Modern Slavery and Digitisation in Fast Fashion Supply Networks: The Transparency Dividend

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# Overview

Practices associated with various types of ‘modern slavery’ and exploitation have [long been associated](https://www.emerald.com/insight/content/doi/10.1108/SCM-06-2020-0245/full/html) with sectors such as garment manufacturing, which forms part of the apparel sector. It has been [less clear in practice](https://www.tandfonline.com/doi/abs/10.1080/09537287.2022.2063173) what role digital technology such as Blockchain and AI tools have in preventing and addressing modern slavery in this sector.

The purpose of this project has been to shed light on the role and use of digital technology by conducting interviews with industry and regulatory stakeholders, as well as an assessment of 89 modern slavery transparency statements from the [Fashion Transparency Index](https://www.fashionrevolution.org/) Report 2022. Here we outline some context to the topic area, as well as key preliminary findings that suggest a general lack of awareness or lack of commitment from businesses to utilise digital technology in developing their transparency efforts.

# Technology, garments, and modern slavery

The fashion industry faces numerous challenges that many consumers can associate with in some way. In addition, the industry is poised for transformation with upcoming Digital Product Passport EU legislation under development. With this in mind, companies are going to have to achieve greater transparency in their supply chains. Whether referring to labour conditions, supply chain complexity, environmental sustainability, counterfeit products, consumer trends and preferences, as well as regulatory compliance, the evolving nature of digital technology has the potential to crosscut these challenges and inform the ways in which businesses and the wider industry develop their commitments to ethical practice and transparency.

For example, Blockchain has emerged as a prime example of how businesses can use real-time, ledger-type tools across supply networks to monitor transactions and ‘smart contracts’. The supposed [key benefits](https://ieeexplore.ieee.org/abstract/document/9311031) include greater transparency due to other businesses being able to view transactions across a supply network; increased efficiency since there is less room for disputes and less need for paper records; and the fact that information cannot be retroactively altered by just one organisation.

In parallel developments, exploitation associated with modern slavery such as forced labour and human trafficking has been gradually shifting up the political and public agenda over the last 20+ years. [Common concerns](https://theconversation.com/fashion-production-is-modern-slavery-5-things-you-can-do-to-help-now-115889) related to poor work conditions within garment manufacturing include under-payment (or non-payment) of salary, excessive working hours, poor health and safety practices, and non-standard employment practices such as zero-hours and/or subcontracted labour.

Whatever the [reality in practice](https://www.theguardian.com/business/2023/apr/03/uk-efforts-to-tackle-modern-slavery-are-waning-analysis-finds), companies have increasingly been keen to talk-up their efforts to improve transparency within their organisations and supply networks, especially since the UK introduced the Modern Slavery Act 2015, which requires larger businesses to publish a yearly statement outlining efforts they have made to address exploitation. However, the use of digital technology such as Blockchain in these efforts seems to be underdeveloped to say the least. This project has revealed that for many organisations in the garment sector, the underuse of technologies may lie in a limited awareness of technological tools and/or a lack of commitment amongst some businesses to tackling social challenges.

# Limited awareness of technological tools

From both our interview data and secondary analysis of transparency statements, a recurring theme was that stakeholders connected to garment manufacturing have a limited or very general understanding of digital tools like Blockchain, and how these could be used in a beneficial way, i.e., to contribute to their business activities and efforts to address labour exploitation. Tech companies were clearly more aware and had various ideas of how Blockchain and other tools such as apps could be used within the industry, but similarly felt that a lack of awareness from some companies was hindering this process.

From our sample of 89 modern slavery statements based on apparel companies operating in the UK, 69 do not mention digital technology at all, and most of those that did refer to technology in a superficial way. Our participants felt that many businesses operating on narrow profit margins or without readily available technical expertise would be less able to prioritise inclusion of tools such as Blockchain; or that in some cases, well-established companies relied more on “gentlemen’s agreements” as opposed to verifying information and data about business transactions. To some extent such attitudes fed into an overall [perceived lack of commitment](https://www.theguardian.com/business/2023/apr/03/uk-efforts-to-tackle-modern-slavery-are-waning-analysis-finds) from some businesses to take concerns over exploitation and associated matters seriously.

# Lack of business commitment

Due to limitations on resources in many cases, it would be unfair to brand all garment manufacturing companies not engaging with tools like Blockchain as showing a ‘lack of commitment’ to tackle social challenges within their businesses and supply networks. That said, an example of how companies do engage with digital technology is that of H&M, who state that in 2022 they launched several pilots with ‘TextileGenesis’, which uses Blockchain technology to monitor textiles through the supply network.

Even so, there was a broader perception from stakeholder discussions that some businesses are more interested in paying lip service to the idea of transparency rather than examining underlying factors such as business and employment models that contribute to exploitation. This may be partially because the penalties for non-compliance in the UK are not [regarded as sufficiently severe](https://www.cambridge.org/core/services/aop-cambridge-core/content/view/520925286A8A80B93C58B35E08893015/S205701982100047Xa.pdf/div-class-title-corporate-responses-to-tackling-modern-slavery-a-comparative-analysis-of-australia-france-and-the-united-kingdom-div.pdf) to ensure the positive development of good practice.

Related to this, AI tools that [monitor companies’ transparency commitments](https://tiscreport.org/) (statements) can be traced over a period of years, thereby assessing whether, for example, companies have rowed back on commitments previously made or cut out significant detail that may have previously been a key highlight or goal. However, this is a volatile issue to monitor, and is reflected by the fact that our assessment of transparency statements from the Fashion Transparency Index report contain companies among the ‘top 10’ and ‘lowest scoring’ brands, as well as those in between who may shift from year to year.

Ultimately, there was a feeling that the industry lacked a clear and co-ordinated approach to improve transparency but also to rigorously assess how digital technology could best be used to complement these approaches.

# Conclusions

In the world of garment manufacturing, we often hear about the dark shadows of exploitative labour practices and environmental challenges. An exciting twist might be that digital technology, particularly Blockchain, holds the potential to address these longstanding issues.

However, the catch is that not every player in the industry can easily wield this technological tool. Smaller companies, lacking the resources and expertise, risk being left behind. Picture this: If the giants in supply networks demand Blockchain integration, smaller players might find themselves on the side-lines, perhaps even priced out of the industry altogether. There must be appropriate policy frameworks that support smaller businesses in the management of their supply chains and manufacturing and investment by larger, multi-national corporations in assisting their suppliers with the use of these tools.

There’s also more to the story. Blockchain, while powerful, is just a tool, a means to an end. The real potential lies in the data it holds. Enter incorrect or falsified data, and you risk setting off a chain reaction of inaccuracy and misunderstandings throughout the supply network. Any use of technology must be accompanied by a genuine commitment to change and a qualitative understanding of relationships, rather than being considered a ‘tick-box’ approach to regulating or managing supply networks.

These are just some of the concerns that can be associated with Blockchain. Even so, such technology is not going anywhere and continues to evolve, meaning that garment manufacturing will have to adapt and consider how best to integrate these tools in future business practice.