The Business Case for Ethical Recruitment and Supply Chain Management

Five reasons why it makes business sense to act ethically and how it can save your company money...

1. **Build and preserve company brand, and protect the reputation of the industry**
   - Companies that invest in ethical business practices are likely to experience positive results in terms of increased customer and investor trust, which can help boost a company’s market value. In contrast, being associated with allegations of human trafficking and slavery in company practices and supply chains can cause serious damage to the reputation of a company, which can take years to re-build. Similarly, an entire industry can be blacklisted by the actions of a few unscrupulous or unknowing companies.

2. **Meet expectations of customers and international buyers**
   - Consumers are increasingly questioning where their goods come from and the conditions in which they are made. Slavery-like practices are exposed and shared quickly online. Recognising this, many big brands have developed policies and codes of conduct that require all suppliers to comply with labour and human rights standards. Companies (suppliers) that adhere to these policies and codes can benefit from long-term partnerships with responsible buyers, while companies that breach these conditions can lose contracts.

3. **Avoid civil and criminal litigation, and promote trade**
   - All companies are required to comply with the laws of the country in which they operate. Failure to do so can lead to criminal and civil liability, as well as administrative penalties. A number of countries, including the UK and US, now have laws that impose greater transparency on company supply chains. With more countries likely to follow suit, and the growing trend to include labour standards as a condition in new trade deals, it is in a company’s interests to be proactive on this issue so as to compete in the global market.

4. **Fight unfair competition**
   - It is in the interests of law-abiding companies to take action and advocate for ethical business practices to level the playing field. Otherwise, unethical companies will continue to make billions of dollars in illegal profits from unpaid wages, undeclared taxes and so on. Globally, about USD 51 billion in illegal profits is generated each year from forced labour. The manufacturing, construction, mining and utilities sectors account for about USD 34 billion, while agriculture (including fishing and forestry) account for USD 9 billion.

5. **Boost workplace productivity and facilitate better recruitment of workers**
   - Companies that treat their workers well by complying with all labour and human rights standards tend to have more productive workplaces, in which the rates of staff turnover are low, there are fewer workplace accidents and less work stoppages. Similarly, companies that invest in better recruitment practices, and in particular adopt the ‘employer pays model,’ tend to have workers that are more motivated and better matched to their role. This in turn helps attract other motivated and skilled workers to the company.
What is good practice?

Companies with good reputations for acting ethically have developed strong company policies on how to tackle slavery and trafficking within their daily operations and supply chain. In particular, they commit to raising awareness about slavery and trafficking with their employees and within their broader supply chains, regularly monitor their business practices and take action when needed, and are transparent in reporting on their achievements and challenges. Increasingly, companies are adopting ‘the employer pays model’ for recruitment, in which the employer covers the cost of recruiting new workers. This not only protects vulnerable workers from unscrupulous labour brokers and recruitment agencies, but also leads to better recruitment processes in which workers are better matched to their respective positions.

A note about terminology

IOM uses the terms human trafficking, slavery and slavery-like practices to capture a range of practices in which a person, or organization, exerts control over another person for the primary purpose of exploitation. This includes forced labour, debt bondage and deceptive recruiting.

Who are we?

Established in 1951, the International Organization for Migration is the United Nations’ Migration Agency, and works to ensure the orderly and humane management of migration. IOM has 165 member states and 8 observer states in over 100 countries, and 481 offices worldwide.

How can IOM help?

IOM’s Corporate Responsibility in Eliminating Slavery and Trafficking (CREST) programme centres around three key pillars of work and is designed to help companies manage the risk, and maximize the benefits, of migrant labour in their supply chains.

**PILLAR 1**
**Training for the commercial sector on slavery and trafficking**

**PILLAR 2**
**Pre-departure orientation training for labour migrants**

**PILLAR 3**
**Supporting supply chain mapping and ethical recruitment practices**

Please contact Mr David Knight, Chief of Mission for IOM Viet Nam for more information about CREST: <dknight@iom.int> or +84 4 3850 1810.

CREST is an initiative of IOM Viet Nam, with support from the IOM Development Fund.

Did you know?

Human trafficking and slavery still exist today. Over half of the world’s 21 million victims of slavery are found in the Asia-Pacific region. The majority work in the formal economy – making the clothes we wear, harvesting the food we eat and producing the goods we take for granted in our everyday lives.

Many of these victims are migrant workers, who leave their homes to travel to large cities, industrial zones and across national borders in search of better employment. Along the way, they can be exploited by unscrupulous labour brokers or recruitment agencies that charge workers excessive fees, provide misleading information about the job on offer, and in some instances seek to impose control over the workers through measures such as holding onto a workers identity documents.

While exploitation may occur outside the knowledge of the employer, it does not absolve a company from any responsibility—both socially and legally. Over the years, many brands, and their suppliers, have been damaged by allegations of human trafficking and slavery. Damage can include reputational damage, financial losses, and legal action. While companies need to protect themselves from this risk, there is also a real opportunity for companies to benefit from more ethical business practices.

**GOOD COMPANY POLICY**

Commit to raising awareness about human trafficking and slavery
Develop a Code of Conduct for your company and all suppliers
Adopt the Employer Pays Model for all recruitment
Regularly monitor your supply chain
Take immediate action if breaches are detected
Commit to transparency

IOM draw on a number of resources to develop this document, including the ILO and VCCI ‘Preventing forced labour in textile and garment supply chains in Viet Nam’
Over half of the world’s 21 million victims of forced labour are found in the Asia-Pacific region. The majority work in the formal economy – making the clothes we wear, harvesting the food we eat and producing the goods we take for granted in our everyday lives. Many of these victims are migrant workers.

Increasingly, companies are under pressure to demonstrate that the goods and services they produce are free from slavery and human trafficking. Failure to do so can lead to reputational damage, financial losses, and possible legal action. Conversely, proactive approaches to ethical recruitment and supply chain management can lead to a stronger and more motivated workforce, and facilitate better recruitment of migrant workers.

IOM’s Corporate Responsibility in Eliminating Slavery and Trafficking (CREST) programme centres around three pillars of work and is designed to help companies maximize the benefits of migrant labour in their supply chains.

**Training for the commercial sector on slavery and trafficking**

IOM provides targeted training for company managers and workers on ways to reduce the risk of slavery and trafficking in their daily operations and supply chain management. This includes guidance on how to comply with new anti-slavery legislation and trade requirements, as well as practical tips on how to implement ethical recruitment practices and better monitor lower tier suppliers. This training programme can be tailored to the specific needs of your sector and company.

**Pre-departure orientation training for labour migrants**

For companies that utilize migrant workers within their supply chains, IOM provides pre-departure orientation training for prospective labour migrants. This training provides workers with information about living and work related conditions, contract terms, human rights’ awareness, soft skills and useful contacts for when abroad.

This programme helps provide reassurance to companies that their workers are coming through their own choice and are prepared to work.

**Supporting supply chain mapping and ethical recruitment**

With a focus on ethical recruitment and management of labour migrants, IOM can help companies map their supply chain to identify potential risks and to develop risk mitigation strategies.

IOM also supports companies to implement the ‘employer pays model’ of recruitment. This model protects vulnerable workers from unscrupulous labour brokers and recruitment agencies, while also promoting better recruitment practices in which workers are better matched to their roles.
### PILLAR 1: Training for the commercial sector on combating slavery and human trafficking in supply chains

IOM provides targeted training for companies on ways to reduce the risk of slavery and trafficking in their daily operations and supply chains. This includes guidance on how to comply with new anti-slavery legislation and trade requirements, as well as practical tips on how to implement ethical recruitment practices and better monitor lower tier suppliers. The programme runs for 2 to 4 hours and can be tailored to your company’s specific needs. Our standard training package includes:

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<tr>
<th>Module 1: Overview of human trafficking and slavery</th>
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<td>Learn the basics of trafficking and slavery, including legal definitions, prevalence and types of exploitation.</td>
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<th>Module 2: Understanding industry specific vulnerabilities (i.e., textile, construction, electronics)</th>
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<td>Learn how trafficking and slavery affects your specific sector, including how to identify possible ‘red flags.’</td>
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<th>Module 3: Supporting survivors in the workplace and community</th>
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<td>Learn how trafficking and slavery affects a person, as well as how to build trust and support survivors.</td>
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<th>Module 4: The business case for ethical recruitment and supply chain practices</th>
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<tr>
<td>Learn about the risks of inaction, and benefits of proactive ethical recruitment and supply chain management. This module includes guidance on new anti-slavery legislation and trade requirements.</td>
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<th>Module 5: Protecting your business from the risk of slavery and human trafficking</th>
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<tr>
<td>Learn practical tips about how to promote ethical recruitment and supply chain practices, and conduct social audits.</td>
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Established in 1951, the International Organization for Migration (IOM) is the United Nations’ Migration Agency. IOM works to help ensure the orderly and humane management of migration, to promote international cooperation on migration issues, to assist in the search for practical solutions to migration problems and to provide humanitarian assistance to migrants in need, including refugees and internally displaced people.

As of 2016, IOM has 165 member states and 8 observer states in over 100 countries with more than 481 offices worldwide.

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### Need more information?

Please contact Mr. David Knight, Chief of Mission for IOM Viet Nam for more information about the CREST programme, <dknight@iom.int> or +84 4 3850 1810.

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