
Purchase And Supply Chain Management: Modern Slavery

Executive Summary

Modern-day slavery, as unfortunate as it is, is still prevalent in today's world. Despite humans' great achievements in the field of science and technology like reaching to the moon, these accomplishments have not witnessed any slavery predicament. Modern-day slavery has to do with poverty, corporate greed, inaction of large firms, and difficult nature of supplier chains (John 2015 pp. 697). In this context, it is essential to provide an outlook on how the UK's two top suppliers have taken different actions with regard to Anti-Slavery Act, which was introduced in 2015. It is unfortunate that this statute was widely welcomed, but it has not been able to yield many positive results (Mantouvalou). Marks and Spencer and Morrisons have worked tremendously towards anti-slavery practices and have been involved in various initiatives that specifically are designed to tackle modern-day slavery. However, to say that all of such efforts has been enough would be an overstatement. There are a great number of companies in the UK and in the world currently having worrisome working conditions and an astonishing state of workers. The study will delve deep into the findings and present a conclusion on how companies can do better to tackle modern-day slavery.

Introduction

In the year 2015, Britain's 2015 modern slavery act came into place. Companies with revenues exceeding 36 million pounds were to demonstrate an annual report of the actions that have been taken to fight slavery in their supply chain methods (Inter-Departmental Ministerial Group). The act was introduced to curb human trafficking, labor exploitation and child labor (Core Coalition). Slavery is seen as a notion of the past (Datta and Bales) but even then, slavery is ubiquitous (Engerman). The developed world claims that it has abolished slavery by bringing new laws on to the table that address the issue and companies are now better compelled to follow strict laws on forced labor and slavery. However, slavery exists in many different forms and is still prevalent in Subcontinent Asia, Latin America, West Africa and the Middle East. An estimate explains that about 30 million people work as slaves and participate in today's workforce (Crane Andrew). The study will explain how firms in the UK have taken steps towards modern slavery in their supply chain methods. After the introduction of Modern Slavery Act, companies in the UK have to produce an annual report citing their steps that have been taken to mitigate slavery and work towards its abolishment.

Literature

Slavery is prevalent in today's world because of a number of reasons. Part of those reasons is an unprecedented increase in profits for firms and inexpensive labor. As explained by (Stringer and Michailova), modern slavery generates about \$150 billion annually in the form of illegal profits. The major firms often put up silence on the issue because the profits are ever-increasing and inexpensive labor help companies to decrease their cost of production tenfold. However, the caveat in unprecedented profits is that companies face numerous challenges when it comes to reputation and goodwill. Slavery in supply chain methods tarnishes the image of companies

by a great margin. It shakes investors' confidence and the company could lose current and potential customers.

An ethical dilemma along with negative growth in the business is usually the outcome of companies which are exposed by modern slavery. Consumer action costs companies around £2.6 billion a year (Foley). Other than the profitability aspect of modern slavery, the legal perspective of it is also quite daunting for companies. Firms and individual employees may face legal action if their suppliers are found to be involved in modern slavery even if it happens in a country other than the country of origin. Good supply chain practices are beneficial for companies in terms of future investments and gaining investors' confidence. It also helps companies to equip their employees with adequate moral and ethical values and helps create an environment which is viable for employees and the employer. A well-established firm is not likely to include bonded labor in one of its unique selling points. The ethical reasons also encompass what a company stands for as it defines its values and standing in the corporate world.

The profitability aspect often comes into place in the wake of cheap labor (Luise). The people who are excluded from formal work and working at minimum wages are most susceptible to slavery and coercion into the labor market. The informality of labor market paves way for a path towards slavery in forced labor as explained by (Jean Allain, Andrew Crane). The approaches that companies are undertaking in curbing forced labor are rather ineffective to prevent and prosecute all the offences made in the labor market. The ineffectiveness of enforcement in labor standards creates a sense of impunity among the big firms.

However, due to the complexity of supply chains, it is nearly impossible to gauge the impact of forced labor in a product. For example, if a t-shirt has been sold in the UK, it is difficult to find the source of cotton used in it and tracking it to that specific farm. Companies, to increase their profitability may negotiate with raw material sellers which consequently decreases the wage of workers working in that particular farm (Anti Slavery). Companies outsource their high risk and low-value activities to different contractors which are further transferred to workers. In this era, modern slavery, as much as it has been looked down upon, exists in multi-layered complex supply chain methods. Curbing slavery is one of the most challenging tasks companies face due to numerous factors. Ethically, companies are to take action against any traces of forced labor but to do so, it would take a strong determination and will power to overcome the menace of slavery.

Case Description

In this study, two UK's top retailers will be chosen for analysis of their anti-slavery initiatives in the recent past. The two firms are Marks and Spencer and Morrisons. Marks and Spencer is the UK's major multinational retailer based in London. The store offers high-quality clothing, food and home products. Founded in 1884, Marks and Spencer currently have 959 stores across the UK. Started in 1884 by Michael Marks and Thomas Spencer in Leeds, the company recently topped the annual ranking for Britain's 100 largest list companies for its initiatives for anti-slavery including good practices in human rights with accordance to Modern Slavery Act. The second company is Morrisons. Morrison Supermarkets PLC, trades as Morrisons is the fourth largest chain of supermarkets in the United Kingdom. Headquartered in Bradford, it was founded in the year 1899 by William Morrison. The retailer has 498 stores across England. The

company features in the top 5 companies in compliance with the Anti-Slavery Act. Morrisons and Marks and Spencer have witness year on year improvements in their rankings with their compliance. This has been done with keeping in prospect all the company statements and annual proceedings every company is compelled to make by the UK Anti-Slavery Act.

Findings

Marks and Spencer introduced modern slavery tool kit aimed at helping its partners and suppliers to eradicate modern slavery. The purpose of the toolkit is to conduct responsible business practices. The tool kit demonstrates a commitment to tackle modern slavery and also gives out measures that businesses can undertake to reduce modern slavery and manage it to the point of eradication. Marks and Spencer have used the issue of modern slavery as a steppingstone to lead and become a top influencer in this regard. The company also introduced an interactive supplier map which helps the public to trace and track the origins of products they bought from their stores. These products include food and garments from the farm and the factory. Mark and Spencer in 2018 hosted the world's first International Human Rights and Modern Slavery conference where Modern Slavery Toolkit was introduced. Being an influencer in the leader in this specific issue, Marks and Spencer wanted to use its influence to help suppliers and other partners construct anti-modern slavery long term strategies. Marks and Spencer also believe in paying a fair price to its suppliers to make sure that the working conditions of those working the supply chains are improved (Marks and Spencer Group PLC). "Marks and Spencer" gets raw material for its products from a number of countries around the world including China, Sri Lanka, Cambodia and East Africa. These steps have enabled workers to work adequately in a sustainable working conditions and made them aware of their rights. It also helped create strong working relationships between the teams and their suppliers. The company has taken the cautious steps towards anti-slavery stance in the same manner as every company must hold in its value. The innovative ideas and seriousness towards the issues have thus yielded results for the company. Mark and Spencer now deals with fair trade policy. It procures its raw materials from the suppliers who hold labor right and anti-slavery stance in the highest regard. This policy has also been beneficial for the company's good will and reputation. As a leader in anti-slavery stance, the company has been able to gain the confidence of its investors and customers, helping them in believing that all the products they are dealing with are traded fairly and in accordance to the Anti-Slavery Act. The transparency in supplier chain has helped Marks and Spencer gain what it aimed to achieve through its proactive stance and commitment towards modern-day slavery.

Morrisons, one of the biggest retailers in the UK has been listed among the top 5 companies in the FTSE for its accordance with the Anti-Slavery Act. Morrison formulated a committee known as "Compliance and Responsible Committee" aiming at company's commitment to tackle and eradicate modern-day slavery in their supply chain. Morrisons procure most of its fresh produce locally from the local farmers. It is done to motivate and help the local industry in achieving its target of maximum probability. However, Morrisons also procure its raw materials from Africa, Asia Pacific, Americas, and Europe. It works with 1850 tier 1 factory that gives Morrisons the essential data about their workplace demographics through Supplier Ethical Data Exchange (Sedex), which helps the company formulates its strategy regarding slavery and forced labor (WM Morrisons). The company also recognizes the work women perform in its outsourced factories and keep a close eye on how they are prone to exploitation. Therefore, the company focuses on gender learning workshops which are hosted by the Ethical Trading Initiative to

address gender-specific issues in supply chains. All the suppliers Morrisons deals with are bound to comply with the Ethical Trading Code. It helps the company to compel every stakeholder in the supply chain process which may include, suppliers, agents, labor providers and contractors. Morrison is also working closely with the training, awareness and capacity building of its line managers and supervisors to overlook all the process taking place in its supply chain, ensuring a safe and healthy work environment. These training also help colleagues identifying cases of modern-day slavery. By introducing e-learning, Morrisons has made it easier for its worker to learn safe labor and anti-slavery practices. The Company also works closely with human rights organizations such as NGOs, charities, trade unions and multi-stakeholder initiatives. Having sponsored the Stronger Together, the suppliers have benefited from training provisions. 62 workshops were held and over 150 employees from suppliers attended.

Morrisons has also actively participated in Ethical Trading Initiative, Stronger Together, Seafood Taskforce, Gangmasters and Labor Abuse Authority (GLAA), Seafood Ethics Action Alliance (SEA Alliance), Hope for Justice and Foot Network for Ethical Trade. Being an active member of all of these taskforces and workgroups, Morrisons has stepped into the era of active participation by large firms to tackle modern slavery and forced labor. It has expanded its horizon to not just anti-slavery but workplace discrimination and gender-specific problems in its supply chain.

Conclusion

Modern-day slavery exists and it has not been completely abolished. It has its roots dating back to the 18th and 19th century but even today, countries which are less developed tend to have ravaging slavery going on. It has become redundant for companies to issues statements annually with no action. Strong determination and a defined course of action will be needed to tackle the menace to slavery. Corporate greed is one of the factors which makes companies take the anti-slavery issue with a grain of salt. Supplier chain managers have often ignored the concept of slavery and its existence (Gold et al.). Inexpensive labor is one of the most attractive factors of any supplier chain group, but it comes with repercussions. Companies outsourcing their raw materials often negotiate with prices which compels the supplier to transfer the burden to already poor and desperate workers. Low wages, inhumane working conditions, workplace exploitation and gender discrimination are the top issues companies face through their suppliers.

In this light, a strong course of action would be for companies to have their representatives sent to the farms and factories where the raw material is being produced. This will help them get a clearer picture of what the working conditions are like and will eventually help the company to make an informed decision if it should continue doing business with a certain supplier. Slavery is prevalent and solid steps can only mean strong action and determination. All the companies are using the same techniques to detect slavery in their practices, but it is rather difficult to measure it because it could be hidden via different practices. Innovation regarding this would be one of the steps towards the eradication of it (Stevenson and Cole). In the UK, companies have been issuing annual reports on how they are working with different groups and suppliers to ensure a safe and healthy working environment for its stakeholders. However, strict laws enforcement and a strong will are required to curb modern slavery which would be difficult to achieve if companies put their revenues above humanity.

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