

Tool 2: Understanding the Role of Labor Brokers in the Human Trafficking and Forced Labor of Migrant Workers

Modern-day slavery is thriving. According to the International Labor Organization (ILO), a minimum of 12.3 million people are victims of forced labor worldwide at any given time. Of these, over 2.4 million are victims of forced labor that results from human trafficking.¹ A growing number of these victims are migrant workers who have been trafficked for “legal” employment in factories, on farms, at construction sites, in homes, and elsewhere.

WHAT IS FORCED LABOR?

The ILO defines forced labor as “all work or service which is exacted from any person under the menace of any penalty and for which said person has not offered himself voluntarily.”² This means that a person is in a forced labor situation if they have entered into a job against their freedom of choice and cannot leave that job without facing a penalty or a threat of penalty of any kind. A penalty, in this case, could be physical constraint or punishment, or it could refer to other forms of abuse such as threats of deportation, the confiscation of passports, or the non-payment of wages that effectively binds a worker to a job or employer.

WHAT IS HUMAN TRAFFICKING?

Human trafficking can lead to forced labor. It involves the movement of a person, usually across international borders though increasingly also within the boundaries of a single country, by means of threat, deception or abuse of vulnerability for the purpose of exploitation. The United Nations Palermo Protocol of 2000,³ which provides the internationally-accepted definition of human trafficking, states that this abuse involves three key elements: actions, means and purpose.

Actions: Include the recruitment, transportation, harboring, and receipt of a person – a woman, man, or a child.

Means: Refers to the threat or use of force, deception, or the abuse of vulnerability and power.

Purpose: Refers to exploitation, including forced labor, servitude, slavery, and practices similar to slavery.

When a human being is trafficked for the purposes of forced labor, the result is modern day slavery.

THE GLOBAL SCOPE OF THE PROBLEM

Forced labor and human trafficking are truly global phenomena. They exist in every region in the world and in every type of economy, whether a country is industrialized, developing or in transition. They affect both international and domestic markets, and no sector or industry can be considered immune to or untainted by the risk of this abuse. Key industries revealed by global research⁴ to be vulnerable to human trafficking and forced labor include:

- Apparel manufacturing and footwear;
- Agriculture and horticulture;
- Construction and infrastructure;

¹ ILO, *A global alliance against forced labor: Global Report under the Follow-up to the ILO Declaration on Fundamental Principles and Rights at Work*, 2005.

² ILO Forced Labor Convention, 1930 (No. 29).

³ UN Protocol to Prevent, Suppress and Punish Trafficking in Persons, especially Women and Children, 2000.

⁴ ILO, *Combating Forced Labor: A Handbook for Employers and Business*, 2008.

- Electronics manufacturing and information technology;
- Forestry and logging;
- Mining and extractives;
- Food processing and packaging; and
- Health care and other personal care services.

LABOR BROKERS: A KEY PIECE OF THE HUMAN TRAFFICKING PUZZLE

The middlemen or intermediaries who facilitate employment for migrant workers are an important part of the human trafficking picture. Typically referred to as recruiters or labor brokers, these middlemen often play a legitimate and useful role in job placement. But as Verité's research has found,⁵ this widespread system of labor brokerage is often opaque, sometimes corrupt, and largely lacking in accountability. What's more, the debt and deception that brokers often introduce to the recruitment and hiring process can create critical vulnerabilities to trafficking and forced labor for migrant workers.

Labor brokers are typically subcontracted for the recruitment and hiring of migrants. They act as facilitators between those workers and their eventual employers and assume functions ranging from matching aspiring workers to jobs around the world or in other parts of the country, arranging for visas, making travel arrangements, providing pre-departure orientation or training, or even negotiating contracts. In some cases, labor brokers also manage migrant workers at the job site. While brokers play a legitimate – perhaps indispensable – role in the smooth and efficient functioning of global supply chain production, their presence makes workers more vulnerable to forced labor. When there are problems in outsourced recruitment and hiring workers may be trapped in debt-bondage.

HOW DO LABOR BROKERS INCREASE THE RISK OF DEBT BONDAGE?

Broker-induced forced labor occurs when a migrant worker is deceived by a labor broker during the recruitment and hiring process, often heavily saddled with debt that results from excessive recruitment and other service fees, and facing any number of coercive circumstances at the workplace exacted by an employer that the worker may be “tied to” as a result of restrictive work-visa regulations. In the labor broker-worker relationship, the terms of work, and the responsibilities of the broker to the worker, are often poorly defined and poorly understood. Once a worker is on-the-job at a foreign workplace – with a large loan and attendant interest payments – it is difficult, if not impossible, to escape. The result is a condition of force that Verité calls the hiring trap; there are few global workplace problems in more urgent need of attention today.

WHAT ROLE DO EMPLOYERS PLAY IN BROKER-INDUCED FORCED LABOR?

Employers, often inadvertently, “flip the switch” on the hiring trap by providing a job that pays less than what the labor broker had promised to the worker. They may also contribute to the abuse that ties the worker to the job by:

- Withholding passports;
- Controlling worker bank accounts;
- Placing migrant workers in physical isolation; or
- Levying deductions and withholding wages that further diminish workers' take-home pay and ability to pay off their debt.

UNDERSTANDING THE RISK TO BUSINESS: MAKING THE CASE FOR ACTION

The abuse faced by trafficked migrant workers – e.g. the deception of dishonest labor brokers, the induced indebtedness and the coercive practices used by employers in the workplace – present a myriad of risks to global business. These risks can take a variety of forms, and can present themselves across a variety of business “locations”, including:

- Within a company's own operations;
- Across global supply chains;

⁵ Verité, *Help Wanted: Hiring, Human Trafficking & Modern-Day Slavery in the Global Economy*, 2010.



- In the murky waters of extensive sub-contracting and outsourcing systems;
- At the commodity “base” of the value chain; or
- Through the deceptive actions of third party business partners or service providers, such as labor brokers, security services or cleaning companies.

Risk may be direct or indirect, and may take forms that a company or brand may or may not be aware of. To make sense of this complexity, the chart below indicates the different types of risk that pose a threat to business. Taken together, they present a clear case for taking effective action against broker-induced forced labor.

Forms of Forced Labor Risk	
Legal Risk	Forced labor and human trafficking are considered crimes in most countries around the world. Companies found involved or complicit in such activity could face prosecution resulting in criminal or civil sanctions including fines, compensation to victims and imprisonment. Forced labor and human trafficking are also considered violations of international human rights law.
Threats to Brand Value & Company Reputation	Allegations of forced labor and human trafficking can present serious threats to brand value and company reputation, particularly for those companies operating in consumer goods industries. Brand “contamination” can be difficult to reverse, and allegations such as these can threaten both existing and future business partnerships, resulting in a loss of contracts and/or future business opportunities.
Trade-Related Risk	In some countries, trade regulations strictly prohibit the import of goods that have been produced by trafficked or forced labor. In these jurisdictions, allegations of abuse can result in imported goods being seized by public authorities, inspected, and released only when shown to be untainted.
Threats to Investment & Finance	Allegations of human rights abuse, forced labor and human trafficking can significantly threaten investor relations and risk divestment from both ethical and mainstream investors. They can also jeopardize access to public funds such as export credits, as public authorities increasingly link the financial support they provide to business with proven ethical performance.

WHAT CAN BRANDS AND SUPPLIERS DO TO COMBAT THE HUMAN TRAFFICKING AND FORCED LABOR OF MIGRANT WORKERS?

There are many steps that companies can take within their own operations and in their supply chains to prevent, detect and remediate broker-led human trafficking and forced labor. Refer to the other sections of the Verité Fair Hiring toolkit for ways that your brand can take action.

Further Resources

Verité, *A Fair Hiring Framework for Responsible Business*, 2011.

Verité, *Help Wanted: Hiring, Human Trafficking & Modern-Day Slavery in the Global Economy*, 2010.

