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# Promoting the Business Case for Ethical Recruitment

Consultation with Recruitment Agencies in India

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29 May, 2018

New Delhi, India



This project is funded by  
the European Union

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Meeting Report

**India-EU Cooperation and Dialogue on Migration and Mobility**

Implemented by:

International Labour Organization (ILO)

International Centre for Migration Policy Development (ICMPD)

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## 1. Executive Summary

The International Labour Organization (ILO) and International Centre for Migration Policy Development (ICMPD) are implementation partners on the European Union funded EU-India Cooperation Dialogue on Migration and Mobility project. The objective of the project is to provide technical support to the EU and the Indian government on the implementation of a recently signed policy framework -the, Common Agenda on Migration and Mobility (CAMM). As part of the project's effort to enhance institutional capacity on the governance of labour migration, the ILO organised a full-day interaction with recruitment agencies (RAs) on the 29 May, 2018 in New Delhi, India, to better understand the challenges faced by the RAs as well as share with them good practices of recruitment.

Convention 181 of the ILO identifies private recruitment agencies as important stakeholders in the migration process. By identifying the significant role they play in bridging the asymmetry of information in dynamic labour markets, the ILO has been actively engaging with them. With the aim of improving migration governance, over the past couple of years, the ILO along with recruitment agencies have been able to identify the challenges that they face and have enabled them to present their voice and opinions in a credible manner to employers and governments. While this has been done in the India- Gulf Cooperation Council (GCC) corridor and is therefore not a de novo effort, the current meeting almost exclusively looked at challenges in the India-EU corridor. As this has not been done before, this meeting served as a good first beginning for future interactions.

In the **inaugural session**, resource persons from the EU, the ILO, and prominent recruitment agencies and federations of recruitment agencies associations presented various aspects of ethical recruitment and made a strong case for the professionalization of and adherence to ethical recruitment practices.

**In Session I**, information on EU labour markets and opportunities for the highly-skilled was presented. The regulatory and legal requirements were also explained. In the second part of the session, an overview of global skills shortages was provided along with India's advantages and what the Indian government is doing in order to improve skilled migration from India. This presentation also provided some preliminary insights into a Global Skills Gap study that is being undertaken on behalf of the National Skill Development Corporation (NSDC).

**In Session II**, impediments, policy hurdles and challenges faced by recruitment agencies in the India-EU corridor were discussed at length. These are important to consider not just for governments but also employers.

**In Session III**, innovations and best practices were shared by prominent recruitment agencies. Technology as a leveller for the future of work and hiring was a key learning.

In the last session, **'Way forward'**, each recruitment agency spoke of their learnings and their commitment to ethical recruitment. Every audience member agreed that ethical recruitment is not only important because there is a strong 'business case' but also because recruitment by its very nature must be ethical.

## 2. Inaugural session

### Overview from the ILO - Ms. Dagmar Walter, Director, Decent Work Team for South Asia and ILO Country Office for India

1. There exists a business case for migration between India and the EU:

While skill gaps and labour shortages are faced by the EU labour market, India offers a growing talent pool of highly-skilled workers. EUROSTAT 2017 data shows a significant demographic decline in EU MS with the working-age population expected to reduce by 10 per cent (1.9 million persons), by 2020.

2. The ILO identifies and acknowledges that Recruitment Agencies (RAs) play a critical role in successfully addressing the market needs:

They bridge the asymmetry of information and connect employers in the EU with willing and able professionals in India. In 1997, constituents of the ILO adopted the Private Employment Agencies Convention No. C181 as a step towards recognizing the constructive role that these agencies play in contributing to the ever-growing demand of dynamic labour markets.

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*The ILO views this engagement (past, current and future) with the RAs as critical as it helps to understand current challenges in recruitment, opportunities in the EU labour market and how best practices and innovations may be shared to contribute for a triple win.*

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3. Efforts towards encouraging ethical recruitment are also taking place regionally and globally:

In 2014, the ILO launched a multi-stakeholder 'Fair Recruitment' initiative with the objective of enhancing global knowledge and legislation on fair recruitment, promoting fair business practices and protecting workers. Subsequently, in 2016, the ILO General Principles and Guidelines on Fair Recruitment were adopted.

Recruitment is central to effective governance of labour migration. The Global Compact on Migration (GCM) which is currently being negotiated by the international community reflects this view. Recruitment also features prominently in the Sustainable Development Goals (SDGs) especially Target 10.7 (Facilitate safe, orderly and responsible migration through planned and well-managed migration policies) and Indicator 10.7.1 (Recruitment costs borne by employees as a proportion of yearly income earned at country of destination)

Additionally, a number of global forums and partnerships have convened to advance the agenda of fair and ethical recruitment practices including but not limited to the Global Forum on Migration and Development (GFMD), the World Employment Confederation (WEC), the Leadership Group for Responsible Recruitment and the Responsible Business Alliance (RBA).

4. Past work of the ILO with Recruitment Agencies:

Since 2015, a series of consultative processes have been facilitated by the ILO with Recruitment Agencies, initially with a focus on Gulf countries. These processes successfully culminated in the formation of two federations [notably Federation of Indian Manpower Promotion Councils and Associates (FIMCA) and Federation of Overseas Recruitment Association of India (FORAI)]. These bodies have been incorporated as members of the Federation of Indian Chambers of Commerce and Industry (FICCI) that led negotiations with the Government of India.

### Overview of the EU's perspective on migration and the EU-India Common Agenda for Migration and Mobility (CAMM) - Mr. Wojciech Dziworski, Counsellor, Trade and Economic Affairs, Delegation of the European Union

1. The EU is actively engaged in the *United Nations* debates on migration and refugees, in view of the preparation of :
  - a) The *Global Compact for safe, orderly and regular migration*.
  - b) The *Global Compact for refugees*.

#### 2. Commitment to the SDGs:

The EU is also committed to the implementation of the Sustainable Development Goals (SDGs), including the target on protecting labour rights and promoting a safe and secure working environment for all workers, including migrant workers, in particular women migrants and those in precarious employment.

3. EU Global Approach to Migration and Mobility which has four priority areas including
  - a) Better organising legal migration
  - b) Preventing and combatting irregular migration and addressing trafficking of human beings
  - c) International protection
  - d) Development impact of migration and mobility.

#### 4. Importance of the recruitment process:

Recruitment affects migrant workers from their departure in their country of origin, to their arrival and employment in the country of destination and where relevant also includes their potential return. Despite increasing international commitments on decent recruitment and employment practices many challenges still remain.

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*In this context, the main objectives of the proposed action of the EU is to support partner countries to harmonise regulations governing recruitment agencies at origin and destination and enhance the capacities of employers, trade unions, civil society organisations and the media to provide more reliable information and services to migrant workers going through the recruitment process.*

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#### 5. Challenges

- Combining the responsibility of both origin and destination countries to ensure a fair recruitment process, by harmonising their legislation in conformity with existing international standards.
- Labour migration has become a business involving substantial amounts of money, often paid by the most vulnerable and unprotected categories of low-skilled migrant workers from developing countries. If these costs could be reduced, more money would be left in the hands of the migrants and their families, and their communities' benefit.

## *Professionalization of recruitment services - Mr Iyer, Partner, Executive Recruiters Association (ERA)*

About the ERA:

The ERA is a twelve-year-old organization. Established as a Section 8 company, it is an association of recruiters who work in the white-collar recruitment space in India and overseas that include markets in Canada, the Middle East, US, and certain parts of Africa. The members of the ERA have been in the recruitment space for at least 20-25 years and therefore understand the functioning of the markets in India pre-and post-technology. The ERA has a designed a 'Code of Ethics' for its members to make firms more professional. To a large extent, these practices have cascaded down to member firms in terms of 'dos and don'ts'.

The key needs of the labour market as follows:

1. Linguistics
2. Skills and qualifications
3. Understanding of saturation of labour markets
4. Training in anticipation of labour shortages
5. Understanding skill maps
6. Location targeting in terms of which geographies to enter and potential opportunities in those geographies and pitching businesses in those geographies
7. Apprenticeship models and mentor programmes and their cascading
8. Exposure to laws and ensuring that companies are able to reach RAs in India directly instead of through fly by night operators.
9. Ensuring that there is knowledge and protection of workers through measures such as medical insurance, pension plans, social security.

Challenges faced:

- One of the major challenges that existed was that there was **no awareness among the talent pool of their rights and entitlements**, about the costs of recruitment and who should bear them, income tax returns and how they should be filed, cultural acclimatization etc.
- Some of the key issues that emerged in markets in Canada and the UK are the **boundary restrictions around local skills certifications leading to undervaluing of current certifications held**. Due to the circumstances in India in terms of accreditation of universities, the individual would have to undergo another set of training and certifications in their country of destination. However, the NSDC has served to align a lot of existing qualifications with the National Skills Qualifications Framework (NSQF). This would be beneficial as these now need to be aligned to the EU standards as well as those of other important destination countries.
- **There is the need for a model that will help determine what kind of skills in India match the skill requirements in countries of destination**. Without such a model, the issue of mutual recognition of skills may not be adequately addressed by the countries of origin and destination. Taking the example of the automotive sector (India- Brazil) where the job analysis (compensation benchmarking, evaluation of roles) revealed that the skills valued in India were not as valued in Brazil. Therefore while it does not impact labour markets immediately, these trends and issues need to be understood and measures should be taken in advance before they become big issues.
- **Costs of recruitment- whose responsibility is it?:** The ERA issues a disclaimer to all its members that no fees are to be charged to candidates. This has been institutionalized.

However, there are still certain companies in different sectors around the world that may still encourage these practices. However, this brings up the challenges around the responsibility of who bears the costs of movement, the legal, administrative and regulatory costs.

- **Demand and supply mismatches:** Concerns are regularly expressed by companies struggling with demand and supply mismatches and India stands out on a global stage for its potential supply of skilled labour.

The three important takeaways for the talent pool according are therefore :

1. Skills
2. Technological awareness
3. Linguistic ability

These are the bare minimum; the complexity of job roles is built after attaining these fundamentals.

Way forward:

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**There is great hope in technology** as it serves as a great leveler especially in situations when technology platforms serve aggregators affording the ability to choose that's best for the labour markets.

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**Creating a model of building talent in terms of a linguistic talent pool** e.g. with a focus on German speaking Indians in technology. The EU may be able to offer resources in order to ensure the presence of these 'multi-skilled' individuals and their adaptation to the markets.

**Why recruitment should always be ethical - Ms. Rituparna Chakraborty, Co-Founder Executive Vice- President TeamLease and President, Indian Staffing Federation Team Lease**

**1. Need for professionalization:** 16 years ago when TeamLease was founded, a large chunk of recruitment and staffing was unorganized. There was no entry barrier in the staffing space and therefore there was a lack of professionalization. However, this also existed post liberalization (1991). This presented an opportunity as liberalization signaled the entry and presence of a lot of Multinational Companies (MNCs) without access to effective recruitment practices that they were used in the countries in which they operated. It was the lack of these nationally managed practices/ organizations that served in many ways as the genesis of TeamLease. Thus, TeamLease, a staffing company also entered the recruitment space. As a result of these efforts, the company has been able to find jobs for 1.6 million youth and are the largest staffing company in India.

**2. Deferred Gratification and Scale of Business:** As opposed to the view of some recruiters who perceive the recruitment market to be inherently unethical, the vision of TeamLease has been 'Putting India to work' and specially referring to work of dignity; formal work. TeamLease is also the first business service company that got listed in 2016. The underlying principle and ethos of TeamLease has been 'deferred gratification' which serves as an important lesson to recruiters who may aspire for instant success through unethical practices.



3. **Customer-centric organization:** The two important ‘customers’ of TeamLease are the candidates looking for jobs and the employers where they are deployed. In the TeamLease pyramid, the candidate is on top. The needs and interests of the candidates need to be met first without which the needs of the employers would also not be met.

4. **Good practices at TeamLease:** The current recruitment space has a lot of non-compliance- 94 per cent is in informal sector (which means they do not have access to basic protections under the law).

One of the driving forces of TeamLease, therefore, has been compliance and that each person hired will have access to all statutory dues throughout the tenure of their employment along with absolute transparency. The offer letter for candidates include basic pay plus allowances including clarity of what the organization pays in terms of social security and what is paid by the candidate. The letter also consists of the start date plus end date as well as complete job role clarity. If these do not exist, there will be no clarity.

5. **No fees/charges under any pretext from workers:** This is sacrosanct especially at the entry gate. In order to achieve this, sensitization workshops are carried out. RAs are sensitized that there is a zero-tolerance policy towards charging fees. They are made to understand their responsibility towards candidates and employers. No form of precarious work is tolerated. When there is mobility of work from one state to another, living conditions are negotiated e.g. electricians in the south from Uttar Pradesh. There is also respect to confidentiality.

#### **Experience from the Indian Staffing Federation:**

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*110 organizations are members of the Indian Staffing Federation (ISF) and a recently concluded survey on ethical practices conferred that*

*71 per cent members believed that these practices lead to positive morale and higher efficiency among staff that they deploy*

*57 per cent believed that they have contributed to improving the employer organizations’ performance*

*42 per cent said productivity has improved*

*Nearly 57 per cent said that it has helped them build stronger relationships with customers, built trust and help find repeat customers*

***This is the business case for ethical recruitment***

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The success of TeamLease has led to other recruitment agencies aspiring scale. They have therefore understood the importance of following best practices and have begun to improve investor relations. The attrition of head counts has dramatically reduced and now attention is also being paid to word of mouth hiring which also brings down hiring costs.

### 3. Session I: Opportunities in the EU labour market and challenges faced in recruitment

ILO Convention C181 is the primary instrument of ILO that defines its relationship with private recruitment agencies.

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*One of the more contentious issues in C181 which has led many countries to not ratify it is the provision for not charging any recruitment fees to the migrant worker.*

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**Fair recruitment principles and guidelines introduced by the ILO in 2016** covers various practices and principles governing migration in all its dimensions from the low skilled to high skilled, internal as well as international migration.

Two important principles that are very important from these guidelines are:

1. **Principle I:** “Recruitment should take place in a way that respects, protects and fulfils internationally recognized human rights, including those expressed in international labour standards, and in particular the right to freedom of association and collective bargaining, and prevention and elimination of forced labour, child labour and discrimination in respect of employment and occupation.” [In the EU, this is in the context of social security and related entitlements]
2. **Principle II:** “Recruitment should respond to established labour market needs, and not serve as a means to displace or diminish an existing workforce, to lower labour standards, wages, or working conditions, or to otherwise undermine decent work.” [Recruitment should respond to labour market needs. Better information sharing is required to ensure that it does not lead to exploitation]

In the past few years, attitudes have shifted on the issue in countries of origin and destination, adjusting their laws and policies.

**Examples of changes in laws and policies:** In the Philippines, the law prevents domestic workers from being charged and in Thailand, domestic workers are not being charged fees by recruitment agencies. In the Middle East, countries have introduced progressive legislation in this regard. Qatar announced very recently that recruitment fees charged to migrant workers will be reimbursed.

**Employers’ commitment to ethical recruitment:** Private sector’s commitment through coalitions such as the Leadership group for Responsible Recruitment and the Responsible Business Alliance (RBA) have done tremendous amount of work in this regard. Companies like Apple ensure that workers in their supply chains do not pay recruitment fees.

## **The opportunities for the movement of skilled workers in the India- EU corridor.**

*Enhancing the legal pathways to Europe*

### **1. Involving the private sector & social partners:**

In order to identify labour market needs in the EU, it is essential that private sector stakeholders are involved.

### **2. Pilot projects with partner countries:**

The Commission is ready to help finance and coordinate pilot projects in 2018 for legal migration with selected partner countries which have shown political engagement to work in partnership with the EU on migration.

### **3. Cracking down on illegal employment of migrants**

In line with the Employers Sanction Directive, all Member States prohibit the employment of irregular migrants and impose financial, administrative or criminal sanctions on those employers who break these rules. But in order to significantly reduce the pull factor of illegal work, Member States need to fully implement EU law and, in particular, increase the number of labour inspections to high-risk economic sectors. The Commission will report annually on the implementation of the directive and launch infringement procedures where necessary.

Key areas of EU action

#### **1. Fair recruitment.**

To help prevent human trafficking and smuggling, the EU strongly supports the ILO's initiative on fair recruitment.

#### **2. Skills are key for integration.**

This is why, under the *EU Skills Agenda*, we are making it easier for employers to recognize skills of migrants and refugees.

We designed the *EU Skills Profile Tool* to map people's skills, experience and qualifications and their needs, so the right choices towards their labour market integration can be made.

The *European Training Foundation* is very active as well in EU neighbouring countries and supports, for example, our host country on recognition and validation of qualifications and skills for refugees.

#### **3. Need to address informality.**

Informality creates unfair competition between companies and workers and undermines opportunities for refugees to become more self-reliant. It also often leads to child labour, forced labour and other forms of exploitation.

4. **Working more closely together with social partners** to promote the integration of refugees and migrants into the labour market. The Commission launched the initiative "*Employers together for integration*". Interested companies can join, submitting their ongoing and future actions in the field of integration.

The updates proposed today aim at modernising and streamlining the common EU visa rules, facilitating the process for issuing visas both for legitimate travellers and Member States, while strengthening the security standards of the visa procedure:

- **Faster and more flexible procedures:** The decision-making time for visa applications will be reduced from 15 to 10 days. It will be possible for travellers to submit their applications up to 6 months in advance of their planned trip, instead of the current 3 months, and to fill in and sign their applications electronically.
- **Multiple entry visas with longer validity:** Harmonised rules will apply to multiple entry visas to better prevent "visa shopping" and to reduce costs and save time for Member States and frequent travellers. Such multiple entry visas will be issued to trusted regular travellers with a positive visa history for a gradually increasing period from 1 up to 5 years. Travellers' fulfilment of entry conditions will be thoroughly and repeatedly verified.
- **Short-term visas at external borders:** To facilitate short-term tourism, Member States will be allowed to issue single-entry visas directly at external land and sea borders under temporary, seasonal schemes subject to strict conditions. Such visas will be valid for a stay of a maximum of 7 days in the issuing Member State only.
- **Additional resources to reinforce security:** In view of significantly increased processing costs over the past years, a moderate increase of the visa fee (from €60 to €80)– which has not increased since 2006 – will be introduced. This moderate increase is meant to allow Member States to maintain adequate levels of consular staff worldwide to ensure stronger security screenings, as well as the upgrading of IT equipment and software, without representing an obstacle for the visa applicants.

The main instrument is the EU-level Blue Card, but also legislation that harmonises the transfers of workers among branches of the same company and the rules applying to students, researchers, trainees and volunteers.

The **Blue Card**, launched in 2009, gives highly-qualified workers from outside the EU the right to live and work in 25 of the 28 EU countries, provided they have higher professional qualifications, such as a university degree, and an employment contract or a binding job offer with a high salary compared to the average in the EU country where the job is.

Indian citizens are by far the highest-ranking nationality to benefit from the Blue Card scheme. For example, in 2015, Indian citizens accounted for 20% of the total number issued (3250 of 17000), whereas in 2016 it rose even further to 27%.

The EU is currently revising the **Blue Card**. This new proposal, published in 2016, aims to reform the EU Blue Card into a more harmonised, inclusive and flexible system to be used effectively by all Member States. It will be easier and faster for Indian workers to qualify and obtain an EU Blue Card.

The EU Blue Card scheme, adopted in 2009, has proven insufficient and unattractive so far and is therefore underused. Restrictive admission conditions and the existence of parallel rules, conditions and procedures at national level have limited the use of the EU scheme. Only 31% of highly-educated migrants to OECD countries chose the EU as a destination, meaning skilled workers are choosing other destinations which compete economically with the EU.

Today's proposal revamps the existing rules and aims to improve the EU's ability to attract and retain highly-skilled third-country nationals, since demographic patterns suggest that even with the more skilled EU workforce the New Skills Agenda aims to develop, there will still be a need to attract additional talent in the future.

- The new proposal establishes a single EU-wide scheme, replacing parallel national schemes for the purpose of highly-skilled employment to provide more clarity for applicants and employers and make the scheme more visible and competitive.
- It enhances intra-EU mobility by facilitating the procedures and also allowing for shorter business trips of up to 90 days within the Member States who apply the Blue Card.
- It lowers the salary threshold by creating a flexible range within which Member States can adjust the threshold to their labour markets contexts, and foresees more appropriate conditions for recent third-country national graduates and workers in areas with a labour shortage.
- Under the new Blue Card scheme, highly-skilled beneficiaries of international protection will be able to apply for a Blue Card.
- The proposal strengthens the rights of both the Blue Card holders (allowing for quicker access to long-term residence status, immediate and more flexible labour market access) and their family members (ensuring they can join the EU Blue Card holder simultaneously), which should make the EU a more attractive destination for the highly-skilled employees which our economy needs.

The new proposal is currently being considered by the European Parliament, but if the proposal would be adopted as proposed, it would include more inclusive and flexible admission conditions, including lowering the salary threshold for recent graduates and workers in areas with labour shortages, facilitating procedures to family members and re-enforcing the possibilities for mobility to other Member States. EU Blue Card holders will also be offered a specific fast-track to EU long-term residency status.

Applicants for an EU Blue Card must present:

- A valid work contract or binding job offer of at least 1 year, providing a salary at least 1.5 times the average gross annual salary in the EU country concerned
- Documentary proof that they hold the necessary qualifications
- A valid travel document and, if required, a visa
- Proof of health insurance.

The new Blue Card Scheme would bring an estimated positive annual economic impact of between €1.4 billion to €6.2 billion from additional highly-skilled workers coming to the EU to take up jobs. Member States would remain responsible for deciding on the numbers of third country nationals admitted on their territory to seek work, in line with the Treaty. They can also carry out a labour market test if the labour market undergoes serious disturbances, such as a high level of unemployment in a given occupation or sector, including in part of their territory.

The United Kingdom, Ireland and Denmark are not taking part in the adoption of this Directive and are not bound by or subject to its application.

Other important categories of workers:

1. **Intra-corporate transferees (ICTs)** was adopted in May 2014 and came into force in 2016 . The Directive will make it easier and quicker for multinational companies to temporarily assign highly-skilled employees to subsidiaries situated in the EU.

2. **Seasonal Workers:** Another instrument is the EU Directive on the conditions of entry and stay of **seasonal workers**, also adopted in 2014 and came into force in September 2016. The Directive provides that Member States must facilitate the re-entry of seasonal workers wishing to work again in the same Member State after a first stay, for example, by exempting the seasonal workers from providing some documents, issuing several permits at once, or by providing them with an accelerated procedure or priority in examination, notably as regards volumes of admission.

According to estimates, well over 100 000 non-EU seasonal workers come to the EU each year (this includes irregular migrants). EU economies face a structural need for seasonal work for which labour from within the EU is expected to become increasingly difficult to find. Furthermore, there is significant evidence that certain non-EU seasonal workers face exploitation and sub-standard working conditions which may threaten their health and safety. And finally, sectors of the economy that are characterised by a strong presence of seasonal workers - most notably agriculture, horticulture and tourism - are repeatedly identified as the sectors most likely to have non-EU nationals staying and working irregularly in the EU.

3. **Students and Researchers:** In May, 2016, the EU adopted a new Directive on **students and researchers**. The Directive clarifies the conditions of admission and procedures for students and researchers, as well as trainees and volunteers under the European Voluntary Scheme (EVS) to get an authorisation to come to the EU. It also facilitates mobility across Member States for students and researchers and allows them to remain in the EU after the completion of their studies/research to look for a job. The Directive includes rules that Member States are free to apply for school pupils, volunteers outside the EVS and au-pairs. The Directive should be implemented by Member States by May 2018.

The Directive also allows students and researchers to stay for nine months after the completion of their studies/research in the Member State where they were residing to look for a job or set up a business, under certain conditions.

4. **The Single Permit:** A single permit and procedure for work and residence permits and equal treatment for third country workers:

In December 2011, the so-called Single Permit Directive was adopted. It creates a set of rights for non-EU workers legally residing in an EU Member State, notably the right to equal treatment with nationals in the country they reside and work. The Directive applies to most non-EU nationals with authorisation to reside and work in the EU, independently of their initial reason for admission, unless they are explicitly excluded from the scope of the Directive. Its scope includes both non-EU nationals seeking to be admitted to an EU State in order to stay and work there and those who are already resident and have access to the labour market or are already working there

More broadly, the European Commission is currently working on **an evaluation (called a Fitness Check)** to assess the existing EU legislation on legal migration. The aim is of the

evaluation is to look at relevance, coherence, effectiveness, efficiency, EU value added and identify possible gaps and inconsistencies. One of the tasks of the evaluation study includes the assessment of the practical implementation of the legal migration directives by the EU Member States. This will also help to inform the implementation of the CAMM.

### Migration trends and opportunities -‘Global Skills Landscape’ - Mr Aashish Batra, Senior Consultant, Government Advisory – Ernst & Young

The presentation outlined the shortages faced globally and the advantage that India has with its young talent pool. The various steps that are being taken by the Government of India for the promotion of skilling for international markets were shared alongwith some preliminary results from the Global Skills study that has been commissioned by the National Skills Development Corporation.

While many developed countries continue to face skills shortages due to ageing, there are countries with an excess supply of skills. Skills gaps in these countries are of concern as they constrain companies’ ability to grow and innovate. Organizations face difficulties while on-boarding human resources globally due to skill gaps. By 2022 countries like USA, UK and China will fall short of skilled labour by 17 million, 2 million and 10 million respectively while India will have a surplus of almost 47 million in the age group of 19-59 years. This clearly gives India an edge in terms of the skills it may be able to supply to the world. Important facts about the Indian demographic dividend are as follows:

- Around 62% of Indian youth belongs to the working age group (15-59 years) and more than 54% of the total population are below the age of 25 years.
- It is predicted that the average age of the population by 2020 will be 29 years, compared to 46 years in Europe.
- At present only 4.7% of Indians have undergone formal training, which shows the scope of growth is immense compared to nations like USA (52%), UK (68%), Germany (75%) and Japan (80%). This gives developed countries the advantage to create a market for a workforce with a prerequisite skill set.
- India has been working with many developed countries to benchmark skill standards that would enable ease of recognition of skills between the countries.
- More than 1913 job roles already identified & mapped to National Skills Qualification framework and many of them are matched to transnational standards making it easy to create a workforce for all kinds to sectors and jobs.

Some of the initiatives undertaken by the Government of India for addressing these global skills shortages, are:

1. **India International Skill Centre (IISC):** The objective of the IISCs are to provide skill trainings and certification benchmarked to International Standards to facilitate overseas mobility of Indian workforce for jobs.

2. **Pre-Departure Orientation Programmes (P-DOT):** The objective of this training is to prepare migrants for the journey to the country of work. It is an integral part of IISC. The training also outlines various welfare schemes of the govt., helplines, role of Indian Missions/Posts in addressing grievances of workers, regulations on women migrant workers, and the importance of remittances and savings.



**3. The Technical Intern Training Program (TITP):** This program was introduced in 1993 in Japan, to contribute to developing countries through the transfer of Japanese industrial and vocational skills, techniques and knowledge. The program accepts young workers from various countries to obtain Japanese industrial and vocational skills in Japan. India has recently signed an agreement with Japan to send 300,000 people over the next 10 years under this program.

**4. G2G engagements:** The Government of India has various understandings with countries of destination such as the UK, Sweden and the UAE in order to promote mobility.

The NSDC has recently commissioned a **‘Global Skill Gap’ study** on overseas opportunities for skilled manpower from India.

The objectives of this Global Skills Gap study include:

- Assessing the demand and supply of labour in various countries, and identify countries that have the capacity to absorb skilled manpower from India
- Identify sectors and job roles with higher potential in overseas markets
- Evaluate the attractiveness of each country from India’s perspective
- Provide recommendations from a policy / programme perspective
- Evaluate existing & potential migration clusters within India
- Suggest ways to strengthen mechanisms, such as the role of different institutions in training and overseas placements
- Strategies for IISC

15 countries have been identified for this study from different geographies across the world. However, major challenges encountered are with regard to data unavailability for the following:

- Unavailability of Past macro level Employment trends
- Future manpower requirements
- Unavailability of Job roles wise mandatory standards / certifications requirements
- Unavailability of niche Job Roles with highest manpower shortage in the coming five years

#### **4. Session II: Impediments, policy hurdles and challenges faced by recruitment and staffing agencies**

In this session, each participant was invited to share the challenges and hurdles they face in recruiting/staffing to the EU labour markets. The aim of this session was to know from the participants where the gaps are and how we may address them. Following is a summary of the challenges faced that were brought to our attention:

##### **1) Information and communication on policy and legislation**

- Unpredictability of processes:* Referring to the frequently changing rules and regulations in countries of destination; recruiters stated that unpredictability may cost them a significant amount of time, effort and resources. These policies are also influenced by prevailing anti-migration rhetoric which negatively impact migration processes.
- Consular issues (requirements for work visas, expiries and delays)* in countries of destination are a major challenge.



- iii) *Asymmetry of information and communication gaps* in terms of opportunities and rules and regulations to be followed.
- iv) *Information available from the EU* may not always be sufficient (labour markets, requirements).

## 2) Skills

- i) *The lack of standardization of skills* within source countries has an impact on the hiring and matching process in the EU. The urgent need is therefore mutual recognition of skills and qualifications between the source and destination countries.
- ii) *Linguistic requirements*: Quite a few participants noted the inability of prospective migrants to adhere to the linguistic standards required by employers in Europe, the testing of which is done in source countries. Moreover, the requirements for interviews and placements differ. For example, for the English language, an acceptable IELTS band score is 6.5 for interviews but not less than 7 for placements.
- iii) *Lack of skills or on the job employability* was highlighted as a major concern for inability to recruit for EU labour markets.
- iv) The details of all *expectations of prospective employees* especially in sectors such as healthcare should be shared by employers at the outset .
- v) *Lack of basic cultural understanding/ time lag in cultural acclimatization* may be challenging for both migrants and employers.

## 3) Working conditions

- i) *Salary discrimination*: Workers from source countries may not be paid the same salaries/wages for the same amount of work done as locals. This may be a result of experience and qualifications not being recognized equally but this causes some resentment among migrant workers who may choose to return discouraging similarly skilled to also seek opportunities in the concerned destination country.

## 4) Recruitment Practices

- i) *The lack of clarity in cost sharing* between employers and recruitment agencies for charges incurred by prospective migrants in the migration process may be significant (for example, costs of various qualifying tests).
- ii) *The 'zero fee policy' to prospective migrants* that many employers are now adopting may not be effectively/equally enforced.
- iii) *Prospective migrant dropouts*: Recruitment agencies make considerable investments of time, effort and resources in preparing prospective migrants for their job roles overseas. However, these prospective migrants may sometimes desert these RAs for other opportunities after this investment has been made. This leads to significant

challenges for RAs especially after promises of placements have been made to employers.

- iv) Some registered recruitment agencies may get away with charging prospective migrants huge sums of money with the promise of a job and this gives a *bad name to the entire recruitment industry*.
- v) Some recruitment agencies expressed concern that the Government has been recognizing/registering a large number of recruitment agencies. However, *more stringent background checks must be introduced* in order to make them compliant.

## 5. Session III: Innovations and good practices in recruitment

**Health-care recruitment - Ms Shallu Kakkar, Vice President- Recruitment and Operations at Walsons Healthcare**

The following practices (innovations and malpractices) that exist in the recruitment space:

### ***Innovations:***

1. Innovation in recruitment involves looking for the right skills in the right places.
2. Providing feedback to candidates who have been rejected would be immensely beneficial to the prospective employees.
3. Providing complete and accurate information to each migrant recruited and not hiding any information about the job (cultural requirements, employers' expectations)
4. Assisting prospective migrants in choosing the opportunity that works best for them.
5. Transparency in contracts is essential. Workers should sign contracts and understand their terms of employment before starting work, or leaving their location of origin.
6. Appropriate due diligence is performed on agents and third parties.
7. Sites should aim to employ all workers on permanent contracts.

### ***Malpractices:***

1. False promises and money charged to prospective migrants create illusions about the job market making it difficult for them to make the correct decision.
2. Not disclosing the full terms of employment and present all the information for all available opportunities prevents the migrant worker from making the best decisions.

Innovation is essential for encouraging ethical recruitment practices.

*The 'Three Pillar' approach to ethical recruitment includes:*

1. Enforce written contracts for workers in languages they understand;
2. Prohibit withholding of workers' passports and other personal documents; and
3. Require employers to pay recruitment fees, and to reimburse any recruitment fees workers paid to be placed on a job.

Prospective migrant workers cannot be blamed or charged under any pretext; it is the choice of recruitment agencies to follow ethical recruitment practices

*Government to Government agreements – Col Rahul Dutt, Director Overseas Employment, Ministry of External Affairs, Government of India*

The Government of India's perspective on ethical recruitment.

The Government of India makes it mandatory for all recruiting agencies to be empanelled and registered with the Government of India, pay taxes and fulfill all legal obligations. The ministry makes a service charge mandatory for all recruitment agencies. RAs cannot charge more than INR 30,000 to prospective migrants in the recruitment process.

The ethical value system should be ingrained in the recruitment agencies in order to avoid tarnishing of their image or revoking of their licenses.

*Temporary staffing - Ms Rituparna Chakraborty, TeamLease*

TeamLease (TL) does not recruit for international markets. However, the world of work is faced with the following three challenges across the board:

1. Matching: Connecting demand to supply
2. Repair: Repairing supply for demand and
3. Prepare: Preparing the pipeline to meet the demand

- **Manufacturing of skills:** While TeamLease has helped recruit 1.6 million youth, it is only a small percentage (5 per cent) of the youth that apply for jobs showing a massive deficit of employable skills. In order to solve this problem, TeamLease set out to 'manufacture' these skills that were in demand amongst this cohort. TeamLease acquired the Indian institute of Job Training that had a nationwide presence of 300 centres. That's TeamLease's intervention in the '**Repair**'. They provide 'last mile training' to a large number of these youth. However, this did not serve to address the underlying cause of the problem which was that the underlying fundamentals of vocational education were missing. 90 per cent of jobs that exist require skills and zero knowledge whereas the traditional education system provides 90 per cent knowledge and zero skills.
- **Vocationalizing education** is essential: Blended learning, MOOCs, apprenticeships, leveraging mobile phone education are all ways of improving the skill set of these youths. **Teamlease has established the Teamlease University which is the first vocational university in India.** Some of these measures helped TeamLease to prepare a supply chain. Following the apprenticeship model is also a scalable way in order to create the kind of employable skills required and this is being used extensively by TeamLease.
- **Breaking up of recruitment into various stages:** TeamLease has also broken up the process of recruitment into various stages.

1. **Stage One:** In the selection process, TL pays attention to the channels that they leverage (at any point, there could be 25 diversified channels) including a wide variety of local bodies, government institutions, slums etc. to look for relevant skills and talent.
2. **Stage Two:** The second element is engagement. In order to improve the conversion rate, there needs to be information that keeps candidates engaged that prepares them mentally for the role. This includes orientation. TL has its own app that every candidate is required to

download. Through the app, information is shared and the basics they can expect from the workplace is shared.

**3. Stage Three:** Finally, in the onboarding process that requires a large number of forms to be filled out, TL leverages technology to make this process easier. Through the Aadhar verification and use of software, a lot of the information for these forms are pre-populated making the process easier. TL also has its own call centre which is bilingual and operational in 18 different languages operational for 12 hours a day. TL carries out month on month engagement with employees, open houses, smart bots that respond to queries. All these interventions help reduce the turnover.

- ***Use of Word of mouth referencin*****g.** It is the fastest way of acquiring more candidates and therefore it is essential that each candidate is given attention and provided services.
- ***Use of technology*** can be leveraged in order to make matching easier, prevent biases from creeping into the recruitment process, for assessments, and re-skilling.

### ***Technology in recruitment – Ms Indira Pathak, HR Head North Region, Tech Mahindra***

The following are the practices by Tech Mahindra:

1. All transaction related to recruitment (inside and outside) are automated.
2. Tools and applications are being developed through Artificial Intelligence (AI) algorithms to predict the success of the candidate. This includes stack ranking of the candidate against the job description, hiring pattern which then suggests top 10 candidates for the listed requirements. Interests of the candidates are then enquired.
3. Recruiters want to hire, better and faster. To this end, TechMahindra has adopted the following processes:
  - a. Intelligence screening
  - b. Recruiter chatbot
  - c. Digitized interviews

The above three tools help to identify the right candidates that may not be picked due to the large choice available and human errors and biases. The data using the above tools is then provided to project managers/recruiters as a curated list. Need for re-skilling may also be identified through the above tools.

**‘Extra Mile’ is a programme/platform of TechMahindra that selects candidates with the potential/bandwidth for additional work within the organization.** It brings together programme managers and such candidates in order to bridge requirements for short projects. Therefore, it helps in improving the productivity and utilization of existing resources within the organization. TechMahindra also has a sister concern that provides online courses for those employees that require re-skilling or updating of their skills. The TechMahindra foundation also organizes voluntary vocational trainings in health, retail etc. to make more people employable in the Industry.

## 6. Way forward and Recommendations

1. Significant amount of work has been done in recruitment along the India - GCC corridor. Moving forward, attention will also be paid to movement of professionals and workers in the India-EU corridor.
2. Globally, it has been recognized time and again that partnerships in skills are required but moving forward, the role of destination countries in providing skilling in countries of origin must be explored.
3. Recruiters recognized the importance of providing adequate information to prospective migrants and how hiding information may ultimately impact their image and relationship with the employee as well as the employer. They also acknowledged the need for image building for overseas recruitment agencies.
4. Moving forward, recruiters agreed to work with employers who are fair and transparent and provide written contracts.
5. A lot of emphasis was placed on the lack of skills and the impact this has on the recruitment process. Therefore, a lot of recruiters identified the need for preparing a 'pipeline' of skilled workers and anticipating where shortages will arise in labour markets so that they are better equipped to deal with these shortages.
6. A portal could be developed where verified stakeholders become members so that supply and demand information may be more effectively shared and so that nothing is lost in translation, as there are a number of communication gaps that exist at the moment,
7. Recruiters identified the need to 'hire more' by preparing better for the job markets.
8. A lot of recruiters vowed to use more technology as they move forward learning from the best practices presented in the workshop.
9. More sensitization can be created by employers (especially big brands) among their suppliers and attend more interactions like the one organized in order to encourage adherence to ethical recruitment practices.
10. Capacity building for overseas recruitment agencies may be carried out in order for them to understand the various instruments of the ILO (such as the C181 and 'Fair Recruitment' principles and guidelines) so that they may adhere to international best practices for ethical recruitment.
11. The inputs from this meeting will be useful for the ILO's tripartite meeting scheduled for November, 2018 on recruitment costs and fees as the definitions to these are still ambiguous and need to be better defined.

## 7. Key learning and feedback from participants

Results of the consultation feedback survey showed the following as the top three learning of the participants:

1. Enhanced awareness about EU labour market and the opportunities it entails for India
2. Adoption of ethical and professional recruitment practices at every stage of recruitment
3. Understanding the various challenges (explicit and implicit) in ethical recruitment

Participants also noted the importance of capacity building of candidates and role of technology in recruitment. The consultation was reported to have offered a platform for them to learn about practices adopted by peers, government initiatives undertaken in the area of skill development initiatives and job creation.

Participants' feedback on the consultation emphasized on facilitating opportunities for recruitment agencies in India to dialogue with their counterparts and employers in the EU. The participants also shared a need for having access to more information on top destination countries, occupations and skills in demand in the EU.

## 8. Annexures

### (i) Agenda

10:30- 11:00	<b>Registration/Coffee</b>
11:00- 11:30	<p><b>Welcome and introductory remarks</b></p> <ul style="list-style-type: none"> <li>• <i>Welcome address by Ms Dagmar Walter, Director, ILO Country Office for India and Decent Work Team for South Asia</i></li> <li>• <i>Perspective from the EC –Mr Wojciech Dżiworski, Counsellor, Migration and Home Affairs, Delegation of the European Union</i></li> <li>• <i>Inaugural Address: Professionalization of recruitment services, Mr Venkant Iyer, Executive Recruiters Association, ERA</i></li> <li>• <i>Special Address: Ms. Rituparna Chakraborty, Co-Founder Executive Vice-President Team Lease and President, Indian Staffing Federation Team Lease</i></li> </ul>
11:30 -11:45	<b>Introductions</b>
11:45 - 13:00	<p><b>Session I: Opportunities in the EU labour market and challenges faced in recruitment</b></p> <p><b>Moderator: Max Tunon, Migration Specialist, ILO</b></p> <p>Employers in Europe have often cited skill gaps and labour shortages as factors that limit or impede their growth. An interplay of development and demography makes Europe an attractive destination for immigrants but the recruitment challenges currently eclipse these opportunities. These challenges include but are not limited to the lack of policy harmonization, the delay in administrative procedures, the lack of consensus on mutual recognition of skills, and regulatory concerns. This session will include expert presentations on both opportunities and challenges.</p> <p>The discussion will also focus on the responsibilities shared between the employers and recruitment agents. At what point of the recruitment cycle do the responsibilities of recruitment agents cease? For this discussion, this session will focus on recruitment fees/costs especially looking at integration as an element (matching skill gaps in destination countries through language training/cultural acclimatization etc.) and how this can be worked out between employers and recruitment agencies.</p> <ul style="list-style-type: none"> <li>• <i>EU Labour market - Opportunities for the skilled - Mr Wojciech Dżiworski, Counsellor, Migration and Home Affairs, Delegation of the European Union</i></li> <li>• <i>Migration trends and opportunities - Mr Aashish Batra, Senior Consultant, Government Advisory – Ernst &amp; Young</i></li> </ul> <p><i>Q &amp; A</i></p>

13:00- 14:00	<b>Lunch</b>
14:00- 15:00	<p><b>Session II: Impediments, policy hurdles and challenges faced by recruitment and staffing agencies</b></p> <p><b>Moderator: Ravi Peiris, Employers Specialist, ILO</b></p> <p>What are the challenges faced by recruitment agencies hiring temporary labour, professionals and other workers? This session will list out the various challenges faced in hiring migrants of all skill levels. These differ for different sectors of recruitment (i.e. outsourcing/transfers, recruitment for the semi-skilled and low skilled and executive recruitment).</p> <p>Open Discussion</p>
15:00- 15:15	<b>Tea/Coffee break</b>
15:15- 16:30	<p><b>Session III: Innovations and good practices in recruitment</b></p> <p>How do employers and recruiters work together to streamline processes and institutionalize good practices? Does technology enable good practices to be more easily accepted? What impact do professionalization of services have in the long term? Do incentives/punitive measures succeed in improving recruitment practices? This session will consist of an expert panel that will discuss best practices currently in practices and how they may be widely adapted.</p> <ol style="list-style-type: none"> <li>1. <i>Health-care recruitment - Ms Shallu Kakkar, Professional - Healthcare Recruitment</i></li> <li>2. <i>Government to Government agreements – Col. Rabul Dutt, Director Overseas Employment, Ministry of External Affairs, GoI</i></li> <li>3. <i>Temporary staffing - Ms Rituparna Chakraborty, TeamLease</i></li> <li>4. <i>Technology in recruitment – Ms. Indira Pathak, HR Head North Region, Tech Mahindra</i></li> </ol> <p><i>Q &amp; A</i></p>
16:30- 17:00	Way forward and Closing Remarks



## (ii) Concept Note

### **Background**

The overall objective of the EU-India Common Agenda for Migration and Mobility (CAMM) project is to provide better governance of migration and mobility between the EU and India. The India EU Cooperation and Dialogue on Migration and Mobility project of the ILO offers technical support to the EU and the Indian government for the implementation of this recently signed policy framework. As part of this work, the ILO wishes to engage with recruitment agencies recruiting for European markets to better understand their challenges as well as share with them good practices on recruitment adopted across different countries/regions. With this objective, a seminar with recruitment agencies is planned to be organized in the month of May, 2018.

European markets face skill deficits despite some persisting levels of unemployment. While the stage of demographic transition and ageing have big role to play in structural deficits, other reasons include a shortage of supply of skills in STEM and ICT sectors as well as unwillingness of locals to perform jobs that are either stressful or not looked at favourably for the negative image and low salaries ([CEDEFOP](#)). In fact, regular surveys such as the business and consumer survey, which is conducted by the European Commission in all EU countries makes a promising business case for migration stating the shortage of labour and skills as a limiting economic activity. Increasingly, the role of migration in addressing these shortages has become widely acknowledged. This makes the EU an attractive destination for immigrants with these skills (especially in ICT, healthcare, legal and finance professionals, architects etc.). Despite these opportunities, challenges in recruitment due to the lack of policy harmonization remain.

The key to effective migration governance lies in recognizing the role that recruitment agencies play in addressing an important market need, i.e. bridging the asymmetry of information and providing the bridge between employers in destination countries and willing and able professionals in source countries. They traverse complicated policy landscapes and regulatory, consular and administrative barriers in addressing market needs in a timely manner. Increasingly, these recruitment agencies have identified ethical recruitment practices despite the several challenges they face. There is also a growing emphasis by employers' groups and alliances on a push for ethical recruitment practices ([Leadership Group for Responsible Recruitment](#), [Responsible Business Alliance](#), [World Employment Confederation](#)).

<suggestion to add>

Despite this, however, there are several challenges to ethical recruitment that plague the recruiting industry in countries of origin. These include policy hurdles, regulatory concerns, information sharing, administrative roadblocks, skills recognition etc. This meeting will serve as a starting point for these recruitment agencies to discuss the challenges they face. The meeting will also encourage the sharing of best practices that can be adapted across the board in the recruitment space. Technology has also allowed for innovation and the meeting will also open up discussions on how recruitment may be made more ethical with innovative measures. Finally, the meeting will serve as a starting point to improve migration governance and encourage ethical recruitment to European labour markets.

## **Rationale**

The ILO strongly advocates for fair recruitment practices while protecting the rights of workers, including migrant workers. The ILO's Fair Recruitment Initiative aims to protect the rights of workers, including migrant workers, from abusive and fraudulent practices during the recruitment process and reduce the cost of labour migration and enhance development outcomes for migrant workers and their families, as well as for countries of origin and destination. This is further promoted by the ILO's fundamental conventions, the Migration for Employment Convention (Revised), 1949 (No. 97) and its accompanying Recommendation (No. 86), the Migrant Workers (Supplementary Provisions) Convention, 1975 (No. 143), and its accompanying Recommendation (No. 151), the Employment Service Convention, 1948 (No. 88) and the Private Employment Agencies Convention, 1997 (No. 181).

## **Objectives**

- Identify policy and regulatory level challenges faced by recruitment agencies in recruiting for European markets
- Enhance the awareness of recruitment agencies on opportunities for employment in the EU labour market and challenges faced by employers vis-à-vis recruitment in Europe
- Facilitate cross country/ region learning amongst recruitment agencies by sharing good practices, lessons learnt and innovative approaches in recruitment

## **Envisaged participants and resource persons**

The meeting organized will consist of participants from the recruitment agencies and organisations that assist recruitment in Europe. It will also consist of recruitment organisations that have institutionalized best practices with innovations. The meeting will also consist of experts from the EU who will share opportunities in the EU labour market as well as the perspective of European employers.

## **Nature of meeting**

The meeting will be organized as a full day seminar in New Delhi, India. It will be interactive and consist of group work amongst recruitment agencies and associations. It will also consist of expert presentation and a panel discussion. There will be ample opportunities for all participants to enlist their concerns and share their experiences.

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