



Modern-Day Slavery: Motivating Business to Act

By not committing fully to the fight against human trafficking, the business community is losing out morally and economically.

As many as 27 million people around the world are currently victims of forced labour, human trafficking, and other forms of modern-day slavery, according to the “Trafficking in Persons Report” for 2013 released by the U.S. State Department. Though many victims of human trafficking are exploited in the brutal sex trade, it is estimated that up to 68 percent of victims toil in commercial industries such as manufacturing, construction, or domestic work. As *The Guardian* put it last year, “Human trafficking is the ugly side of today’s global trade networks.” The extent of the problem makes it chillingly likely that something in your home or office, or even worn on your body, was at least partly produced by 21st century slaves.

Despite this, there is still no critical mass of consumers or businesses willing to boycott purchasing goods and/or services from providers that use forced, coerced, or bonded labourers (though there have been heartening strides made along individual supply chains and within some large corporations).

Ethics vs. Competitiveness?

Too often, companies’ instincts are to classify issues of societal impact such as human trafficking as corporate social responsibility (CSR) problems, which take a backseat to the immediate need for a

business to stay competitive. This relegates efforts to curb trafficking to the altruistic periphery of the business plan.

Human trafficking in the context of modern businesses primarily relates to labour malpractices in the supply chain (forced/coerced/bonded labour). With an increase in globalisation and competitive pressures, modern businesses rely on long and complex supply chains. Although, such supply chains reap benefits due to optimal operational design that exploit matters like the low cost of labour, raw materials, and provide economies due to specialisation, they often lead to lack of transparency where firms may not have full visibility beyond their tier one and two suppliers. It is not surprising that, at a recent conference, **BIZ@TIP: Business Against Trafficking in Persons**, held at INSEAD’s Asia campus in Singapore, many participants shared the view that the issue of human trafficking in supply chains is particularly prevalent in settings where demand and supply shocks are frequent, leading to high demand of contingent labour.

The lack of visibility along with weak regulation and government oversight in developing and underdeveloped countries is at the heart of human trafficking in supply chains -- which is exacerbated by long and complex supply chains that may be

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prone to supply and demand volatility. Human trafficking in supply chains is an operations issue.

To take the fight against human trafficking to the traffickers themselves, wherever they may be, requires the sort of organisation-wide cooperation that only operations departments can muster. Making a strong case for prioritising anti-human trafficking initiatives as an urgent organisational goal would go further with companies than the “naming and shaming” strategy regularly employed by civil society groups.

We believe such a case would contain three components:

1. The “pure-values” case. Slavery is a dirty business, and companies should simply stay out of it.
2. The “risk-management” case. The impact of a scandal on the brand could be enormous.
3. Perhaps the most potentially persuasive of the three: the “pure-business” case. All things considered, tolerating these practices in the supply chain may be a bad economic choice, due to a host of inefficiencies associated with these types of labour.

It stands to reason that coerced and compelled workers would be less efficient than fairly treated ones. So why don't all companies proactively take steps to stop human trafficking in their supply chains? If it could somehow be proven that these practices were a long-term financial liability, companies would turn away from them overnight. Bringing out the necessary data, however, requires shedding light along knotted, shadowy supply chains, as we discovered when we moderated a panel at the BIZ @ TIP conference.

Pieces of the Puzzle

The purpose of the conference was to explore “the role of business in combatting trafficking”, but the speakers were by no means limited to the corporate world. Former and current executives at major multinationals gave presentations alongside government officials from several nations and representatives of some of the most prestigious anti-trafficking NGOs.

NGOs

Keynote speaker Dr. Jean Baderschneider, a former VP of Global Procurement for ExxonMobil, now sits on the board of Polaris Project, a prominent NGO. Among other services, Polaris runs text messaging and voice hotlines for trafficking victims. These allow the Washington, D.C.-based NGO to arrange timely assistance to victims anywhere in the United States. Polaris hopes the vast amounts of data

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collected through the hotlines will shed some light on the big picture of human trafficking.

We also heard from Nina Smith, founding executive director of GoodWeave International, a non-profit organisation dedicated to wiping out child labour in the handmade rug industry. (According to GoodWeave, the industry exploits nearly 250,000 children). The organisation says that it has been able to rescue 3,600 kids from the looms in India, Afghanistan, and other top rug-producing countries. The organisation's industry partners agree to open their facilities to GoodWeave's inspection teams, and if no child labour is found they can display GoodWeave labels on their products. The partners also pay fees that go towards education and support initiatives for child labourers and their communities.

Government

John Leonard, CBP Attaché with the American Embassy in Singapore, U.S. Customs and Border Protection (CBP), is battling trafficking in a more indirect but still effective way. Leonard was at the conference representing **Customs-Trade Partnership Against Terrorism (C-TPAT)**, a government-business initiative geared toward shoring up weak points in the supply chain that could enable national security breaches when goods cross the border into the United States. What does that have to do with forced labour? C-TPAT trade partners are held to a high standard of supply chain security, and are obliged to act when ethical lapses such as human trafficking are discovered. C-TPAT launched shortly after the 9/11 attacks with just seven participating companies, and now boasts nearly 11,000 trade partners (mostly importers and carriers) representing approximately 50 percent of the total value of merchandise imported into the U.S., Leonard said.

Corporate

Finally, the conference also had participation from current and former senior executives from the corporate sector that shared the initiatives at their firms to tackle human trafficking in their businesses. We heard from people like Bonnie Nixon, senior advisor at Sustainability Roundtable, Inc and former director of environmental sustainability at Hewlett Packard (HP), on how she initiated programmes to tackle this issue during her tenure at HP. Marilyn Carlson Nelson, chairman and former CEO of Carlson Hotels, shared her views during her keynote speech on the role of businesses in addressing human trafficking issues.

Putting It Together

What was most wonderful about the BIZ @ TIP conference was its practical focus. The speakers

were not armchair activists exchanging thoughts and ideas; they were messengers from the trenches with compelling first-hand stories to share. The totality of their knowledge about the issue was more than the sum of its parts, underscoring the need for an ongoing multi-stakeholder approach.

A common theme emerged during the conference, the need to make a business case for approaching this issue. This relates to the second and third component that we have discussed above. While, no one denied the utmost importance of the pure-values case, a significant part of the discussion centred on the pure-business and risk-management cases. To us, it suggested that the pioneers of this field have found good traction with high level corporate executives while broaching the issues of human trafficking in supply chains using a business case.

Yet, there are sceptics. According to Dr. Jean Baderschneider, the only way the skeptics can be converted is by empirically demonstrating the strength of a business case for addressing this issue. Short of strong empirically driven arguments, such initiatives will at best make small differences in limited supply chains. But if we want to have a global and sustainable impact at attenuating this issue, we need to be data-driven; or else people who approach this topic will be conveniently and wrongly classified as anti-capitalists by some corporates in order to digress from the core issues and their lack of initiatives to tackle them.

This is where we as supply chain management researchers come in. For years we have studied and analysed different operational aspects of supply chain management. At the root of our research lies rigorous data analysis and strong practical/business ties. We can use these skills to translate the existing information on modern-day slavery into economic cause-and-effect relationships that businesses will understand and appreciate. We can also play a crucial role in evaluating the effectiveness of solutions once they've been tried. Data -- and the larger conclusions drawn from data -- would help businesses and other organisations develop a set of anti-trafficking best practices to reduce guesswork and conserve resources.

We think that the time is ripe for *corporates*, *NGOs*, *governmental organisations*, and *academics* to bring together different pieces of the puzzle, that when put together will help in making strong strides in tackling the issue of human trafficking. The BIZ @ TIP was a good indication to us that such multi-party cooperation is beginning to be forged.

We would like to leave you with these final words. Human trafficking urgently needs to be tackled -- for purely humanitarian reasons, if nothing else.

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However, it is easy for businesses to do lip-service to this issue by passing it on to CSR departments. We conjecture that, outside of the essential morality of this issue, there may be a solid business case to be made. But this would require a rigorous empirical approach, to shut down the sceptics once and for all.

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