

Ethical Recruitment to Prevent Trafficking and Exploitation

by Ivana Schellongova¹

Human rights issues addressed

- Forced labour, labour exploitation
- Freedom of movement
- Human trafficking, slavery and slavery-like practices
- Living wage
- Occupational health and safety
- Working conditions

Human rights management practices discussed

- Getting started
- Strategy
- Policy
- Processes and procedures
- Communications
- Training
- Measuring impact and auditing
- Reporting

Human rights standards, tools and initiatives mentioned

- ILO standards
- Athens Ethical Principles
- International Bill of Human Rights

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Abstract

This case study examines the ethical manpower solution launched by FSI Worldwide. The study details how the company's core business is based on its commitment to combat human trafficking and forced labour, and to respect human rights of employment seekers and employees during the recruitment and employment process. Furthermore, it describes the impact the company believes it is having in the prevention and elimination of human trafficking and forced labor. It describes FSI's recruitment policy and practice, analyzes the main challenges of ethical recruitment in difficult environments with regard to source and destination countries, and outlines the solutions applied by FSI to overcome them. The study demonstrates that ethical recruitment and management result in long-term benefits both for the recruited personnel and the client companies. It claims that FSI experience reveals that, such an approach is not only legally and ethically correct but also sustainable from a business point of view, and thus can be replicated elsewhere.

The study is based on documents provided by FSI and interviews with FSI CEO, Tristan Forster.

Company Profile

FSI Worldwide is a British owned manpower and security services provider. FSI Ethical Manpower Limited is the main operating company within the FSI Group of Companies.

FSI was founded in 2006 by Mr. Tristan Forster together with a number of professional associates. Mr. Forster served in the Gurkha² and Parachute Regiments of the British Army for 12 years. During his time

² Almost 200 years ago troops in support of the British East India Company invaded Nepal. They suffered heavy casualties at the hands of the Gurkhas (hill tribes and original inhabitants) and signed a hasty peace deal and offered to pay the Gurkhas to join their army. After the British left India, Gorkhalis continued seeking employment in British and Indian forces, as officers and soldiers. Under international law, present-day British Gurkhas are not treated as mercenaries but are fully integrated soldiers of the British Army, operate in formed units of the Brigade of Gurkhas, and abide by the rules and regulations under which all British soldiers serve. However, a spokesperson for the Communist Party of Nepal, which is expected to play a major role in the new secular republic, has stated that recruitment as mercenaries is degrading to the Nepalese people and will be banned. (Wikipedia and BBC News, 2010),

in the Army, he developed a deep sense of respect and admiration for the people of Nepal and upon retirement, was determined to help former Gurkhas find rewarding employment.³

FSI started its business activities as a specialist supplier of ex-Gurkha personnel from Nepal, to the security industry worldwide. While this still forms an important part of the business, FSI has explored developing the business model of ethical recruitment, leadership and management of personnel to civilians as well as to ex military personnel. Today, FSI provides a model for recruitment and management of skilled and unskilled labour for different sectors, including construction, facilities management, oil and gas, and hospitality.

FSI plans to expand its current business model to non-security staff and services. FSI predict that former Gurkhas working in security will soon be the minority among the FSI's recruits, while the focus will be civilians working in non-security sectors.

FSI has its headquarters in Dubai (UAE) and offices in Washington, London, Dubai, Delhi, Nepal and Kenya. It employs 50 personnel in its five main offices. FSI Group's turnover for 2009 was \$ 11.8 m.

The Ethical Manpower Division (EMP) of FSI specializes in the recruitment, management and leadership of high quality personnel. In this context, it also conducts audits on recruitment and manpower management to other companies. FSI recruitment activity has been based largely in Nepal, India, and Kenya where there are a large number of both unskilled, semi skilled and highly-qualified personnel looking for work overseas. The main destination countries for recruits are the United Kingdom, Iraq, Afghanistan and the United Arab Emirates. The future focus of FSI's business development will be in the Gulf countries and Asia Pacific countries that employ a large number of migrant workers.

FSI clients include the U.S. Government, the UK Ministry of Defence and The British Foreign and Commonwealth Office, The United Nations, major U.S. and UK Government contractors and regional governments. FSI's target clients are organizations who employ a large number of migrant workers, especially those in the security, construction, hospitality, retail, oil and gas and facilities management industries. It focuses on clients that would like the reassurance that their workforce is selected ethically and is not a product of bonded labour. FSI Worldwide is a signatory of the United Nations Global

³About FSI at www.fsi-worldwide.com, 24/05/2011, <<http://www.fsi-worldwide.com/about-us/introduction-to-fsi/>>

Compact and therefore abides by The Ten Principles of the United Nations Global Compact⁴, and the Athens Ethical Principles⁵.

Case analysis

The problem

Human trafficking is defined as the recruitment, transportation and receipt of persons, by means of threat or force, for the purpose of exploitation.⁶ Forced labour is defined as work or service that is exacted from a person under the menace of a penalty and for which that person has not offered himself/herself voluntarily.⁷ Inadequate standards and mechanisms for the recruitment and placement of workers, combined with exploitative practices of labour brokers in many parts of the world, have resulted in human trafficking, slavery practices, debt bondage and forced labour.⁸ The U.S. State Department Trafficking in Persons (TIP) Report highlighted the practice of human trafficking, through illegal recruitment and enumerated abusive methods, including changing the conditions of employment for those in a signed contract, withholding wages, requesting high transaction fees born by workers and confiscating personal documents.⁹

Human trafficking, slavery and forced labor are practices prohibited by the international law. Several human rights treaties request State Parties to suppress trafficking in human beings, and provide protection especially to vulnerable segments of population¹⁰. United Nations Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the UN

⁴ UN Global Compact website : <http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html>

⁵ Athens Ethical Principles ©EHTN 2006 at End Human Trafficking Now website:

http://www.endhumantraffickingnow.com/athens_ethical.php

⁶ Human Trafficking and Business: An eLearning course on how to prevent and combat human trafficking, 2010, UN Global Initiative to Fight Human Trafficking and End Human Trafficking Now (EHTN). For the legal definition, see Article 3 of the United Nations Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the UN Convention against Transnational Organized Crime (2000), <http://www.unodc.org/unodc/en/treaties/CTOC/index.html>

⁷ ILO Forced Labour Convention No. 29 (1930), Article 2(1)

⁸ The Cost of Coercion, ILO (2009)

⁹ US State Department Report on Human Trafficking (2006)

¹⁰ For example, Convention on the Elimination of All Forms of Discrimination against Women (1979), Convention on the Rights of the Child (1990), Optional Protocol to the Convention on the Rights of the Child on the Sale of Children, Child Prostitution and Pornography (2000).

Convention against Transnational Organized Crime¹¹ obliges State Parties to adopt legislative and other measures to criminalize trafficking in persons. ILO treaties, such as Abolition of Forced Labor Convention¹², require State Parties to suppress and not to make use of any form of forced or compulsory labour. ILO Declaration on Fundamental Principles and Rights at Work¹³ declares that ILO Member States have an obligation to respect, promote and realize core ILO principles, including the elimination of all forms of forced or compulsory labour and the elimination of discrimination in respect of employment and occupation. To protect workers from abuses, ILO Private Employment Agencies Convention¹⁴ prohibits such Agencies “to charge directly or indirectly, in whole or in part, any fees or costs to workers”. However, the Convention allows for an exception, under specific conditions, if there are justifiable reasons¹⁵. In this context, it is essential that public authorities strictly regulate the collection of fees, set a limit for fee charging in legislation, and ensure strong safeguards to protect jobseekers from labor exploitation¹⁶.

Athens Ethical Principles¹⁷ is a voluntary business code to address human trafficking and related exploitation, adopted by representatives of business community in 2006. It contains seven main principles, including commitment to zero tolerance towards trafficking in human beings, development of anti-trafficking corporate strategy, ensuring compliance by all personnel, encouragement of business partners and suppliers, contribution to prevention and sharing of good practices.

Unfortunately, international legal provisions and standards are not always translated in practice. Concerning Nepal and India, it is known that many migrant workers recruited from these countries to work overseas have been mobilized through a suspicious network of agents and fixers.¹⁸ These workers have to pay fees to labour brokers in their country of origin. Having difficulties to pay such a significant amount of money, they take loans, usually with extremely high interest rates from agents. The latter use

¹¹ Article 5 of the United Nations Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the UN Convention against Transnational Organized Crime (2000), <http://www.unodc.org/unodc/en/treaties/CTOC/index.html>

¹² Article 1, C 150 Abolition of Forced Labour Convention (1957), <http://www.ilo.org/ilolex/cgi-lex/convde.pl?C105>

¹³ Article 2, ILO Declaration on Fundamental Principles and Rights at Work
<http://www.ilo.org/declaration/thedeclaration/textdeclaration/lang--en/index.htm>

¹⁴ Article 7, C 181 ILO Private Employment Agencies Convention (1997), <http://actrav.itcilo.org/actrav-english/telearn/global/ilo/law/ilo181.htm>

¹⁵ Article 7 para 2, Ibid.

¹⁶ Verité: Vision May 2011, <http://www.verite.org/Vision/May2011>

¹⁷ Athens Ethical Principles ©EHTN 2006 at End Human Trafficking Now website:
http://www.endhumantraffickingnow.com/athens_ethical.php

¹⁸ Hidden faces of the Gulf miracle, International Trade Union Confederation (May 2011)

this debt as leverage to exploit recruits for years to come. As a result, the recruits arrive at the project location already demoralized, knowing that they will face years of hard work which will not benefit their families, instead, it will only satisfy the greed of the manpower agents and the network of corrupt fixers.

Many of the international companies which ultimately employ the workers are often aware of this divisive recruitment process and, in the worst cases, some decision makers in these international companies are bribed by the labour brokers to keep using them for recruitment.¹⁹ These bribes can be extremely high, and as competition increases, so too does the pressure on the recruitment companies to pay even larger bribes. Money to pay for the recruitment agencies' profits, as well as the money to pay for the bribes is accumulated from the workers. This unethical practice exists on a large scale as modern day slavery.

It is not uncommon for workers to have to work for two or three years to pay back the loans from the manpower companies, who impose seemingly punitive levels of interest on those loans. The recruitment companies' powerful hold over workers employed from overseas, often results in a downward spiral of productivity and morale. This leads to a situation where staff turnover is very high and, in the construction industry for example, significantly more personnel than necessary are employed to complete a given task, resulting in a poor final product. The cost implications for the employers are very significant²⁰. The devastating impact on the already poor workers is clear.

Even for the ethical companies who would like their personnel to be recruited without paying fees, it is still extremely difficult to control their recruiters. Thus, despite efforts to combat the problem, they find themselves with a demoralized workforce, selected on their willingness to be bonded, rather than on their suitability for the job. In such cases, everyone loses except the middle channels. The workers are exploited and the employer is provided with a largely unskilled and discouraged workforce.

A Specific Example of the Problem

FSI conducted a detailed audit of one of the projects of a large U.S. registered company. The company was having considerable difficulties with their workforce. The problems experienced by the client included: lack of skills, poor ability in the English language, falsified training certificates and employment references, low morale, a total lack of confidence and unpreparedness for the environment, no pre-

¹⁹ Written submission provided by FSI on 6 April 2011.

²⁰ Ibid.

deployment training, poor communication between the workforce and their management team and a prevalence of theft. In addition, the existence of a divisive, unofficial chain of command with political connections in Nepal was a concern. Supervisors promoted from within by the U.S. management team, were undermined and intimidated by the supervisors put in place by the recruitment company.

Anonymous complaints citing bullying and corruption were forwarded to the company and the company's client. The problems experienced by the personnel included intimidation of personnel at the project and of their families, bullying (including physical beatings) and salaries not paid on time. Moreover, a member of staff was killed in suspicious circumstances while he was at home on leave.

The company had their own, in-house human resources personnel who regularly visited the country of origin in order to monitor the recruitment company from whom they recruited, and purportedly vetted their recruitment processes. The problems occurred despite these checks. The company's in-house recruiters were experienced, human resources specialists who believed they had a detailed understanding of how to recruit the personnel with the skills and experience they required.

Having studied the project in detail and met and interviewed various members of the management team and the workers (both those on the project and those at home on leave), it was clear that despite their best efforts there were some abusive practices infringing upon human rights of persons working in the project, including prohibition of forced labor and labor exploitation, freedom of movement, right to enjoyment of the just and favourable conditions of work, such as fair wages, safe and healthy working conditions²¹.

FSI discovered evidence that only a small minority of the personnel had genuine certificates and references and that the majority had falsified paperwork given to them by the recruitment company. Most of the personnel interviewed (on assurances of anonymity) admitted that they were forced to pay a significant sum for their job (between \$4,000 and \$5,000). Most had taken out a high interest loan with the manpower company and as such, were repaying the loan on a monthly basis, leaving their families with next to nothing to live on. Most believed that this would continue for a substantial period of their employment, most likely leaving them with little profit upon completion of their contracts.

²¹ As stipulated for example in the International Covenant on Economic, Social and Cultural Rights and International Covenant on Civil and Political Rights (both adopted on 16 December 1966).

Despite this, they seemed resigned to their fate. The recruitment company, who provided the bulk of the personnel, is very large and supplies personnel to many other international companies. It is well known in the country of origin that this particular recruitment company charges high fees to the candidates, but despite this, due to the desperation for overseas work, candidates keep applying in exceptionally large numbers.

Many of the personnel interviewed claimed that, there were a number of ‘supervisors’ on the project who had been placed there by the recruitment company for the purpose of extracting money from the personnel and ensuring that the money continued to be paid on a monthly basis. The recruitment company also conducted similar intimidation tactics on the families of the personnel back home.

FSI uncovered evidence, of extensive corruption sewn into every facet of the recruitment process and management of the personnel. It was the belief of many of the personnel that the murder of one of the workers whilst on leave was a result of the worker in question refusing to pay any more money to the recruitment company.

FSI was able to assist the client with the problems defined in the above example, by separating them from the corrupt recruitment company and establishing an ethically recruited workforce, based on the below mentioned principles.

Ethical management system

Code of Ethics

FSI’s actions are guided by the Code of Ethics.²² The Code confirms FSI’s adherence to *“highest legal, moral and ethical standards”*. While its provisions do not explicitly mention internationally recognized human rights, they contain some safeguards for implementation of these rights. For example, FSI restrains from making *“false promises, or engage in inaccurate or misleading advertising”* and it commits to making sure that *“men are selected based on merit and that they never have to pay to secure their*

²² FSI’s website at <http://www.fsi-worldwide.com/about-us/fsi-code-of-ethics>.

jobs". These are examples of guarantees to protect potential recruits from slavery, forced and compulsory labor.²³

Global Compact Ten Principles

FSI also adhered to the Global Compact Ten Principles whereas the most relevant for the company's operations are principles relating to human rights, labor and anti-corruption²⁴. FSI's policy and practice is directed by the first two Principles, namely support and respect the protection of internationally proclaimed human rights (Principle 1) and making sure that the company is not complicit in human rights abuses (Principles 2). Moreover, the company operate in accordance with the Principles 4 and 6 that require businesses to uphold the elimination of all forms of forced and compulsory labor, and the elimination of discrimination in respect of employment and occupation. FSI also applies the Principle 10 whereas "businesses should work against corruption in all its forms, including extortion and bribery".²⁵

Athens Ethical Principles

By endorsing the Athens Ethical Principles²⁶, FSI explicitly demonstrated its commitment to zero-tolerance position towards human trafficking. The company abides by the seven principles, including development of the strategy against human trafficking, compliance of the personnel and encouragement to business partners and suppliers to apply the same ethical principles.

Standard Operating Procedures

The FSI's Standard Operating Procedures (SOP)²⁷ detail the recruitment, mobilization and management process pertaining to Ethical Manpower Provision. They contain specific guarantees for these processes to ensure implementation of the company ethical policy. They are based on two core rules: vetting and non-payment principles. *Vetting Principle* suggests that all FSI contracts should be carefully vetted so that personnel are recruited to work for reputable companies on good projects where they are not

²³ Slavery, forced and compulsory labor are prohibited by international law, including International Covenant on Civil and Political Rights (adopted on 1 December 1966, ILO Conventions (No. 29 adopted on 28 June 1930 , No 150 adopted 25 June 1957 and No. 182 adopted 17 June 1999).

²⁴ UN Global Compact website : <http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html>

²⁵ Ibid.

²⁶ Athens Ethical Principles ©EHTN 2006 at End Human Trafficking Now website: http://www.endhumantraffickingnow.com/athens_ethical.php

²⁷ FSI SOP G1/0001, First version written 01/10/06, latest version written 01/11/2011

subject to unnecessary or unreasonable risk. *Non Payment Principle* prohibits payment of any money to any personnel involvement in the recruiting or mobilisation by any candidate or potential candidate. All personnel should comply with SOP and an action is taken against anyone involved with FSI who does not stick to their terms. SOP also stipulates in detail management and supervision of recruitment and the mobilization processes to maintain FSI as “*high quality and honest resettlement agency that trains people, protects them from exploitation, finds them good jobs and helps them deal with transition to a life working overseas*”.²⁸

The principles of ethical recruitment are included in Standard Operating Procedures (SOPs) and individual contracts. Employees are briefed during every director’s visit. They are trained and commit to respect these principles by signing. The commitment is also part of their working contract. Non-compliance with the principles of ethical recruitment is penalized by financial sanctions as well as other punishment, such as termination of contract and collaboration.

FSI is able to guarantee the ethical recruitment of all personnel because it owns and controls every aspect of the recruitment process and its infrastructure. This ownership is an essential factor in protecting rights of employees and tackling corruption. The robust culture of transparency within FSI ensures that no one within the company can deviate from the strict adherence to the key principles of ethical recruitment. A significant factor in this has been the recruitment of highly trusted, former Gurkhas to fill key positions within the organization. Many of these personnel are long term colleagues of FSI’s managers. Their training as military personnel included emphasis on a strict ethical code and individuals that are chosen to fill such positions have excellent career records to reflect that. By allowing only trusted senior personnel to conduct recruitment, FSI can assure that the omnipresent threat of corruption is kept at bay. The following factors were identified as key in ensuring the Ethical Manpower Provision:

- All FSI recruitment and mobilization processes are regularly tested and audited.
 - The audit process includes the one to one interview of all candidates (by an FSI Director) prior to and post the recruitment process to ascertain whether they have been approached by anyone demanding any kind of payment. The other audit technique is having non FSI individuals apply for the employment to report on their experiences and in certain cases to

²⁸ Ibid., pg. 4

try to pay anyone of the FSI staff they encounter. Just knowing that occasional 'moles' may be coming through the system is an effective deterrent. Every batch of recruitment is audited in one or both ways described.

- FSI conducts random spot checks on all of its offices.
 - These checks take place during every period of recruitment activity and on random Director's visits which occur as a minimum every three months.
- All personnel are interviewed prior to and after deployment, by a bi lingual British senior manager or director, to ensure that they have been treated in accordance with FSI regulations.
- FSI invests significant time, effort and funds in ensuring direct contact with candidates.
- No agents or third parties are allowed.
- Every recruit signs a non-payment declaration (in English as well as in his/her mother tongue).
- FSI insists on background checks for each recruit.
 - In addition to policing the "non-payment policy", FSI insists upon stringent background checks for each recruit, including criminal record checks, health checks and skills testing. Only those recruits who can demonstrate that they have the appropriate background and the necessary skills are considered for employment.

Sanctions for non-compliance

In the early days of FSI, the company was employing a manpower company in Nepal to assist with the administration of the personnel recruited. It was discovered that, the wife of one of the staff members was taking some money from the men who were recruited from her area. It was found out that 12 people were affected in one FSI project. The staff member was forced to pay back the money taken and fired for gross misconduct. The relationship with the manpower company was terminated shortly

thereafter, as FSI felt it could not be trusted in terms of ethical consistency. Nowadays, FSI doesn't subcontract any recruitment any longer.

Complaint mechanism for employees

All personnel are regularly visited by FSI directors and anyone who may have any concern is encouraged to ask for a personal interview. Moreover, all personnel are advised before they join and consistently through the course of their employment, to contact the FSI HQ directly with complaints (they all have email and phone contact details from the moment they come into contact with FSI). All complaints are investigated and anonymity is respected.

On two occasions, management personnel were removed for failure to adequately look after the welfare of the personnel under their management. In both cases, the managers in question were overly dictatorial with the personnel they supervised. Complaints led to investigations by FSI directors that found the managers at fault. These incidents occurred in 2008. There were no complaints received in the last two years.

FSI Induction and Training

FSI ensures pre-deployment training for all personnel. This includes language, skills and situational awareness training. Training ensures that, employees arrive at the project site fully prepared for their tasks and for the challenges of the employment environment. FSI also recommends the provision of structured continuation training, to ensure the personnel's skills are continuously enhanced throughout the period of their employment. To-date, FSI has provided pre-deployment training, and provides continuous training, to all personnel deployed across all of its projects.

Personnel under training are deployed through FSI so they are constantly reminded that no fees whatsoever are to be paid. They are clearly briefed on the actual terms and conditions they will experience on the project. Once deployed, they will be met by an FSI Director who will confirm that their terms and conditions are as they were promised.

Welfare & Management

FSI remains intimately involved in the management of the personnel after they have deployed into their contracts overseas, in order to ensure that they are well looked after and continue to be motivated and productive.

Usually this ongoing involvement in the management of the personnel takes the form of a management consultancy agreement which includes the placement of senior personnel recruited by FSI into managerial positions. In addition, the operations director of FSI maintains weekly communications with the project, to help deal with any welfare or disciplinary issues that may arise. The FSI operations teams are fluent in the languages of the deployed personnel which ensure that the lines of communication are open and clear. When welfare cases arise back home, FSI uses its network to ensure that any help which is required by the family, is delivered in a timely and effective manner.

To give an example, a common welfare problem is that a wife or family member becomes ill. FSI management personnel will visit the sick family member and provide a detailed report. If the illness is serious, the FSI staff member will be given compassionate leave to be with their family. Another recent example of welfare support is the payment of \$6,500 USD by FSI to the family of an FSI staff member who was tragically killed in a motorbike accident in Nepal when he was home on leave. As he was the only breadwinner, FSI has also committed to training and employing the widow's only son.

Efficient salary payment system

Ensuring timely and efficient payment of a fair salary is a key element in preventing labor exploitation. To this aim, FSI offers a secure and reliable payroll function for its recruits. Many of FSI's clients are unable to negotiate with the banking system in the source countries and as a result, personnel suffer from late or incomplete salary payments, which can severely affect morale. As a result, some companies make full or partial cash payments to workers in the country of employment, which exposes them to theft, intimidation and extortion. Ensuring that every worker is paid in full and on time every month is part of FSI's commitment to ethical manpower. It makes an enormous difference to the recruit knowing that their family has secure and fast access to the remittance money they are earning. Currently, all the FSI employees are using the system, except 114 personnel who are employed on a contract where the client pays them directly. In such cases FSI does due diligence on the payroll process to ensure that it meets FSI standards.

Awareness-raising of Clients

FSI has developed a three stage approach to international companies who recruit migrant workers:

Firstly, FSI highlights the reality of human trafficking and its relevance to companies (most of the companies refuse to accept that they may be involved in something so heinous). Doing so requires FSI to outline, quite starkly, the methods employed by many labour brokers and the impact said practices are having on their businesses. It also highlights the human rights dimension of problem, such as violation of employees' human rights and their dignity.

Secondly, FSI illustrates a clear business case for improving recruitment and management of work force. Companies are often shocked to see how much money they could save on payroll and associated costs if they ethically recruit fewer workers with better skills, who also remain in their jobs.

Finally, FSI highlights the need for leadership in this area and points both to the negative impact of media coverage (if companies are discovered to be employing workers who have been exploited) and the positive image that a company can cultivate by being portrayed as a leader in the field.

In working closely with its clients, FSI has been able to demonstrate the clear commercial and reputational benefits of Ethical Manpower Provision. As such, FSI has witnessed a fundamental change, in the approaches of some companies in relation to the recruitment and management of their personnel.

Audit to Clients – Replacement and Redeployment of Personnel

FSI offers an audit service to clients. Where clients are experiencing problems on existing projects, including corruption, FSI advises the clients, as to how they can turn around a failing project. This may include the replacement of corrupt and incompetent managers and unsuitable personnel, with well recruited 'fit for purpose' employees through the EMP process. This may also include the redeployment of those existing personnel who are qualified, once they have severed their ties with the recruitment company.

So far three major audits have been done. Each audit has been conducted by a joint British and Nepali team of FSI senior directors. The outcome in all three cases was that the client terminated their contracts with the corrupt recruitment companies and adopted an Ethical Manpower Provision approach.

SUMMARY OF THE BENEFITS OF ETHICAL MANPOWER PROVISION

For Personnel

- Workers are free from human trafficking, forced labour and other exploitative practices.
- Jobs are offered on merit alone. No fees are paid at any stage.
- Salaries are paid directly into the workers personal bank account on time, every month, in their home country.
- Welfare cases are dealt with quickly and efficiently.
- Workers discharged from corrupt projects sever links with the fraudulent manpower companies. Qualified and suitable personnel will be eligible for re-employment on other projects.
- Workers' families are helped and looked after by the welfare system.

For the Client

- A workforce that is loyal, high-quality, correctly skilled and trained, highly motivated, and productive.
- Lower payroll and associated employment costs.
 - Well recruited and properly managed worker is significantly more efficient than his 'bonded' and exploited counterpart.
- Continuity of staff and procedures.
 - FSI has an industry-low staff turnover rate. This translates into a reduction in the need for the client to constantly retrain new staff. Continuity is particularly important in high-threat environments where safety and security are paramount. FSI recruited personnel also enjoy significantly lower levels of 'dropped shifts' as a result of sickness or absenteeism.
- High quality output.
 - FSI personnel are recruited only on merit and are subjected to skills testing before deployment. This ensures that the projects run smoothly and helps the client meet project deadlines and budgets.
- Reputation enhancement:

- Corporate social responsibility is a key part of modern business, and FSI's clients can demonstrate that by engaging with the ethical manpower process they are helping to improve the lives of migrant workers.

NEXT STEPS: ONGOING CHALLENGES & LESSONS LEARNED

Since the beginning of FSI in October 2006, it has been constantly learning and developing the processes of Ethical Manpower Provision (EMP). The major challenge has been to transpose EMP into new industries and new countries. FSI has successfully achieved the establishment of EMP infrastructure in Kenya, India and Nepal. The training of staff has been an extremely important factor in achieving EMP and the most important element of the training and ongoing management of FSI staff is the focus on *'why we must never take money from our personnel'* even in an environment where everyone else is taking money. In order to ensure ethical manpower provision, FSI learnt that education and training is not enough and that it is equally important to recruit people extremely carefully to ensure they are prone to being ethical.

Secondly, FSI believes that employees must be well remunerated to demonstrate that their ethical approach is being rewarded by the company. Otherwise they may be tempted to default to the same business practices as other manpower companies. FSI monitors compliance with the tenets of EMP through detailed oversight of all activities by directors and senior management but is also looking at specialist third party organisations to conduct additional audits.

Concerning work with partners, the main challenge encountered, is to get the private sector (particularly in the Middle East) to acknowledge that bonded labour exists on such a large scale, and that it has extremely negative impact both on productivity and good business practice. Corruption is a major obstacle on addressing this problem. Many people are profiting from exploitative labour - unethical recruitment companies, some government officials, and in some cases the human resources staff of the companies employing the personnel. Furthermore, the cultural perception among the business leaders is a significant problem; some of them share the belief that nationals of poorer countries are to be exploited.

FSI is constantly evolving and reviewing its strategy for expanding the reach of the Ethical Manpower Provision. FSI is keen to share its experience and ideas with international organizations and with governments, in order to create a more effective framework for regulating the recruitment. However, it

is of paramount importance, to engage with the client companies and to explain the benefits of ethical recruitment and the perils of bonded labour.

Governments of both the 'source' countries (i.e. where the personnel are recruited) and the 'destination' countries (i.e. the job location) have an obligation to ensure that effective regulation and policies are in place, and are actually enforced, in order to protect migrant workers from human rights abuse and weed out bad practice and prosecute criminal acts. Unfortunately, even in countries where regulatory frameworks exist, it is still a struggle to prevent exploitation.²⁹ This is because, people are desperate to find employment overseas and believe the only way that will happen is if they pay the fees, or agree to be bonded. In some cases, the regulation even serves to exacerbate and perpetuate exploitation. Companies are able to operate with impunity under a veneer of legitimacy if they comply with some of the superficial regulatory requirements.

FSI believes that real change will be most significantly achieved through the private sector taking a stand against bonded labour and human trafficking. The key lesson that FSI has learnt is that businesses would like to help eradicate human trafficking, but will only do so if it makes commercial sense. Persuading them that it does make sense is the key challenge for FSI and the groups with whom they work. FSI would like to see companies genuinely auditing their labour supply chains. They must demand that their staff are recruited ethically and must be prepared to pay reasonable recruitment fees to ensure that this happens.

FSI is committed to encouraging more international companies to adopt ethical recruitment principles. As this momentum builds, more ethical manpower companies will come into the market, which will gradually marginalize and expose the criminals who make their fortunes from the misery of others.

²⁹ Weak law enforcement was consistently identified as major determinant of human trafficking. Forced Labor: Exploitation and Coercion in Private Economy (ILO, 2009)