

ARTICLE

# AUSTRALIAN MODERN-DAY SLAVERY: A SYSTEMS PERSPECTIVE

Prof James Guthrie AM, Prof John Dumay, Prof Grant Michelson and Dr Tracey Dodd

**The complexity and opacity of global supply chains make modern slavery a real risk for companies that engage in large-scale international production and distribution. Researchers at Macquarie and Adelaide Universities explore how adopting a social system perspective might strengthen the interrelationships between governments, companies, civil society and academia and shed new light on developments in theory and practice that could help eliminate modern slavery.**

## INTRODUCTION

'Modern slavery, one of the most abhorrent crimes against humanity, is a profitable international business thriving on an unprecedented scale. It generates an estimated US\$150bn in illegal profits annually ... slavery operates in a hidden form in the complex global value chains governed by powerful multinational corporations.'<sup>1</sup>

Guthrie and Dumay (2021) argue that new approaches are needed to solve those complicated and genuinely complex problems confronting business and government. Wicked problems involve social justice, social change, climate change and social economy issues characterised by stakeholder multiplicity and policy confusion.<sup>2</sup> Addressing these difficulties requires a social systems perspective – one that considers uncertainty but still allows us to negotiate politically and work effectively in networks to break down the boundaries between academia, industry and policy-makers. In this regard, our ability to handle future challenges is essential.

---

1. Stringer and Michailova, 2018, p. 194

2. Guthrie and Dumay, 2021

Using complex adaptive systems, we must build our resilience and implement ways to sense the small changes to our world that may have catastrophic impacts. Nevertheless, building this resilience is difficult because government policy typically develops around known scenarios and knee-jerk reactions to social wrongs and catastrophes. However, such policies are like closing the gate after the horse bolts. Thus, we must cope as best we can with wicked problems such as modern slavery. We must also deal with social justice, climate change and the social economy. Guthrie and Dumay (2021) argue that we must start to build social systems that involve the best minds who collectively and continually look for the outliers that may one day cause the next calamity. Without such systems, we will always live on the edge of chaos!

Slavery is an unethical practice. Over the last two centuries, parliaments worldwide have committed to making laws to end slavery.<sup>3</sup> The glaringly inhumane practice of chattel slavery – a person being owned or sold by another – was prohibited and criminalised in countries from the early 1800s onwards. Later, other forms of slavery, such as forced labour, human trafficking, debt bondage, involuntary prostitution and forced marriage, were prohibited.<sup>4</sup>

Tackling slavery in contemporary times has become more demanding.<sup>5</sup> Engaging in modern slavery can be commercially rewarding for nation-states and corporations, and slavery is entwined with the global economy and therefore challenging to detect and unravel.<sup>6</sup> A consumer product may be more affordable in one country because of oppressive

and underpaid manufacturing conditions in another country.<sup>7</sup> Modern slavery may occur within a family or domestic setting when one person forces another into servitude or marriage. Alternatively, modern slavery may be a voluntary arrangement endured by a person without support.<sup>8</sup>

Internationally, the EU has banned products made using forced labour,<sup>9</sup> a move that could further increase strains in its trade relations with China in the light of allegations about forced labour in the province of Xinjiang. Shoes, clothes and commodities such as timber, fish and cocoa are among the products most likely to be affected by the EU bans. This European development closely follows a new US federal law called the Uyghur Forced Labour Prevention Act, enacted in late December 2021.<sup>10</sup> This legislation requires companies to prove that any goods with ties to Xinjiang are free of forced labour.

Modern slavery is a problem for companies operating across international borders, with the United Nations (UN) and signatory countries targeting its elimination by 2030. Under the UN Guiding Principles on Business and Human Rights, entities are responsible for respecting human rights in their operations and supply chains, including acting to prevent, mitigate and, where appropriate, remedy modern slavery in entity operations and supply chains. The UN Sustainable Development Goals<sup>11</sup> also focuses on modern slavery in its Employment and Decent Work Goal (Goal 8) with the aspiration to, among other factors, '...eradicate forced labour, end modern slavery and human trafficking...' (Target 8.7).

3. Australian Government, 2022

4. Christ et al., 2022; Haigh and De Graaf, 2009

5. Dodd et al., 2022; Searcy et al., 2022

6. Walk Free Foundation, 2022

7. Gutierrez-Huerter et al., 2021

8. Moussa et al., 2022

9. Javier Espinoza and Andy Bounds in Brussels September 12 2022, <https://www.ft.com/content/8ebd3114-ab7b-4345-be0d-9ed57ca8daf2>

10. [https://en.wikipedia.org/wiki/Uyghur\\_Forced\\_Labor\\_Prevention\\_Act](https://en.wikipedia.org/wiki/Uyghur_Forced_Labor_Prevention_Act)

11. <https://www.undp.org/sustainable-development-goals>

However, legislation is only one means of eliminating slavery. Furthermore, notably, slavery usually does not occur significantly in the countries enacting and enforcing these pieces of legislation. Hence, another approach is to use an information disclosure strategy about operations and supply chains to change company behaviour. The Australian Government's recent issues paper<sup>12</sup> states that slavery cannot be stopped simply by a law declaring it illegal. The paper highlights that it may be difficult to pinpoint any exact locations or product components linked to slavery practices. Distinguishing modern slavery from other forms of exploitation, such as substandard working conditions and underpayment, can also be challenging. For this and other reasons, the Government's reporting requirements focus on large businesses, the Commonwealth, and other entities with the capacity and leverage to drive change throughout their supply chains.<sup>13</sup>

This research paper is motivated by global societal concerns over modern slavery. Over the last decade, modern slavery has been the fastest-growing form of organised crime and is found on every continent,<sup>14</sup> including Australia.<sup>15</sup> The Global Slavery Index, published by the International Labour Organization and the Walk Free Foundation,<sup>16</sup> reports that in 2021, modern slavery has increased by nearly 10 million people since 2017, with more than 49.6 million people globally subject to some form of modern slavery. About 15,000 of these people live in Australia, with a prevalence of 0.6 victims for every thousand people in the country. Efforts to identify and eliminate modern slavery have thus far had

limited impact as they span national borders and rely on normative pressures (e.g., reputation risks). They also depend on effective law enforcement and efficient judicial practices in different countries. New approaches that can foster greater and continued collaboration are required. Hence, we pose the following research question: How can a social system perspective, which encompasses and strengthens the interrelationships between individuals, groups and institutions, shed new light on pathways to eliminate modern slavery?

## BACKGROUND

Modern slavery is a significant issue in Australian supply chains. It is most prevalent when entities import goods produced using modern slavery practices. High-risk products include laptops, smartphones, garments, fish<sup>17</sup> and even chocolate.<sup>18</sup> Evidence shows that forms of modern slavery are also present in many goods and services produced in Australia. Hospitality,<sup>19</sup> retail<sup>20</sup> and agriculture are examples of high-risk local industries. The Australian Government tries to protect vulnerable individuals and communities in Australia and within global supply chains from modern slavery crimes, but doing so is challenging, as outlined in the Introduction.<sup>21</sup>

There is an international acceptance that new legal, commercial and cultural approaches are required to stop modern slavery. Britain and Australia are among several jurisdictions that have enacted related legislation, with Britain's Modern Slavery Act commencing in 2015 and Australia's Modern Slavery Act (Cth) commencing in 2019.

12. <https://www.homeaffairs.gov.au/about-us/our-portfolios/criminal-justice/people-smuggling-human-trafficking/review-of-the-commonwealth-modern-slavery-act-2018>

13. Wray-Bliss and Michelson, 2022

14. Crane et al., 2019

15. Christ and Burritt, 2021

16. International Labour Organization and Walk Free Foundation, 2022

17. Deloitte, 2020, p. 6

18. Perkiss et al., 2021

19. Yang et al., 2020

20. Yang et al., 2021

21. Australian Government, 2020

The Australian Government has also developed the National Action Plan to Combat Modern Slavery 2020–2025.<sup>22</sup> The Act and Plan aim to build on prior initiatives, such as the 2004 Action Plan to Eradicate Trafficking in Persons and the National Action Plan to Combat Human Trafficking and Slavery 2015–2019. The 2020–2025 Plan aims to 'establish a future where no one is subjected to modern slavery, and the human rights of all people are valued equally'.<sup>23</sup> The Plan identifies its mission as working with others to prevent and combat all forms of modern slavery actively, wherever it occurs, including by supporting, protecting, and empowering victims and survivors.<sup>24</sup>

According to Christ and Burritt,<sup>25</sup> there are two regulatory options for addressing modern slavery – command and control regulation with sanctions, or self-regulation with no sanctions for compliance. The Australian Modern Slavery Act has taken the self-regulation approach. It places the onus on large public and private entities to scrutinise their business operations to ensure that slavery risks are not occurring within their domestic or global operations or supply chains. These entities must report annually on the actions taken to prevent the risk of modern slavery from occurring. The reports are placed on a public register. The stated aim of this is to increase business awareness, transparency and support for anti-slavery measures. A public register also means others in the community can assess how earnestly and effectively individual business entities have acted to prevent modern slavery.<sup>26</sup> However, there are no significant sanctions for non-compliance.

The Modern Slavery Statements required by the Act must identify the reporting entity and address the following mandatory criteria: the reporting entity's structure, operations and supply chains; and modern slavery risks in the reporting entity's operations and supply chains (including those of subsidiary entities). As a general guide, Modern Slavery Statements should also include the actions taken to address modern slavery risks and any remediation strategies taken.<sup>27</sup>

One noteworthy aspect of the Act is that it does not have any punitive measures should a company not comply. Wray-Bliss and Michelson<sup>28</sup> examine how the Act came to have no penalties in their critical and discursive analysis of submissions to an Australian inquiry into establishing the Act. They found that the dominant position across the submissions was that any legislation introduced by the Australian federal parliament around modern slavery must be without penalty or consequence for business. Included here is the stipulation that not complying even with the minimal reporting requirements of the Act should be penalty-free. For example, in a submission to the Inquiry, Norton Rose Fulbright states, 'The legislation should not include fines or other penalties for non-compliance with the reporting requirement' (submission 72, p. 3). Mining company South32 submitted that any new Act must 'encourage businesses to examine their supply chains and identify instances of modern slavery without fear of liability' (submission 81, p. 4). The Walk Free Foundation submitted, 'Our approach must encourage business to look and find, and be open about what they discover.

22. Australian Government, 2020

23. Australian Government, 2020

24. Australian Government, 2020

25. Christ and Burritt, 2021

26. Wray-Bliss and Michelson, 2022

27. Australian Government, 2018

28. Wray-Bliss and Michelson, 2022

As a community, we must support, not shame them' (submission 91, p. 5).

Rather than a penalty or legal liability for non-compliance, those making submissions argued that the market mechanism of reputational risk should be sufficient.<sup>29</sup> As the Australian Food and Grocery Council outlined in its submission, 'In line with the Australian Government's deregulation agenda, the Committee may consider whether the measures outlined above can be built upon, recognising that there is a significant reputational incentive for businesses to be proactive in addressing human rights concerns including modern slavery' (submission 77, p. 4). Similarly, the National Australia Bank wrote, 'Whilst there are no material statutory sanctions for non-compliance to accompany these requirements, the princip[al] deterrent for not taking steps to publish a statement is driven largely by the potential reputational risk of no action. Reputational risk can be a strong motivator for public companies with well-known brands. NAB supports this non-punitive approach' (submission 54, p. 4).

## REVIEWING THE EVIDENCE

In this section, we present a review of Australian research into the legislative requirements for environmental, social and governance (ESG) disclosures and their impact on disclosure practice. This is followed by several findings from the issues paper that is the basis of the Australian Government's review of the Act.<sup>30</sup> This analysis provides insights into the effectiveness of the Act to date.

### Effectiveness of legislation on ESG disclosures

Previous Australian research shows that prescriptive disclosure regulations based on the principles of command and control have had little

impact on providing information to the public about ESG practices. For example, the *Corporations Act* requires fund managers to attach certain disclosures to retail investment products in those products' Product Disclosure Statements (PDSs). More specifically:

**Section 1013D(1)(l) of the Corporations Act states that where a financial product has an investment component, its issuer must include in the PDS the extent to which labour standards or environmental, social or ethical considerations are considered in selecting, retaining or realising an investment.**

Haigh and Guthrie<sup>31</sup> analysed these ESG disclosures in Australian PDSs with the primary research question of whether or not the legislatively required disclosures did incorporate governance practices, environmental matters, labour standards and other social or ethical considerations. Overall, they found that the Corporation Act's prescriptive disclosure regulation did little to extract the desired information from corporations. If anything, the findings were that the corporations and lawyers stripped out any meaningful voluntary information from the PDSs.

In another paper, Haigh and Guthrie<sup>32</sup> explored socially responsible investment (SRI), investment management, the regulation of financial services, and social accounting by providing a comprehensive analysis of both the investment methods used in SRI products and examining regulated social reporting in financial services. Australian and New Zealand regulations require that self-declared SRI products provide details on the methods used to construct the investment portfolio in a proforma way. The aim, as evidenced by parliamentary debates and other public reports, was to increase the comparability of SRI products. However, their analysis shows that before this regulation came to

29. Wray-Bliss and Michelson, 2022

30. Australian Government, 2022

31. Haigh and Guthrie, 2010

32. Haigh and Guthrie, 2009

pass, the disclosures included information on the diversity of origin, purpose and method. Regulated standardised disclosure can be expected to detract from a plurality of interests.<sup>33</sup> Hence, both studies highlight the failure of compulsory command and control style disclosures by corporations to promote transparency in these matters.

### Effectiveness of modern slavery disclosures

Several research projects have involved analysing the listings in Australia's Online Registry of Modern Slavery Statements, which are worth discussing. For example, The Australian Council of Superannuation Investors (ACSI)<sup>34</sup> *Moving From Paper to Practice: ASX200 Reporting Under Australia's Modern Slavery Act* examines the modern slavery statements submitted in the first reporting cycle by 151 ASX200 companies. ACSI members are asset owners and institutional investors that own an average of about 10% (\$) of ASX200 companies. This study assesses statements against 41 quality indicators and eight legal compliance indicators. While the quality of modern slavery reporting varies by sector and revenue level, the overall finding is that significant room for improvement in the quality of reporting by ASX200 companies exists. The average quality score for statements was 15.4 out of a maximum of 41 points, and only 31 statements scored 20 points or more. The statements generally aimed to satisfy the Act's legal reporting requirements but not to deepen disclosure of operational risks – a 'paper over practice' approach. The study reports that most companies complied with the minimum requirements of modern slavery reporting within the ASX200.

A study by the Monash Business School<sup>35</sup> analysed the quality of 239 Modern Slavery Statements submitted in 2020 by ASX300 companies. This study scores each statement according to

31 criteria grouped into five categories (multiple researchers assessed each statement). The statements were graded from A (highest) to F (lowest). Only six companies received an A rating; 36% received a failing grade of E or F, and the majority were rated C or D. The ASX300 companies were identified by name in the final ratings. Therefore, except for six companies that received an A rating, the rest only produced statements that were compliant in terms of the legal requirements of the Modern Slavery Act.

The Human Rights Law Centre<sup>36</sup> examined 102 modern slavery statements across four sectors with known modern slavery risks: garments from China, rubber gloves from Malaysia, horticultural produce from Australia, and seafood from Thailand. This analysis had a dual focus. One was to examine if the statements met the Act's mandatory reporting requirements, with statements scored against 66 indicators in a three-stage assessment process. The report found that only 23% of companies fully addressed the mandatory requirements.

The Walk Free Foundation<sup>37</sup> analysed reporting under the UK and Australian Modern Slavery Acts by 50 companies in the garment sector where modern slavery is rife. The report describes the scale of the industry and the difficulties in providing transparency and enforcing workers' rights at multiple stages of the garment supply chain. The report finds that regulated reporting is inadequate under UK and Australian laws. A major weakness is the governments' failure to explain how risk assessment tools can be used beyond making policy statements to also analyse supply chains. A strong theme of the report is that disclosures under the Act must go beyond mere reporting compliance with overly weak regulation to eliminate modern slavery risks.

33. Gray and Jenkins, 1993

34. Australian Council of Superannuation Investors, 2021

35. Monash University Business School, 2021

36. Human Rights Law Centre, 2022

37. Walk Free Foundation, 2022

A study by International Justice Mission Australia<sup>38</sup> analysed 404 modern slavery statements – 332 from entities sourced from or operating in India. The study had 20 researchers analyse the statements against 44 criteria. One part of the study looked broadly at modern slavery reporting, and the other looked at reporting on modern slavery risks in India as a high-risk region. A key finding in the first part of the study was that more than 90% of statements identified potential modern slavery supply chain risks, but fewer than 30% identified risks beyond the first tier of the supply chain. Many corporations are exposed to significant supply chain risk and only do the minimum required under the *Modern Slavery Act*. This study found that nearly 75% of statements either did not satisfy reporting obligations or only met the minimum reporting obligations. Nearly 85% of company statements did not indicate a single instance where a company responded to actual or alleged modern slavery in their operations or supply chains. Findings from the report include: some 43% of corporations met half or less of the study's quality indicators; the majority of solid statements (58%) were large corporations > \$1b revenue; the majority of weak statements (79%) were from smaller corporations with < \$500m revenue; only 24% of statements revealed the status of workers, for example, whether they are part-time, full-time, contractors, skilled or unskilled; the weakest section of most responses was on due diligence and remediation.<sup>39</sup>

The International Justice Mission Australia report recommends that entities use organisational culture in the modern slavery reporting process to engage with stakeholders, explore ways of reducing slavery rates in high-risk regions, and implement more robust due diligence measures. The recommendations for the government are to

better inform entities of the risks of modern slavery in high-risk regions, partner with governments in those regions to improve justice system responses to modern slavery and implement more robust controls on imports linked to modern slavery risks.

Therefore, of the six research projects that have assessed the modern slavery statements published in the Online Register for Modern Slavery Statements, all have found poor disclosures and little disclosure of actual management practices to eliminate the risks associated with modern slavery in supply chains.

### Review of the Modern Slavery Act

On 31 March 2022, then Assistant Minister for Customs, Community Safety and Multicultural Affairs, the Hon. Jason Wood, MP, announced a statutory review of the Modern Slavery Act 2018, planned as part of Australia's National Action Plan to Combat Modern Slavery 2020-25. Subsequently, in September 2022, the Commonwealth of Australia released an issues paper to guide the review.<sup>40</sup> According to the issues paper, Australia has more transparency and understanding of the links between modern slavery practices and global supply chains. As of 30 June 2022, 4,399 modern slavery statements had been published in the Register, covering the activities of an estimated 6,293 entities from 42 different countries. Furthermore, several formal consultation groups comprising representatives from civil society and the business now advise the government on modern slavery, including the National Roundtable on Human Trafficking and Slavery and the Modern Slavery Expert Advisory Group.<sup>41</sup>

While there have been advances, it has not been easy sailing for the Act as only 41% (out of 1727 statements) of companies submitted non-compliant

38. International Justice Mission Australia, 2022

39. <https://ijm.org.au/news/media-release-damning-new-report-highlights-significant-modern-slavery-risks-facing-australian-businesses/>

40. Australian Government, 2022

41. Australian Government, 2022, p. 13



statements in the first reporting cycle (2020) and only 28% (out of 3429 statements) in the second (2022).<sup>42</sup> Non-compliance is about the form of the statements, not the substance. The Act is silent on substance. However, it is clear from these statistics and the five studies that have examined the statements that self-regulation is not working. The non-compliance shows that many companies either did or could not effectively engage with the Act's requirements and that there is considerable room for improvement. However, the main issue is how to effectively get companies to comply with the legally mandated reporting requirements, let alone eliminate their modern slavery risks. One answer is applying penalties for non-compliance, which could be counterproductive as it places the entire responsibility back onto companies to act and report rather than considering what causes modern slavery and how it can be detected and subsequently eliminated.

## A SOCIAL SYSTEM PERSPECTIVE ON MODERN SLAVERY

As outlined in the Introduction, modern slavery is a highly profitable crime, so it is not in the perpetrator's interest to disclose it. Supply chains have many tiers, and the transparency and traceability of these chains become opaque as the number of tiers increases. For example, in the global cocoa (chocolate) supply chain, cocoa beans pass from millions of small farmers through buyers, resellers, cooperatives, producers and retailers before finally reaching consumers. Thus, in an industry with millions of small farmers, poor infrastructure and considerable unregulated farming and commercial practices, achieving transparency in the many tiers of the supply chain is very challenging.

For illustration purposes, asking a chocolate company to be responsible for eradicating modern slavery in its supply chain would be very difficult because of this opaqueness. Thus, reducing the opaqueness requires the involvement of all actors involved in the supply chain, including governments, companies, civil society and academia. This involvement is needed because modern slavery is a wicked problem with no easy solutions from a theoretical perspective.<sup>43</sup> One of the problems with easy solutions is that they can have unintended consequences. As the Voice Network outlines, easy solutions mean:

**that all actions must be designed with a specific awareness of the challenges faced by supply chain actors of the incentives that could lead them to engage and must embed mitigation measures addressing unintended consequences.**<sup>44</sup>

For example, in the cocoa industry in West Africa, where modern slavery exists, a simple solution could be to place an immediate ban on all cocoa sales that could not prove that the beans were slave-free. However, that could eliminate most sales from West Africa, forcing the industry into chaos, poverty and civil unrest.<sup>45</sup> Thus, a focus on the interactions between governments, companies, civil society, academia and other actors is urgently needed. Plus, those interactions should entail cross-sector alliances and partnerships, among various other interactions.<sup>46</sup>

### Governments

While several governments have implemented modern slavery legislation, that alone will not prevent it. Governments need to take a proactive approach and work with companies towards education and assist them in identifying the

42. Australian Government, 2022, p. 22

43. Rittel and Weber, 1973

44. VOICE Network 2022

45. Perkiss et al., 2021

46. Yaziji and Doh, 2009



products and industries that pose the most significant risks. In doing so, they should help provide a nationally available data source that helps break down the value chain for these industries and products to its source. If that were done, there could be a nationally coordinated approach to eliminating slavery from a supply chain.

In this coordinated approach, we must also not forget that most modern slavery does not sit in the domestic supply chain but comes primarily from externally sourced products. Therefore, it is necessary to work with the governments of other countries that are the sources of modern slavery. One could argue this is problematic because the political will or corruption in the source country might not be open to a discussion about eliminating the problem. For example, the Chinese Government may be reluctant to cooperate with the plight of the Uyghur people and products made in Xinjiang.<sup>47</sup> Therefore, this recommendation is more straightforward to articulate than enable, but that does not mean that it is not still worthwhile and feasible. For example, the International Labour Organization (ILO) reports that Uzbek cotton is now free from systemic child and forced labour,<sup>48</sup> highlighting that tackling the problem with the commitment of the source government can be a solution.

### Companies

While the opaqueness of global supply chains remains a problem, it is not an excuse for substantial and multinational companies not to act. For example, many companies have more resources and turnover than a small nation's GDP and often profit from modern slavery. For example, Perkiss et al. examine how Nestlé uses

impression management to distance itself from child and forced labour in their corporate reporting.<sup>49</sup> The problem of child and forced labour is widely known, especially in West Africa. However, in 2001, eight significant cocoa processing and manufacturing companies working in the cocoa supply chain, alongside representatives from the US and Ivory Coast Governments, committed to eradicating the worst forms of child labour and adult forced labour on cocoa farms in West Africa with the signing of the Harkin-Engel Protocol.<sup>50</sup>

Nevertheless, despite the Harkin-Engel protocol, there are continuing allegations that child and forced labour continues in West Africa.<sup>51</sup> However, according to a recent market analysis report, in 2019, the global size of the chocolate market was valued at USD 130.56 billion, and this is expected to grow at a compound annual growth rate (CAGR) of 4.6% from 2020 to 2027.<sup>52</sup> However, farmers still live in poverty, despite the industry having more than adequate resources to pay farmers a living income and reduce the need for children and forced labour.<sup>53</sup> Chocolate is only one example of high-risk products and industries involving large international and Australian companies that regularly profit from modern slavery in their supply chains. Nevertheless, despite legislation banning or attempting to eradicate the problem, consumers in Australia are still buying and consuming these products. Therefore, an opportunity exists for many organisations to take the lead and ensure their products and processes are free of forced labour and modern slavery.

### Civil society and academia

Finally, civil society and academia also need to play a role in eradicating modern slavery. Here, we advocate that these actors can contribute as third

47. <https://www.theguardian.com/world/2022/jun/21/us-ban-on-cotton-from-forced-uyghur-labour-comes-into-force>

48. [https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_838396/lang--en/index.htm#:~:text=Almost%20two%20million%20people%20are,according%20to%20new%20ILO%20findings](https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_838396/lang--en/index.htm#:~:text=Almost%20two%20million%20people%20are,according%20to%20new%20ILO%20findings)

49. Perkiss et al., 2021

50. <https://www.slavefreechocolate.org/harkin-engel-protocol/>

51. <https://www.theguardian.com/law/2022/apr/03/cadbury-faces-fresh-accusations-of-child-labour-on-cocoa-farms-in-ghana>

52. <https://www.grandviewresearch.com/industry-analysis/chocolate-market>

53. <https://www.chocolatescorecard.com/blog/earning-a-decent-living-through-cocoa-why-is-it-so-hard>

parties to monitoring and understanding the impact of government policies and legislation in consumer and producer countries. By examining these impacts, they can also independently advise on improving policy and legislation, including traceability and transparency provisions.<sup>54</sup> Thus, we advocate that civil society and academia have a vital role in establishing the ground rules for practice in the future of Australia's Modern Slavery Act and how companies respond to it.

How companies respond is also vitally important, along with how civil society and academia engage with them to help eliminate modern slavery. Most significant is the opportunity to open a dialogue with companies on their management performance, help them understand their supply chains, and identify and mitigate modern slavery risks. In our research, we have done this in two ways. First, as outlined by Dodd et al., research was engaged inside an organisation to assist with implementing management practices and a control system capable of identifying modern slavery risks and the opportunity to mitigate them if needed.<sup>55</sup>

Second is our involvement with the charity 'Be Slavery Free' and the production of the Chocolate Scorecard 2022 and beyond.<sup>56</sup> In this research,<sup>57</sup> we engage in a dialogue between academia, civil society and companies to produce a scorecard on corporate performance in the chocolate supply chain. The research contributes by practically applying critical dialogical accountability theory that considers all parties accountable, not just businesses.<sup>58</sup> The focus is on working with industry leaders to find and prevent modern slavery, thus providing a robust social system model of academic and civil society interaction with industry that

engenders real-world change. In this project, the companies are interested in engaging because their performance is being assessed by us and made public. Thus, from a reputational perspective, most companies do not want their performance to be lower than their competitors, so they are motivated to engage in a dialogue with us on how to improve their performance. The motivation translates into proactive policies that directly improve the lives of people working in their supply chains.

## CONCLUSION

Modern slavery is an abhorrent and illegal activity. However, the motivation for depriving humans of their freedom is often attributed to it being a highly profitable activity. Unfortunately, modern slavery appears to prosper due to the complexity and opacity of corporate global supply chains, among other factors. This paper was motivated by a desire to explore how a social system perspective for this wicked problem of modern slavery in supply chains might best be addressed. In this context, we examined the legislative remedy – including the features of the Modern Slavery Act in the Australian jurisdiction – with relatively few enforcement mechanisms for non-compliance. Lack of enforcement is disappointing but unsurprising, given the extensive lobbying by Australian companies in the lead-up to the Act for a law that minimised any additional 'regulatory burden'. Further inquiry into the voluntary substantive disclosure quality of modern slavery statements in Australia highlighted a consistent pattern: the extent of compliance was variable, with many companies not even satisfying the formal minimum reporting requirements.

54. Islam and Van Staden, 2022

55. Dodd et al. 2022

56. <https://www.chocolatescorecard.com/>

57. See, Etelle Higonnet, a research team member, was interviewed for the story. (<https://www.washingtonpost.com/climate-solutions/2022/10/14/halloween-candy-chocolate-deforestation-labor/>)

58. Dillard and Vinnari 2019

While governments are critical stakeholders in remedying modern slavery through legislation, we contend that enacting new laws alone is insufficient. In Australia, the Modern Slavery Act has raised awareness about the plight of deplorable conditions for many working in onshore and offshore supply chains. However, sanctions for non-compliance are limited mainly to reputational risk rather than direct financial penalties. We contend that adopting a social system perspective requires cultural change encompassing the interactions and interrelationships between individuals, groups and institutions and is best placed to reveal new pathways and configurations to eliminate modern slavery.

A social system perspective includes governments and their various agencies (law enactment and enforcement), companies, civil society organisations such as NGOs, and academia. For their part, companies need assurance that ethical and slavery-free labour standards are occurring in their supply chains. However, it is uncommon for them to always oversee such practices beyond their first- or second-tier suppliers. Delving into the multiple supply-chain tiers is one area civil society and academia can contribute in terms of helping to monitor, educate and conduct research that can help policymakers and satisfy corporate interests. A social system perspective assumes that mutually beneficial outcomes can result when different individuals, groups and institutions collectively seek to cooperate to address a significant problem. With nearly 50 million people trapped in modern slavery globally, we believe developing and strengthening a multi-actor and multi-institutional approach is a comprehensive way to eradicate such human suffering and indignity.

## REFERENCES

- Australian Council of Superannuation Investors** (2021), *Moving from Paper to Practice: ASX200 Reporting Under Australia's Modern Slavery Act Research Report*, <https://acsi.org.au/research-reports/moving-from-paper-to-practice-asx200-reporting-under-australias-modern-slavery-act/>
- Australian Government** (2020), National Action Plan to Combat Modern Slavery 2020–25, Commonwealth of Australia, Canberra, Australia
- Australian Government** (2022), *Review of Australia's Modern Slavery Act 2018, Issues Paper*, <https://consultations.ag.gov.au/crime/modern-slavery-act-review/>
- Christ, K.L. and Burritt, R.L.** (2018), 'Current perceptions on the problem of modern slavery in business', *Business Strategy and Development*, 1(2), 103–114
- Christ, K.L. and Burritt, R.L.** (2021), 'Exploring Effectiveness of Entity Actions to Eliminate Modern Slavery: Early Australian Evidence', *The British Accounting Review*, <https://doi.org/10.1016/j.bar.2021.101065>
- Christ, K., Burritt, R.L. and Prider, H.** (2022), 'Modern Slavery Disclosures in Mining: A Comparison of Large UK and Australian Companies', *Journal of Behavioural Economics and Social Systems*, 4(2)
- Crane, A., LeBaron, G., Allain, J. and Behbahani, L.** (2019), 'Governance Gaps in Eradicating Forced Labor: From Global to Domestic Supply Chains', *Regulation & Governance*, 13(1), 86–106
- Dahan, N., Doh, J. and Raelin, J.** (2015), 'Pivoting the Role of Government in the Business and Society Interface: A Stakeholder Perspective', *Journal of Business Ethics*, 131(3), 665–680

- Deloitte** (2020), *Modern Slavery Act 2018 A Practical Guidebook*, <https://www2.deloitte.com/content/dam/Deloitte/au/Documents/risk/deloitte-au-risk-modern-slavery-act-2018-guidebook-110820.pdf>
- Dillard, J. and Vinnari, E.** (2019), Critical dialogical accountability: From accounting-based accountability to accountability-based accounting, *Critical Perspectives on Accounting*, 62, 16–38
- Dodd, T., Dumay, J. and Guthrie, J.** (2022), 'Management Controls and Modern Slavery Risks in the Building and Construction Industry: Lessons from an Australian Social Housing Provider', *The British Accounting Review*, <https://doi.org/10.1016/j.bar.2022.101098>
- Gray, A. and Jenkins, W.** (1993), 'Codes of Accountability in the New Public Sector', *Accounting, Auditing and Accountability Journal*, 6(3), 52–67
- Guthrie, J. and Dumay, J.** (2021), 'Wicked problems involve social justice, social change, climate change and the social economy', *Journal of Behavioural Economics and Social Systems*, 3(1), 11–16
- Gutierrez-Huerter, O.G., Gold, S. and Trautrim, A.** (2021), 'Change in Rhetoric but not in Action? Framing of the Ethical Issue of Modern Slavery in a UK Sector at High Risk of Labor Exploitation', *Journal of Business Ethics*, <https://doi.org/10.1007/s10551-021-05013-w>
- Haigh, M. and De Graaf, F.J.** (2009), 'The Implications of Reform-oriented Investment for Regulation and Governance', *Critical Perspectives on Accounting*, 20(3), 399–417
- Haigh, M. and Guthrie, J.** (2009), 'A Political Economy Approach to Regulated Australian Information Disclosures', *Business Ethics: A European Review*, 18(2), 192–208
- Haigh, M. and Guthrie, J.** (2010), 'Management Practices in Australasian Ethical Investment Products: A Role for Regulation?', *Business Strategy and the Environment*, 19(3), 147–163
- Human Rights Law Centre** (2022), *Paper Promises? Evaluating the Early Impact of Australia's Modern Slavery Act*, <https://www.hrlc.org.au/reports/2022/2/3/paper-promises-evaluating-the-early-impact-of-australias-modern-slavery-act>
- International Justice Mission Australia** (2022), *Spot Fires in Supply Chains*, <https://ijm.org.au/spot-fires-in-supply-chains-report/>
- International Labour Organization and Walk Free Foundation** (2022), *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage*, <https://www.walkfree.org/reports/global-estimates-of-modern-slavery-2022/>
- Islam, M. and Van Staden, C.** (2022), 'Modern Slavery Disclosure Regulation and Global Supply Chains: Insights from Stakeholder Narratives on the UK Modern Slavery Act', *Journal of Business Ethics*, 180(2), 455–479
- Monash University Business School Centre for Financial Studies** (2021), *Measuring Disclosure Quality of Modern Slavery Statements*, <https://www.monash.edu/business/mcfs/our-research/all-projects/esg/modern-slavery-statement-disclosure-quality>
- Moussa, T., Allam, A. and Elmarzouky, M.** (2022), 'Global Modern Slavery and Sustainable Development Goals: Does Institutional Environment Quality Matter?', *Business Strategy and the Environment*, 31(5), 2230–2244
- Perkiss, S., Bayerlein, L. and Dean, B.A.** (2020), 'Facilitating Accountability in Corporate Sustainability Reporting Through Spotlight Accounting', *Accounting, Auditing & Accountability Journal*, 34(2), 397–42

**Perkiss, S., Bernardi, C., Dumay, J. and Haslam, J.** (2021), 'A Sticky Chocolate Problem: Impression Management and Counter Accounts in the Shaping of Corporate Image', *Critical Perspectives on Accounting*, 81, 1–31

**Rittel, H.W.J. and Webber, M.M.** (1973), 'Dilemmas in a General Theory of Planning', *Policy Sciences*, 4(2), 155–169

**Searcy, C., Michelson, G. and Castka, P.** (2022), 'Modern Slavery in Global Supply Chains: The Impact of COVID-19', *California Management Review Insights*, 15 March. <https://cmr.berkeley.edu/2022/03/modern-slavery-in-global-supply-chains-the-impact-of-covid-19/>

**Stringer, C. and Michailova, S.** (2018), 'Why Modern Slavery Thrives in Multinational Corporations' Global Value Chains', *Multinational Business Review*, 26(3), 194–206

**VOICE Network** (2022), *Transparency and Accountability: Towards Building Trust in the Cocoa Sector's Sustainability Efforts*, A consultation paper for the 2022 Cocoa Barometer

**Walk Free Foundation** (2022), *Beyond Compliance in the Garment Sector: Assessing UK and Australian Modern Slavery Act Statements Produced by the Garment Industry and its Investors*, <https://cdn.walkfree.org/content/uploads/2022/02/22150956/Walk-Free-Beyond-Compliance-Garment-Industry.pdf>

**Wray-Bliss, E. and Michelson, G.** (2022), 'Modern Slavery and the Discursive Construction of a Propertied Freedom: Evidence from Australian Business', *Journal of Business Ethics*, 179(3), 649–663

**Yang, D., Dumay, J. and Tweedie, D.** (2020), 'Accounting for the 'Uncounted' Workers: A Dialectical View of Accounting through Rancière', *Accounting, Auditing & Accountability Journal*, 33(7), 1627–1655

**Yang, D., Dumay, J. and Tweedie, D.** (2021), 'Accounting's Role in Resisting Wage Theft: A Labour Process Theory Analysis', *Accounting, Auditing & Accountability Journal*, 34(1), pp. 85–110

**Yaziji, M. and Doh, J.** (2009), *NGOs and Corporations: Conflict and Collaboration*, Cambridge, Cambridge University Press

# JOURNAL OF BEHAVIOURAL ECONOMICS AND SOCIAL SYSTEMS

Volume 4, Number 2, 2022

