

## POLICY BRIEF 9

# UNVEILING PROMISING PRACTICES AMONG PRIVATE RECRUITMENT AGENCIES: LOOKING FOR THE BUSINESS CASE FOR ETHICAL RECRUITMENT

### Executive Summary

This policy brief presents promising good practices stemming from case studies of recruitment agencies recruiting Filipino and Indian health professionals for foreign employment. Raising awareness of promising practices in various aspects of the international recruitment process are ways to curb illegal recruitment, excessive fee charging, unsafe deployment and other harmful situations affecting migrant workers, including skilled health professionals. Widespread dissemination and promotion of good practices are initial steps to reach strategic stakeholders in the recruitment industry. Ethical recruitment is a shared responsibility between many stakeholders, including recruitment agencies, employer organizations and governments, as well as migrant workers. All need to assume their active role of partners in securing ethical recruitment, which will benefit the migrant, the employer and the source and destination countries either through information seeking, policy development or compliance with regulations.

### Introduction

Private recruitment agencies in the Philippines have contributed to the migration of Filipino skilled and unskilled workers by serving as channels between them and interested employers abroad. As labour migration intensified in the 1990s, the Philippines enacted the Migrant Workers and Overseas Filipinos Act of 1995 (RA 8042), amended in 2009 (RA 10022), to protect migrants' rights and to manage many aspects of international migration. The Philippine Overseas Employment Administration (POEA) implements the various relevant legislations, including the regulation of private recruitment agencies.

Despite government regulations, private recruitment agencies are cited to be sources of problems experienced by migrant workers at their workplaces in destination countries. However, not much is known about the private recruitment agencies' point of view with regard to migrant workers, employers and governments and their efforts to observe standards and regulations. Recruitment agencies face several challenges: structural problems in the market where there is a dilemma among employers concerning nationalizing workforces versus making the most cost-

effective hiring decision; increasing heterogeneity of hiring practices and migrant employment situations; competition from unscrupulous recruitment agencies; high rate of youth unemployment versus the lack of supply of more experienced and competent workers; increasing number and layers of recruitment agencies versus the static state of their services; the tightening of regulatory regimes vis-à-vis the rise of different employment engagements (i.e. seasonal employment instead of permanent re-settlement).

**Promising and feasible business practices on ethical recruitment undertaken by private recruitment agencies are un-documented, hardly known, or poorly disseminated. There is little information available on the drivers of ethical recruitment. Documenting these and disseminating them to the industry may pave the way to more recruitment agencies shifting their business model toward ethical recruitment.**

The study on private recruitment agencies (Calenda 2014), "Development of Case Studies on Recruitment Agency Promising Practices in the United Kingdom, India and Philippines" commissioned by the International Labour Organization through the European Union-funded project Decent Work Across Borders project



illustrates promising practices stemming from case studies of recruitment agencies in the United Kingdom, India and the Philippines. This policy brief highlights some promising practices by Philippine-based private recruitment agencies.

## Approach and Results

The report is based on four Philippine-based recruitment agencies. The study concentrated on agencies recruiting Filipino health professionals, mainly nurses, physiotherapists and occupational therapists, dentists, midwives, medical doctors, and pharmacists.

Recruitment agencies were identified on the basis of initial criteria set by the ILO-DWAB:

1. The agency is directly or indirectly a member of the International Confederation of Employment Agencies (CIETT)
2. The agency does not charge fees to migrant workers for the recruitment process or does not go above the legally allowed allowance
3. The agency recruits at minimum skilled and/or health professionals
4. There are no legal cases held against the agency
5. The agency is registered as a legal entity

Possible promising practices were investigated in the following areas constitutive of the business process of recruitment agencies as developed by the ILO-DWAB: (1) selection of the destination countries, (2) working with local authorities, (3) screening, (4) placement, (5) reporting and dispute resolution, (6) quality systems and performance review, (7) preparation for return, (8) use of IT as methodology to ensure safe and effective migration and (9) internal systems audit.

The policy brief draws from this study to emphasize the promising practices from the selected cases. Disseminating the information widely among recruitment agencies and employer companies would offer prospects for adoption and application of the practices.

## Philippine Private Recruitment Agencies

In the Philippine context, a private recruitment/employment agency is considered to be “any person, partnership or corporation duly licensed by the Secretary of labor and Employment to engage in the

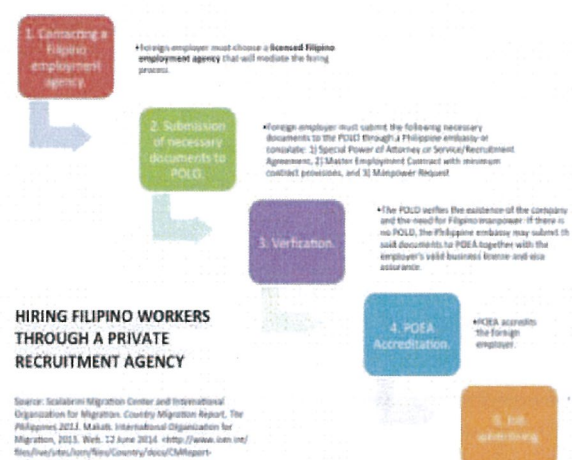
recruitment and placement of workers for overseas employment for a fee which is charged, directly or indirectly, from the workers or employers or both” (IRR RA 10022). The provision lays down the joint liability of the employer and the recruitment agency for claims arising from implementing the employment contract involving Filipinos deployed for overseas employment. POEA's license is valid for four years and requires renewal upon expiration.

As of 2014, there were 854 licensed land-based recruitment agencies, excluding manning agencies for seafarers' recruitment. POEA is the government agency responsible for the regulation of the recruitment agencies, as well as, provision of employment facilitation, workers protection and general administration and support services to migrant workers.

## Recruitment Process and Issues

Recruitment agencies mainly operate through five stages in the hiring process (Box 1). The foreign employer searches for the employment agency through the POEA or the Philippine embassy. When the recruitment agency is identified, the employer submits documents to the Philippine Overseas Labor Office (POLO) at the Philippine Embassy/Consulate. The verification process from the POLO to the POEA proceeds, including the accreditation of the recruitment agency and the employer. The recruitment agencies advertises and conducts the hiring services on behalf of the employer, and charges the foreign employers with processing fees per worker. However, charges to applicants for placement fees should not exceed one

**Box 1. The Process of hiring Filipino migrant workers through private recruitment agency**



Source: Calenda, 2014

month's salary as per the Philippines' regulations. The ILO Private Employment Agency Convention, 1997 (No 181) promote the no fee charging to migrant workers.

Some of the major issues raised against unprofessional private recruitment agencies include:

- Illegal recruitment problems and placement in poor and unsafe working conditions. For example, the Sentosa case in 2006 involved 27 nurses and physical therapists that won their case against recruiters for contract substitution. The case also raised issues on human trafficking.
- Exorbitant placement fees and debt bondage. Unfair practices include: charging of placement fees, deductions from wages, debts to employers and recruiters; withholding of passports and signing for hire purchase agreements.
- De-skilling. Due to high demand and better opportunities for work in foreign countries for health professionals, Filipino migrant workers accept jobs that are not in line with their education.

### *Promising practices in private recruitment agencies*

Four private recruitment agencies in the Philippines shared their practices in the international recruitment of Filipino health professionals.

- EDI Staffbuilders International
- LBS Recruitment Solutions
- ASC Global Recruitment
- Manpower Resources Asia, Incorporated

Some promising behaviors can be extracted from the case studies of the four recruitment agencies.

- One important starting point is the agency's leadership's commitment to ethical recruitment. The four agencies articulate ethical recruitment in their corporate values. Their operational systems and procedures are geared at deploying migrant health professionals with high qualifications and through quality recruitment processes.
- The four agencies carefully select top employers to be their business partners. There is mutual preference for high quality applicants and recruitment services. Agencies seek to partner, for example, with employers included in the Fortune's

top 500 companies, multinational corporations that have embedded in their business operations contingency plans for migrant workers in case of crisis situations, and governmental employers or public companies listed in the stock markets. Partnership with ethical employers is essential to ethical recruitment.

- The agencies tend to favor long term relationships with the employers they partner with and invest in developing this relationship. They usually do not advertise their services and are approached through word of mouth. This means that their net profits come from reliable and sustained relationship with clients and workers, and assurance of quality workers. They tend to have total quality control systems. Some agencies emphasized the importance of supply chain governance as a critical factor in the development of ethical practice, especially in relation to transparency and consistency in the recruitment process.
- Significant promising practices come from agency members of professional associations which share their values such as the Association of Professionalism in Overseas Employment (ASPOE), which advocates the non-imposition of placement fees to migrant workers by private recruitment agencies.
- As a mean to increased efficiency, and ethical recruitment and employment the surveyed agencies make a creative use of information technology. They actively update the technology they use. They maintain data bases that enable them to communicate immediately with migrant workers and provide necessary information to clients. Some use social media networks and video conferencing. The use of these IT also cuts the costs of doing business.
- Human resources development and organization development are considered vital to undertaking ethical recruitment. The four agencies hire qualified staff and provide them with training. Experienced consultants, some of whom were former migrant workers, are employed to provide guidance and to handle the recruitment processes, such as applicants' screening, interviews, tests, on-site monitoring and contracts review. Some agencies hire experts in the same field they are recruiting migrants for.



- The four agencies pay careful attention matching the applicants' qualifications with the employers' specifications for hiring. As the employer is the one paying for the recruitment process, it is critical for these agencies to provide the best candidate possible, not one that can pay. The knowledge and skills levels of the candidate is critical. Some agencies test the emotional quotient of candidates (EQ), some provide language training paid by the employers, and some conduct pre-departure training seminars at their costs.
- Two of the surveyed agency provides reintegration services which are built into the migration cycle, helping migrants to identify job opportunities and engage in entrepreneurship upon return to the Philippines

## Conclusions

The four recruitment agencies demonstrate promising practices in doing business. They maintained quality systems for screening, placement, monitoring and performance review. Information technology is used for active communication with the employer and the migrant health professionals, including their families. Two recruitment agencies mentioned their return-and-reintegration assistance. Further, two are advocates of non-imposition of placement fees. Continuous human resources and organizational development enable the

recruitment agencies to render quality services to their partner employer.

## Implications and Recommendations

This policy brief calls on the Philippine Overseas Employment Administration (POEA) as the regulator of recruitment agencies. The understanding of the drivers for ethical recruitment practices is important to inform policy making for the promotion of ethical recruitment. The practices of the four recruitment companies need to be expanded and disseminated among the industry, recognized and promoted for other recruitment agencies so to widen pool of recruitment agencies operating under an ethical recruitment framework.

The mutual, voluntary and widespread collaboration of stakeholders in both sending and receiving countries is important for effective ethical recruitment of health professionals. This should involve partnering private recruitment agencies with employer organizations and respective governments.

## Main Reference:

Calenda, Davide. 2014. *Development of Case Studies on Recruitment Agency Promising Practices in the UK, India and Philippines*. International Labour Organization – Decent Work Across Borders. Manila. Forthcoming.

### About the Decent Work Across Borders project

In 2011, the European Union awarded the International Labour Organization (ILO) funds to implement a three-year project on the issue of circular migration. The ILO Decent Work Across Borders project: A Pilot project for Migrant Health Professionals and Skilled Workers sought to better understand schemes in line with circular migration of health professionals. Through this project, the ILO sought to facilitate an approach to migration that benefits the migrant workers, the source and destination countries within a rights-based framework for labour migration governance. The project focused its activities on three Asian countries concerned with the outflows of health professionals and skilled workers for foreign employment, namely the Philippines, India and to a lesser degree, Viet Nam.

[http://www.ilo.org/manila/info/public/pr/WCMS\\_173607/lang--en/index.htm](http://www.ilo.org/manila/info/public/pr/WCMS_173607/lang--en/index.htm)

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