical recruitment. This should clarify the company's position and set out the new standards and expectations it will uphold. The World Employment Confederation Code is an important reference point in this process. Agencies should also identify the scope of application of the policy, and the measures adopted to support implementation.

2 Ensure your policy is implemented

Adopting a new policy is an important first step, but more important is ensuring implementation. This means establishing new operational procedures, management systems and internal accountability, or updating existing ones. It should also include checks and balances, and appropriate oversight to monitor performance. This can take the form of periodic assessments or "social audits."

3 Report on policies, performance and progress

Communicating with stakeholders about ethical recruitment and new measures to protect jobseekers is an important part of accounting for good practice within an agency. Reporting can be simple or robust, formal or informal, and targeted or general in nature. Websites, annual reports or dedicated publications can all be used as vehicles to convey relevant information.

4 Work with industry partners

Some of the challenges agencies face in promoting responsible business originate outside the company. This is the case in weak policy environments or where law enforcement is inadequate. To address this, agencies need to look beyond their own operations and consider broader, industry-wide engagement. This can include enlisting the support of representative trade bodies or national federations of PrEs to advocate with greater strength and legitimacy. Agencies may also wish to adopt a leadership role within these organisations to support their collective efforts.

SELECTED RESOURCES

- World Employment Confederation, Code of Conduct
- European Commission, Employment and Recruitment Agencies Sector Guide on Implementing the UN Guiding Principles on Business and Human Rights
- ILO, Private Employment Agencies Convention (No. 181)
- IHRB, Dhaka Principles for Migration with Dignity
- Verité, Fair Hiring Toolkit



About World Employment Confederation

As the international confederation of private employment services, World Employment Confederation is the authoritative voice representing the interests of the employment and recruitment industry across the world. Founded in 1967, World Employment Confederation consists of 50 national federations of private employment agencies and eight of the largest staffing companies worldwide: Adecco, GI Group, Kelly Services, Manpower Group, Randstad, Recruit , Trenkwalder and USG People.

Its members provide 71,9 million workers with access to the labour market each year, 67 million of whom work in agency work. Worldwide, over 1.6 million people work in an employment or recruitment agency.

The employment and recruitment industry is leading in a changing world of work. It does so by acting as enablers of the labour market, offering a full range of HR services: agency work, recruitment, career management, and RPO/MSP services. The industry enables work, enables adaptation, enables security, and enables prosperity.

World Employment Confederation's main objective is to help its members conduct their businesses in a legal and regulatory environment that is positive and supportive.

World Employment Confederation is divided into six regional organisations: Africa/Near East, Northern Asia, Southern Asia, North America, South America, and Europe.

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