

# Transcript of 'Modern Slavery and Sustainability'

## Season 1, Episode 4, Transforming Tomorrow

[Theme music]

**Paul:** Hello and welcome to Transforming Tomorrow, the podcast from the Pentland Centre for Sustainability in Business here at Lancaster University Management School. I'm Paul Turner.

**Jan:** And I'm Professor Jan Bebbington.

**Paul:** And today Jan we're going to be moving on to a subject that is maybe as we've discussed previously not an obvious link in with sustainability, but as we'll discover over the next 20 minutes or so definitely a really key part of it and that's Modern Slavery.

**Jan:** Yes indeed, and it fits under SDG8 which is looking to make sure that there is decent work for people in the world and indecent work is what we tend to call modern slavery.

[Theme music]

**Jan:** So modern slavery um is an umbrella term, captured within it is forced labour in all sorts of supply chains quite often um you know company supply chains, as well as forced marriage. Here at the Management School we are focused on the forced labour part of modern slavery, but those two terms were quite often used interchangeably. To give you an idea of how big this problem is then.

About 50 million people are caught in modern slavery of some sort, about 28 million in forced labour, 22 in forced marriage. Now I don't know about you but I don't know how big 28 million is, so I had a wee look to think about countries of about the same size. So um neighbours in the South Pacific Australia has a population of 26 million, so I hope that's kind of sobering but it gives you a way to sort of grasp the size of the problem that we're looking at today.

**Paul:** Tens of millions of people worldwide affected by it. We're not the experts here though, and the we've got a guest here with us today. [jokingly] Distinguished Professor Jan, not just Professor, you need to up your game to get...

**Jan:** ...oh yes...

[inaudible – both talking at the same time]

**Paul:** Distinguished Professor Linda Henry, Distinguished Professor of Operations Management from the Department of Management Science here in Lancaster University Management School.

You work all around modern slavery, Jan's given us a bit of an outline there, some numbers there, what's your area of expertise around the subject?

**Linda Hendry:** I've been interested in the modern slavery and supply chains, so in the ways in which companies are trying to address that um obviously nobody wants to admit to having modern slavery in their supply chain. But actually many companies are aware that that supply chains are complicated, they are global, they reach into many different countries, many different types of organisations involved and it can be really difficult to trace that, trace that back.

So I'm interested in how, how um companies try to detect and then remediate against modern slavery.

**Paul:** Are we talking about companies in the UK, are we talking about companies with supply chains only in the UK, are we talking globally?

**Linda:** Globally. I think it's important to note that modern slavery isn't just a developing or emerging economy problem, it is a problem in the UK, so there are um supply chains in the UK entirely that have modern slavery in them. But no, I'm interested much more broadly than that, it's a global issue.

**Jan:** Is there any particular industries or sectors that are more affected by this problem than others?

**Linda:** Um there certainly are. I think there's a list of the most at risk um industries it includes things like construction, cotton industry, and there are different countries which are more at risk of certain things, so um certain countries are more sust...sustainable to construction, so I think UK often it's in construction or farming and food that we see the problems.

**Jan:** And does your work focus on any particular industry?

**Linda:** So far we've focused mostly on textiles, er but a little bit of food as well.

**Jan:** Yeah, and I suppose textiles affects us all 'cause we're wearing clothes that are sourced and produced from around the world. What has your research found?

**Linda:** We've particularly focused on the impact of legislation on modern slavery. Obviously companies have to make a profit so how do they get into the boardroom a discussion about social issues as well. And what's really interesting is that there's been a lot of new modern slavery legislation over the last 10 years or so and that has required, uh supply chain transparency.

So for example in the UK, uh in 2015 some new modern slavery legislation came out and it had six things that every company should do to provide more transparency into the supply chain.

So our research has been looking at company responses to that and how they then try to address those issues given the legislative requirements.

**Paul:** When you talk about the textile industry and modern slavery the images that immediately come into my head, perhaps in this country, would be fast fashion, is that an issue, maybe sweat shops where people are working in these kind of industries at really bad conditions for slavery. Is that the kind of thing that maybe we're thinking of?

**Linda:** Yeah, I mean it may be that those are the particular working environments that people find themselves in, so it may be that they are in big sweat shops um, but that necess, isn't necessarily the issue to be honest.

Because some people like that type of repetitive work, they know where they are they know what they're doing, um but what I'm thinking more about is when people have no choice about being there so it's not necessarily the working environment it's the choice about the working environment really.

So sometimes it's about debt bondage, so uh a problem that is now been um unraveled in this industry, is that sometimes to get a job you have to pay a recruitment fee. And once you've done that you then have to work for quite a long time to pay off that recruitment fee, it's not just like the first couple of hours of work or it can be the first year of work to pay that off, and that's ridiculous, nobody would think that was fair.

So one of the things we've been looking at is how we make sure that recruitment of staff is actually fair, and that people are not paying unfair recruitment fees.

**Paul:** Are you looking maybe here at people who have been coming to a new country, or are you talking about people who are indigenous to the country where they're working?

**Linda:** Often it is about people moving countries, yeah um and not living in amongst their native communities um, so not necessarily from um you know a developing country into a developed one, it can be neighbouring emerging economies um that we're talking about.

So but often moving away from family, so one of the way in which modern slavery is effective or, or it works for companies is that they, they have threats so they'll say if you don't do that then I will do this to your family back home.

Not knowing the impact of their actions on their family back home is what the problem becomes.

**Jan:** And I think what's really interesting, and maybe something for our listeners to think about, is that whole um you know debt bondage where you have to pay to get a job, um that can sometimes be remedied by some companies that have an 'employer pays' principle.

So they undertake to pay any recruitment fees. Because the payment of recruitment fees and having recruiters sometimes is really good if you've got seasonal work or somebody's looking for work and somebody's looking for employees, so it's sort of like it's a good mechanism but one that opens open to abuse and, and problems.

The other way I quite often think about it, as a foreigner working in a, a different country, is to, and maybe our listeners will find this useful as well you know would you expect not to have a contract of employment?

**Linda:** Mmm, mmm.

**Jan:** Would you expect your employer to take your passport as you started working with them?

**Linda:** Yes.

**Jan:** Would you, would you expect to have to pay you know the equivalent of half a year's wages in order to get the job, and I think the answer to all that is no...

**Linda:** ...yes...

**Jan:** ...and in which case it kind of gives you an idea about what unfair practices are.

**Linda:** Yes, yeah no that's I think that's, that's absolutely right Jan because often you find that not only is their passport taken from them, but also their salaries are not actually paid to them. So they they've got a salary but it's actually kept by the employer, which is a slightly strange and very alien concept to us.

Um but if you talk to them you'll say well, I live in a crowded house and I share it with many people, and it's not a secure place for my passport so it's fine for my employer to keep it, and that does sort of ring alarm bells though then as to why is that fine, and I don't keep my money because that, you know, that wouldn't be right for me so people are actually coerced into thinking that something's normal which to us absolutely isn't normal.

**Jan:** Yeah. And there is a really nice link across to the banking industry, because if you're a worker in a foreign country quite often you're unbanked, that is you can't open a bank account, but if you can open a bank account and you have control over it you can again remedy the problem. 'Cause having your, your cash in a sock in a, in a dormitory would be really risky!

I wouldn't want to do that with my wages, um so, so I think it's one of the things I find really interesting about this field is that, quite good things can go bad, and it's about what we might do to stop those things going bad.

**Paul:** It strikes me as well that it's may be an unintended consequence of government legislation. Legislation like you say that might be in place to prevent certain people having bank accounts in certain countries can't surely have been designed in order to punish people...

**Jan:** ...exactly...

**Paul:** ...or make life worse for people who are...

**Jan:** ...exactly...

**Paul:** ...you know working in these situations in factories, wherever they're working and suffering from forced labour, modern slavery.

**Linda:** And I think the impact of, of legislation is really interesting because governments obviously are now putting in this legislation, so I mentioned the UK in 2015 but France, Germany, Norway many other countries are now

joining in and developing legislation along similar lines. In fact it began in California in 2012 so, so there's many places doing that.

But the legislation is only as effective as the response to it if, if you see what I mean. So it's illegal everywhere to have modern slaves um but how do we actually try to respond to that and to, to actually mean that what is in the spirit of the law actually impacts people in the workplace.

**Jan:** Could you tell us a little bit about the findings of your research?

**Linda:** Yeah, yeah, so we found that businesses were working together in a way that surprised us really. So I think the first finding was that businesses were joining forces to share knowledge, to share training, that type of thing. So we need people across the globe, particularly purchasers or buyers, they need to know what to look for with modern slavery.

So we found companies sharing those sorts of practices um and developing trust um and commitment to each other in a way that did surprise us because often we're talking about brands that compete with each other so that, you know, we all buy our jumpers or whatever from a variety of companies don't we, and we know that it's either that one or that one, um and they're competing.

But because they were recognising that this is a global issue and that they've all got to respond to the same legislation they were starting to try and work together in a really interesting way.

**Jan:** And those collaborations, are they in around sectors, or are they like everyone buying from a region or a place. And I suppose you could do both but it would be interesting to hear about each of those options.

**Linda:** No, I think that's a really good point because yes it was mostly around sectors that we found. Um and one of the things that people have pushed for is that we should have a textile-wide response to this, um but I don't think we're there yet actually, so I think there's a lot more research to be done on that.

But there's a lot of, of non, non-government organisations, NGOs, that are working quite hard to try and address the issues. So another thing which I think a lot of businesses do is that they pay to be a member of a trade organisation that actually then finds things out, that are then shared across an industry. Um, and then it can be broader than one industry even. There's the Ethical Trade

Institute in the UK, for example, which I think is a, a really good organisation that many companies buy into, and that tends to bring companies together.

And you often hear about businesses talking about toolkits that they might get from an organisation like that, that helps them decide how to try and assess risk for a specific sector, or a particular um country that they might want to source from.

**Paul:** How difficult can it be when you've got, you obviously work in supply chains, supply chains that involves so many different steps, possibly in so many different countries, to monitor and take account of the type of activity that's taking place there and the risks of modern slavery and incidences of modern slavery?

**Linda:** It's really difficult. I think it's one of the key research topics that we all keep continue to um investigate. Often it's easy to develop your supplier from one tier to another, so um you know the, the retailer in the UK might go to the factory, uh or the what we call the first tier supplier in a different country, but they go through to several other suppliers.

So if you think about your jumper you've got someone that assembles your jumper, but then you've got someone who makes buttons, someone who makes zips, someone who makes yarn. Then you've got someone you go right back to whatever fabric it's made of, that creates that fabric, or farms that fabric if it's cotton or whatever, so there's many different tiers.

So it can be really easy to do a single step to the assembler of the cardigan, but it's not necessarily so easy to go down the steps. So one of the current research topics that we're looking at is, is what we're calling 'training of the trainer'. So you're trying to develop one tier so that they can develop other tiers, or you're bringing in an external body to develop one tier so that they can try and develop other tiers.

So this whole issue of trying to extend a force across a supply chain is really difficult.

**Jan:** And I'm feeling an accounting question coming on [laughter] as you might imagine...

**Paul:** ...accounting, accounting Jan [laughter] ahead of yourself now, go on...

**Jan:** ...so what kind of data do you need from your suppliers to get that, I guess it's traceability isn't it from one layer to a next, and does that data travel along with the invoices that somebody's being asked to pay.

**Linda:** I think the data question is really interesting because so much of this is on trust at the end of the day...

**Jan:** ...yeah...

**Linda:** ...a lot of the data is just driven by the legislation. So um in the UK you have to do your Modern Slavery statement which says what you're trying to do to address it, but it's not quantitative data typically.

It's more we have codes of conduct with them, or we are doing supplier development with them, or we are training people. So it's, it's data, yes, but it's not quantitative data as such. It's more about actions and activities that we're doing.

**Paul:** You've done other work, Linda, regarding sustainability certifications for businesses. I'm wondering is there a similar kind of process regarding modern slavery certifications for the operations that are in place, and can they be useful for companies operating abroad to see what uh other companies are doing in another country to them.

**Linda:** Yes absolutely certification is one way in which we try to do things. So we have um external bodies that do the certifying. That can be quite expensive so that tends to work for your first tier, but it gets more um less viable lower down the supply chain if you're talking about small companies.

So typically codes of conduct are used, so a buyer might say to a supplier 'you must sign up to this code of conduct' but then that's where the trust comes in. So they might you know sign a contract to say they are following that code of conduct and they might get their supply to do , who might get their supply to do that, et cetera.

But in fact whether or not people do it's the trust issue, and building that up. But also the understanding of what modern slavery is.

**Paul:** And this is where I guess the external investigators or assessors that you've talked about would come in, because they would be the ones who'd be able to assess independently whether what these companies are saying they are doing, is actually what's happening on the ground.



**Linda:** But I think it it's so hard when you're talking about a criminal activity though, isn't it, because it's really hard to come in and assess that. No one's going to admit to it and there's all sorts of rumours about how businesses know someone's coming and can therefore get their slaves out of the room at that point [laughs]...

**Jan:** ...yeah...

**Linda:** So there's all sorts of rumours about that. So in the end I think it's got to be more about just trying to gather some momentum and some public pressure that also works with the businesses and keeps this alive for businesses.

Because I think one of the things for me, that I feel quite passionate about, is that the legislation when it first came out in the UK seemed to have a big impact. But already that impact seems to have lessened quite a lot.

Because it, one of the, the ways in which it was supposed to work was for businesses to put these um Modern Slavery statements on websites. And if customers like you and I weren't feeling that they were doing enough, we might boycott them, or use a different brand...

**Jan:** ...yeah...

**Linda:** ...or whatever, but that's just not happened. So now the Modern Slavery statements, and that's the only thing the legislation ask them to do, the effectiveness of that is going down. And so we as consumers have got to get on board as well, because businesses can't do this alone actually um. There's also got to be social um pressures.

**Jan:** That suggests to me there might be innovation in reporting as well. So, so like the UK, other than the um Californian Act, which is more about, prevents the import of goods made with, with slave labour.

The UK was a massive innovator in that area and the subsequent Acts I think are getting more sophisticated so it might be, you know if there was an opportunity to revisit the UK Act it might sort of increase its, its capacity to learn from these other countries' attempts as well.

I was really kind of struck by your trust and untrustworthy because you, you touched upon there that... There's some bad people in this, this space isn't there, so you've got that criminality element. How, how do we, how do you

understand that and how do we unpack that criminality that sits in these supply chains?

**Linda:** Mmm...I think that's a really good question. I think, um, building relationships with people is, is the key to this really. One of the ways in which I've seen um in our in our research we've seen trust be built is, again by using local NGOs not sort of global ones.

So if there is poor treatment, so you know you've done your educating of everybody, and somebody says oh gosh actually I am a modern slave...

**Jan:** ...yeah...

**Linda:** ...how do we get that person to then have the trust to come forward with that. So one of the things I've seen businesses do is have, um a phone number which is not linked to the business, so again it's an NGO, so they pay a local NGO, who um has the phone number.

The employee can ring that number, but their name doesn't necessarily get back to the...

**Jan:** ...yeah...

**Linda:** ...supply chain businesses. So it's decoupling what's happening in the supply chain with the individuals. So trying to find a safe way for people to say this is happening to me without the repercussions that they're so worried about. So we said at the beginning that coercion is the big thing, the threat of what might happen to my family, or whatever.

But the other thing I think is, is poverty, you know. If, if we could just get rid of global poverty it would be so much easier 'cause sometimes people will say to you, well I'm in this situation, yes maybe it's a sweatshop, as you asked about earlier, but I'm with my aunt, and I've got a job. And actually if I go back to where I was before, I have no food.

So there's this huge issue of food which actually, or lack of food, or poverty that drives modern slavery in, in supply chains because sometimes people feel they haven't got another choice.

**Jan:** I, I read the most sort of harrowing account of some people who were working in uh charcoal making in South America. And so that's right up against the forest regions, and there's lots of deforestation with it. But some people

who had been caught in modern slavery, and got out of it, said that they'd factored that into their, their job decisions.

Wwhich again is just you know dismaying to think that you'd have to think about, well I might be caught but it's probably still worth it because I can probably get out. And that's just like that's unsustainable development, I think.

**Linda:** Yes, indeed.

**Paul:** And this again is another demonstration of how the SDGs, as we've discussed in our previous episode on the Sustainable Development Goals, tie together. No one SDG is singularly standing, so whilst we're looking at good quality work here, there's also the tie-in with the sustainability of the forests there, you're talking about charcoal and stuff...

**Jan:** ...yeah...

**Paul:** ...and also the tie-in with poverty and alleviating poverty, so lots of the SDGs. You'll know the numbers Jan, I'm not quite there with them off my top my head yet...

**Jan:** [laughs] Number eight, number eight. [general laughter]

**Paul:** Thank you! And I guess if we want to look the UK and the legislation , you've done work yourself, Amy Benstead who's now at Manchester University and Mark Stevenson who's here at Lancaster, working with the Pentland Group. Pentland Brands obviously um behind via the Rubin Family Trust the Pentland Centre.

So did you see when doing that work the examples of what can be done, what positives there are, and also how easy it could be for these companies to maybe have missed it if they weren't working in the right places?

**Linda:** Mmmm. Well I think Pentland were a really good example of a company that was looking to collaborate horizontally across, um you know, with competitors, and to find ways of working together to address the issues.

Uh so yes we did see some good practices in, in Pentland. For example I think one of the first things I did when we were working with them was to go to a meeting that they hosted where they had all the big brands in the room from um the London offices, and some NGOs as well, giving us a, a presentation of what the modern slavery issues were.

So yes I think they, they did make a really good start in terms of trying to address the legislation when it first came out. And in fact they came to us and asked us for help with it, and I think that was a really lovely starting position.

Amy then worked with them for about 20 months I think, on a part-time basis, uh to try and co-create solutions. I think often at universities that's the best way to do it. We, we don't come in with our ivory tower we work with companies and together we get to Solutions.

[Theme music]

**Paul:** That's been brilliant. Thank you very much Linda, you've really brought a lot of enlightenment to me about the issues of modern slavery, all over the world, all up and down supply chains, so I and that's been a really, really good insight.

**Jan:** Likewise. You've given us some really great um ways forward for some future podcasts where we're going to have colleagues who are looking at those Modern Slavery statements, and helping the UK's Financial Reporting Council in terms of how it needs to...work with companies to actually achieve better reporting um along the spirit of what the Act requires, so thank you very much from me as well.

**Paul:** And I'm sure Linda's work will be discussed in future podcasts as well because Linda does so much around plastics, through the Plastic Packaging in...

**Jan:** ...exactly...

**Paul:** ...People's Lives project, and so many other areas. So even if you're not here Linda I'm sure we'll be talking about you.

**Linda:** [laughs] Well, thank you for having me.

**Paul:** So that's it for another episode of Transforming Tomorrow, the podcast from the Pentland Centre for Sustainability in Business. Thank you very much and we'll be back soon. I'm Paul Turner.

**Jan:** And I'm Professor Jan Bebbington.

[Theme music]