



UNIVERSITY OF
LIVERPOOL

Management
School



**LEARNING TO SEE
MODERN SLAVERY
IN SUPPLY CHAINS**

**THROUGH
PARADOXICAL
SENSEMAKING**

Dr Bruce Pinnington and Professor Joanne Meehan report on research undertaken with managers in the construction sector, to understand why corporate responses to the UK Modern Slavery Act's reporting requirements have been disappointing. Dr Pinnington and Professor Meehan have been at the forefront of research on modern slavery in corporate supply chains since 2017.



Key findings:

1. Managers adopt a position through which they justify a lack of action, to themselves and to others. We call this stance convenience framing. Through this reasoning, managers on the one hand adopt a moral stance and express support for the aims of legislation and the need for a corporate response, but on the other hand, defer or avoid acting now.
2. Analogies with the long period over which the UK health and safety legislation (H&S) and regulatory regime were developed, illustrate the foundation of managers' thinking. All managers accept that H&S is mandatory and that serious consequences will result from breaches. Managers expect that modern slavery legislation will eventually achieve a similar level of legitimacy, at which point they will invest fully in complying.
3. For now, managers believe that they face competing (paradoxical) requirements to achieve sustainability aims whilst also maximising profit. Through business-case logic, financial objectives always dominate, but this dominance can be challenged through a combination of stronger legislation, and a more strategic response to the broadening body of international legislation.
4. A more strategic response would identify operational and compliance advantages from increasing a firm's knowledge and engagement with its supply chains, enabling coordinated action and reporting against a broad range of non-financial reporting requirements, including environmental and human rights sustainability.

Modern slavery and corporate supply chains

Modern slavery is an 'umbrella term' that includes human trafficking, forced labour, forced criminality, debt bondage and organ trafficking. **Latest global figures** for 2021 estimate that 27.6 million people were in situations of forced labour, with reported incidences in the UK showing a 33% increase in 2021 according to **NRM figures**.

What are the current requirements for firms?

- The statutory reporting requirements are laid out in the UK Modern Slavery Act 2015 (Section 54: Transparency in Supply Chains (TISC)).
- Firms with a turnover exceeding £36m must submit an annual report on the steps they have taken to eradicate modern slavery in their supply chains.
- Guidance on what to include in these reports is provided by the Home Office and various NGOs.
- International firms now have similar obligations in other jurisdictions (e.g. Australia and Canada) as well as other related requirements, such as Human Rights Due Diligence (HRDD) legislation emerging across Europe, and forced-labour import bans in North America.
- Collectively, the broadening reach of this legislation will mean that firms will face increasing pressure to show that they are taking, and reporting, serious endeavours to eradicate human rights abuses, globally.

Understandings managers' perspectives on TISC

Research in this area, including our own, has previously focused on compliance with Section 54 reporting standards. In this study we consider managers' perspectives on the challenges firstly, of achieving true transparency in supply chains, and secondly, in finding and addressing instances of modern slavery. We interviewed 32 managers within three large companies in the construction sector.

From the interviews, it was evident that managers were having to make sense of conflicting priorities, trying to make some progress toward addressing modern slavery whilst not adversely impacting profit.



How do managers 'make sense' of modern slavery?

The study revealed that managers' simplification processes reduced the breadth of their vision, such that they narrowed where they looked for modern slavery issues.

Managers also used analogies with health and safety legislation to justify a lack of immediate action. In making these analogies managers referred to the strength of current health and safety legislation and referred to the lengthy period over which it evolved. Managers expect modern slavery reporting legislation will be progressively strengthened over many years, and intend to act when it does.

In the meantime, however, managers justify that they and their businesses are ethical, by supporting the ideals behind current legislation, and a future intention to take more action.

We call this mental model convenience framing. Managers rationalise a plausible position in which they transfer responsibility for further action back to legislators. Arguments are also supported by plausible explanations of the impact of narrow margins in the sector.

Convenience framing

Managers adopt a position through which they justify a lack of action, to themselves and to others. We call this stance convenience framing. Through this reasoning, managers on the one hand adopt a moral stance and express support for the aims of legislation and the need for a corporate response, but on the other hand, defer or avoid acting now.

This is often justified through emphasising the difficulty of action, diluting the responsibility of the company to take meaningful action.

Health and safety

Analogies with the long period over which the UK health and safety legislation (H&S) and regulatory regime were developed, illustrate the foundation of managers' thinking. All managers accept that H&S is mandatory and that serious consequences will result from breaches. Managers expect that modern slavery legislation will eventually achieve a similar level of legitimacy, at which point they will invest fully in complying.

Paradoxical sensemaking

For now, managers believe that they face competing requirements to achieve sustainability aims whilst also maximising profit. Through business-case logic, financial objectives always dominate, but this dominance can be challenged through a combination of stronger legislation, and a more strategic response to the broadening body of international legislation.

Where managers were able to transcend convenience framing and address the paradox or tension they were facing, opportunities to transcend the paradox and develop new ideas could emerge.

Strategic responses

A more strategic response would identify operational and compliance advantages from increasing a firm's knowledge and engagement with its supply chains, enabling coordinated action and reporting against a broad range of non-financial reporting requirements, including environmental and human rights sustainability.

Conflicting sustainability and financial objectives

Whilst managers in this study expressed strong support for initiatives to tackle modern slavery, equally they were very aware of low margins in the sector and therefore of the need to control costs. The analogy with health and safety was especially interesting in this context: no one today considers cost cutting in relation to health and safety, however firms believe their competitors face similar costs. In the absence of stronger legislation sustainability objectives and financial objectives are considered to be incompatible, resulting in under-investment.

The full (open source) academic paper is available from the publishers: <https://doi.org/10.1111/jscm.12309> An author version is available on request.

Using this research

Have you used this research to make a change?

To build a picture of how our research is making a positive difference, and to help shape future studies, we are collating evidence on how our research is being used.

If this article has contributed to changes in practice, policies, or even just helped spark a new conversation, please consider emailing us to let us know how our research has impacted your work.

Would you like further discussion? The Centre for Sustainable Business is planning to facilitate a series of focused roundtable discussions, bringing together a range of stakeholders interested in a particular area of change. Please contact us if you are interested in taking part in a roundtable debate based around issues raised in this article.

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