



**Reshoring and Modern Slavery in the
supply chain: case study evidence and
action research in the Textiles and Fashion
Industry**

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Declaration

This thesis is my own work and it has not been submitted in support of an application for another higher degree or qualification elsewhere. Any parts of the research that have been published or submitted for publication to peer-reviewed journals are clearly identified.

Amy Victoria Benstead
September 2018

To my parents

Abstract

Manufacturing and sourcing location decisions in the textiles and fashion industry are complex, e.g. involving the trade-off between cost and lead time considerations. With this in mind, firms are looking to reshore and move manufacturing back to their domestic location. The sustainability agenda is adding to this complexity, with different locations having different implications for transparency and the risk of social problems. Modern slavery is an important global social issue, which is affecting the industry given that the growing demand for cheap, fast fashion can lead to worker exploitation. This thesis focuses on these two current issues, reshoring and modern slavery and presents three papers. The first paper focusses on reshoring and the remaining two papers investigate the phenomenon of modern slavery.

The reshoring paper presents a single case study and extends the literature on reshoring that has largely focused on why firms reshore to provide greater understanding of how they can go about implementing the decision to reshore. The paper uses a two-stage approach (systematic literature review and case study evidence) and presents a conceptual framework that provides a structure to consider not only the factors influencing the decision to reshore but also some of the considerations needed to implement the reshoring decision. Further, a contingency perspective is adopted as several of the factors that affect the reshoring process, both in terms of whether a decision to reshore is taken and how implementation is approached, are context specific.

The two modern slavery papers are based on an action research project. The primary engagement is with Fashion and Sports Co. (a multi £billion turnover company), to understand how brands and retailers are tackling modern slavery within

the textiles and fashion industry. Research into modern slavery from a supply chain perspective is however limited and this thesis contributes to filling the gap.

Paper 2 uses relational theory to investigate how brands and retailers are responding to modern slavery legislation. Empirical evidence is used to understand how competing buyers collaborate with one another as previous research has focused on vertical collaboration between buyers and their suppliers, particularly in a socially sustainable supply chain context. The research focusses on five collaborative initiatives taken to tackle modern slavery (e.g. joint training) used by Fashion and Sports Co, along with its horizontal collaboration with 35 other brands/retailers. The study advances knowledge on the creation of socially sustainable competitive advantage (e.g. cost savings, knowledge sharing and enhanced reputation) through horizontal collaboration. Successful horizontal collaboration is dependent on both relational capital (e.g. trust and commitment) and effective (formal and informal) governance mechanisms (e.g. legislation and the involvement of non-governmental organisations (NGOs) and trade bodies). Further, working with non-business actors can facilitate collaboration and provide knowledge and resources important for overcoming uncertainty when responding to new legislation.

Paper 3 focusses on modern slavery detection and remediation. Prior literature has highlighted the shortcomings of supply chain auditing and questioned the suitability of this approach for detecting modern slavery. This paper uses action research with Fashion and Sports Co. to investigate how they are detecting modern slavery at a high-risk supplier in South East Asia, in collaboration with a large multinational NGO and another of the supplier's key customers. The study suggests that a more targeted audit can identify key indicators of modern slavery. This type of audit includes investigating the end-to-end recruitment process by using a parallel

structure of management and worker interviews and documentation review. The research also investigates the ongoing remediation process involving a local NGO.

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Glossary

CR Corporate Responsibility

CSR Corporate Social Responsibility

MS Modern Slavery

MSA Modern Slavery Act

NGO Non-Governmental Organisation

SSCM Sustainable Supply Chain Management

SLR Systematic literature review

List of Publications

Journal Papers

Benstead, A.V., Hendry, L.C. and Stevenson, M. (2018). “Horizontal collaboration in response to modern slavery legislation: an action research project”, *International Journal of Operations & Production Management*, (Online 27th July, 2018).

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Benstead, A.V., Hendry, L.C. and Stevenson, M. (2017). “Horizontal supply chain collaboration in response to modern slavery legislation: a relational perspective”, In: 4th Intl. EurOMA Sustainable Operations and Supply Chains Forum (Milan, Italy), 27th-28th February 2017.

Benstead, A.V., Stevenson, M. and Hendry, L.C. (2016). “The Reshoring process in the UK textiles industry”, In: 23rd EurOMA Conference (Trondheim, Norway), 17th-22nd June 2016.

Benstead, A.V., Stevenson, M. and Hendry, L.C. (2015). “Reshoring in the UK textiles and clothing industry: an exploratory study”, In: 22nd EurOMA Conference (Neuchatel, Switzerland), 28th June-1st July 2015.

Benstead, A.V., Stevenson, M. and Hendry, L.C. (2015). “Linking the sustainability agenda to location decisions: A multiple case study analysis in the textiles & clothing industry”, In: 2nd Intl. EurOMA Sustainable Operations and Supply Chains Forum (Barcelona, Spain), 23rd-24th March 2015.

Chapter 1 Introduction

1.1 Research Background and Motivations

A recent article published in the Financial Times “Dark Factories: labour exploitation in Britain’s garment industry” (O’Connor, 2018) sheds light on the darker side of the UK textiles and fashion industry. A growing demand for fast fashion has led to a resurgence of manufacturing in cities such as Leicester, UK. However, demands from retailers for both speed and low cost have come at a price resulting in low wages, illegal migrant workers and unauthorised subcontracting. This is yet another example in a series of recent, high profile ethical exposes in the global textiles and fashion industry. Outside of the UK, British brands and retailers have been shamed in scandals such as the Rana Plaza disaster in 2013 (BBC, 2013) and the discovery of young Syrian refugees working in Turkish factories producing clothing sold in the UK (BBC, 2016a).

Manufacturing and sourcing location decisions in the industry are complex, e.g. involving the trade-off between cost and lead time considerations (Bruce et al., 2004; Christopher et al., 2004). The sustainability agenda now adds to this complexity, with different locations having different implications for transparency and the risk of social problems. This thesis focuses on two very current issues relating to location decisions (reshoring) and sustainability (modern slavery). These two issues are considered separately. However, there are recent reports in the news that consider the two issues as being linked in the context of reshoring in the UK. For example, it has been reported that exploitation in the UK is preventing retailers from increasing their domestic sourcing (Telegraph, 2017). Subsequently, in November 2018, some of the UK’s biggest fashion retailers have joined forces with enforcement bodies and

signed a joint agreement ‘*Apparel and General Merchandise Public and Private Protocol*’ to tackle labour exploitation in the UK supply chain (Gangmasters & Labour Abuse Authority, 2018). It is therefore timely to investigate these areas to further our understanding on current issues relating to location decisions and sustainability.

This PhD by publication seeks to investigate reshoring and modern slavery in the context of the textiles and fashion industry and presents three papers. The first paper focusses on reshoring and the remaining two papers investigate the phenomenon of modern slavery. The following section of this chapter provides a brief review of the reshoring and modern slavery literature. At the beginning of each paper a more in-depth specific literature review is provided.

1.2 Literature Review of Reshoring

1.2.1 Reshoring Background

Reshoring is a current issue for government, businesses and academics alike – and is therefore being widely discussed in business periodicals as well as attracting attention in the academic Operations Management literature (e.g. Gray et al., 2017; Barbieri et al., 2018). The recent report for the Alliance Project and N Brown – National Textiles Growth programme (The Manchester Growth Company, 2017), a UK based project (public/private partnership) formed to understand and promote growth in the industry, stated that the sector has seen significant growth and highlights the economic case for UK sourcing and reshoring due to growing demand for shorter lead times. At the recent annual ‘Make it British Live’ conference in May 2018, a 100% British sourcing event to debate the issues faced by the manufacturers in the UK textiles and fashion industry, the founder Kate Hills closed with the poignant statement “use it [British

Manufacturing] or lose it” encouraging both retailers and consumers to back British made products to ensure the industry thrives and survives. (Make it British, 2018). Similarly, following discussions with Leicester based manufacturers, Jenny Holloway, the owner of a London based factory (Fashion Enter), recently sent an open letter to the Ethical Trade Initiative ‘ETI’ (a trade body that exists to improve work conditions in global supply chains) arguing reshoring “production back to the UK is happening here and now but it’s fragile. The mighty retailers have clout and financial resources and factories don’t [...] [Retailers should] work with carefully selected manufacturers and support them” (Holloway, 2018). It is therefore a critical time to research in this area. Most of the literature on reshoring however is thus far conceptual. Only a very limited number of empirical studies have been conducted, with the most prominent being survey-based (e.g. Kinkel, 2012). While there are a few recent case study examples (e.g. Martinez-Mora & Merino, 2014; Ashby, 2016), there is a need for more in-depth case work to further our understanding of the reshoring process (Stentoft et al., 2016a).

1.2.2 Defining Reshoring

The term reshoring is used to describe the movement of previously offshored manufacturing and related activities back to a domestic location (e.g. Gray et al., 2013; Fratocchi et al., 2014). Both offshoring and reshoring are rooted in the governance and location decision making process. Sako (2006, p. 503) provides the following definition for offshoring “when firms move productive activities overseas, whether they are conducted by separately owned suppliers or by fully owned (captive) subsidiaries”. Offshoring has been well documented with extant studies consolidating

the literature e.g. understanding the concept and drivers (Jahns et al., 2006) and coordinating offshore operations (Zorzini et al., 2014).

An alternative re-location option referred to in the literature is ‘nearshoring’. Nearshoring can be seen as a compromise between offshore and onshore locations whereby activities take place nearer to the home location (Ellram et al., 2013). Reshoring however, is distinctly different from any other location decision as it involves revising or reversing a prior decision i.e. returning to the original location (Gray et al., 2013). This reversal therefore needs to be explored in its own right. In addition to a change in location, it may also involve a change of ownership, e.g. from an external overseas supplier to an in-house, domestic arrangement (Gray et al., 2013; Fratocchi et al., 2014). Reshoring can therefore refer to returning to a domestic sourcing arrangement or repatriating an in-house operation, i.e. captive reshoring. While both are considered reshoring, there are likely to be major differences in terms of the level of complexity, financial investment, time required, etc. With the exception of Kinkel (2014), most of the literature to date has focused on sourcing or neglected to distinguish between firms making captive or outsourced reshoring decisions. There is therefore an opportunity to study captive reshoring, which is argued to be distinctly different to sourcing.

1.2.3 The Reshoring Decision Making Process

In the extant literature, there has been a focus on why firms have decided to reshore (e.g. Kinkel & Maloca, 2009; Pearce, 2014; Zhai et al., 2016, Gray et al., 2017). Authors have sought to consolidate what is already known about why firms reshore. For example, Dunning’s (1998) eclectic paradigm which has previously been used to explain why firms make certain location decisions, has also been applied to reshoring

by grouping reshoring drivers into efficiency seeking, market seeking, resource seeking and strategic asset seeking (e.g. Ellram et al., 2013; Ancarani et al., 2015). Others such as Stentoft et al. (2016b) group reshoring drivers into seven categories such as cost, quality, time and flexibility whereas Fratocchi et al. (2016) use a two by two matrix of drivers based on cost efficiency and customer perceived value versus internal and external environment.

There are also examples of frameworks that address location and governance decisions (e.g. Foerstl et al., 2016; Tate & Bals, 2017). Most recently Joubioux and Vanpoucke (2016) have conceptualised the reshoring decision making process by considering the initial decision-making process including the entry modes for the initial offshore decision. Their model does not however detail the ownership options onshore.

Whilst the work on reshoring drivers is valuable, it needs connecting with how the decision to reshore is operationalised i.e. the implementation process. Much of the current literature arguably treats the reshoring decision as a discrete event – it typically focuses on an ex-post analysis of why firms repatriate but does not support a firm through the transition. It has therefore been recognised that it is important to go further – by not only understanding why firms reshore but also how they can do so successfully (e.g. Fratocchi et al., 2014; Ancarani et al., 2015; Barbieri & Stentoft, 2016; Wiesmann et al., 2017). A contingency perspective (e.g. Sousa & Voss, 2008) has also been encouraged by Bals et al. (2016) to consider the contingent factors influencing the reshoring decision making process.

1.2.4 Reshoring Research Gaps

The key research gaps can be summarised using the following points:

- There is a scarcity of reshoring literature that uses case study evidence allowing an *ex-post* in depth analysis of the decision making process.
- There is a need to consider not only the factors influencing the decision to reshore but also some the implementation of the reshoring decision.
- There is a need to consider whether several of the factors that affect the reshoring process, both in terms of whether a decision to reshore is taken and how implementation is approached, are context specific e.g. adopting a contingency perspective.
- Studies have not distinguished between captive or outsourced reshoring decisions.

1.2.5 Reshoring Research Aims and Questions

To address these gaps Paper 1 aims to extend the literature on reshoring that has largely focused on why firms reshore to provide greater understanding of how they can go about implementing the decision to reshore. The research concentrates on captive reshoring which is argued to be distinctly different from domestic outsourcing and therefore the complexity of this decision (and its implementation) means it deserves special attention.

The following research questions are addressed:

Paper 1 RQ1: Why do firms reshore, and how can the decision to reshore be operationalised?

Paper 1 RQ2: What contingency factors affect the decision to reshore and its implementation?

To answer these, the paper uses a two-stage approach (systematic literature review and case study evidence) and presents a conceptual framework that provides a structure to consider not only the factors influencing the decision to reshore but also some of the considerations needed to implement the reshoring decision. Further, the paper aims to provide a key contribution to the literature by adopting a contingency perspective, as several of the factors that affect the reshoring process, both in terms of whether a decision to reshore is taken and how implementation is approached, are context specific. The paper provides a detailed case study of reshoring in the textiles and fashion industry, which is especially rare in the context of captive reshoring.

1.3 Literature Review of Modern Slavery

This section will focus on a brief review of the modern slavery literature and introduce the remaining two papers.

1.3.1 Modern Slavery Background

Modern slavery is an important global issue which is affecting the textiles and fashion industry given that the growing demand for cheap, fast fashion can lead to worker exploitation. According to the recent ‘Global Slavery Index 2018’ published in July 2018, the textiles and fashion industry is one of the largest supporters of modern slavery globally (Walk Free Foundation, 2018). Modern slavery as an overarching term to include slavery, human trafficking, forced labour, debt bondage and the sale and exploitation of children (Walk Free Foundation, 2014). Recent research conducted by The International Labour Organisation (ILO) and the Walk Free Foundation estimates that globally, 16 million people are victims of economic forced labour

exploitation (ILO, 2017). Although a global issue, modern slavery is not confined to developing countries. There have for example been recent cases within developed countries such as “a slave workforce” discovered at Kozzee Sleep, a UK bed manufacturer supplying well known high street retailers (BBC, 2016b) and human trafficking discovered in a Sports Direct warehouse (BBC, 2017).

In response to the global issue of modern slavery, legislation has started to be introduced. Recent examples include the ‘California Transparency in Supply Chains Act’ (State of California, 2010) and the ‘UK Modern Slavery Act’ (MSA) (UK Government, 2015). These require organisations with a turnover over the stated threshold (\$100million (and annual sales in California over \$500,000) and £36 million respectively) to publish a statement each financial year regarding action that is being taken to tackle modern slavery in their supply chains. This legislation brings another dimension to a company’s corporate responsibility, focusing on how the workers are recruited into the factories and highlighting the steps that will be taken to address modern slavery within their supply chain.

Whilst this focus on modern slavery in both the media and academic literature is relatively recent, there has been prior research into socially responsible sourcing (see Zorzini et al., 2015 for a recent review). Modern slavery research has also taken place within the broader management literature (e.g. Crane, 2013). However, research addressing modern slavery from a supply chain perspective is limited. Within this field, there are two key conceptual papers by New (2015) and Gold et al. (2015) which contribute to a growing literature in sustainable supply chain management (SSCM). Gold et al. (2015) provide a conceptual model of modern slavery challenges in the context of supply chain management which highlights detection and remediation as future research opportunities. New (2015) focusses on highlighting the

unique characteristics of modern slavery that distinguish it from normal Corporate Social Responsibility (CSR) practices. More recently, Stevenson & Cole (2018) have examined the statements produced in response to the UK Modern Slavery Act by organisations in the textiles and fashion industry. Their work has identified how organisations are detecting and remediating modern slavery in terms of what they have decided to publicly disclose. The aforementioned papers have all encouraged empirical investigation informed by theory to develop a more in depth understanding of the complexity of modern slavery in supply chains. This thesis therefore aims to further understand modern slavery in the context of global textiles and fashion supply chains.

1.3.2 Modern Slavery Detection and Remediation

It is documented within the literature that slavery can enter the supply chain where there is high labour intensity and when margins are low (Crane, 2013). Furthermore, both New (2015) and Gold, et al. (2015) highlight the illegal and hidden nature of modern slavery, making detection difficult in fragmented multi-tier supply chains.

Prior research investigating socially responsible sourcing has identified a number of current practices that seek to detect and remediate social problems in the supply chain (Gimenez & Tachizawa, 2012; Zorzini et al., 2015). Practices focussing on the monitoring and controlling of suppliers have been categorised by Lund-Thomsen & Lindgreen (2014) in the ‘Compliance based paradigm’. Research has documented the increased NGO pressure that retailers have faced to improve labour standards where state regulation is insufficient to protect workers and law enforcement is weak, and as a result, have introduced codes of conduct for suppliers (Barrientos, 2008). These codes of conduct are commonly used to manage, monitor

and control suppliers through auditing against the code (Pedersens & Andersen, 2006; Jiang, 2009; Helin & Babri, 2015). Research has however demonstrated the limitations of current audit procedures with evidence of mock compliance (Jiang, 2009; Huq et al., 2014; Plambeck & Taylor 2015). The alternative ‘Co-operation model’ encourages a “developmental approach” amongst multi-stakeholder networks e.g. collaboration with NGOs has been encouraged in SSCM as firms move away from market ‘arm’s length’ relationships reliant on monitoring (Lund-Thomsen & Lindgreen, 2014.). Increased involvement of buyers has also been encouraged, improving a supplier’s ability to understand codes of conduct and implement any required corrective action (Huq et al., 2014).

Although this literature does not pay specific attention to modern slavery, it has been recognised that existing audits do not detect modern slavery and in particular the exploitation of the more vulnerable casual and migrant workers (Barrientos et al., 2013; New, 2015). Modern slavery therefore expands the scope of a standard audit procedure (Barrientos et al. 2013; Gold et al., 2015; New, 2015) and there is a clear need to further research how modern slavery can be detected.

Company responses to the detection of slave labour have not been addressed at length within extant literature. More broadly, authors have identified actions in response to social issues in supply chains such as termination of business, supplier development e.g. training, and increased auditing to check that performance has improved (Gimenez & Tachizawa, 2012; Blome et al., 2014; Sancha et al., 2015). However, New (2015) recognises that the illegality of modern slavery means that the conventional ‘improvement notice’ responses to non-compliances are impractical, instead requiring the involvement of authorities and termination of business. Gold et al. (2015) also consider the detrimental socio-economic effects that could result from

withdrawal from a region or country. They instead focus on the required multi-stakeholder approach needed to eliminate slavery and draw attention to supplier development highlighting the opportunities to research collaboration e.g. with NGOs for the detection and remediation of modern slavery.

Conversely, the literature has also considered the role of the buying firm and their purchasing practices that can inadvertently lead to exploitation (Barrientos, 2008). New (2015, p. 703) for example argues that modern slavery is “*generated by the normal system*” by referring to the “*right hand*” establishing corporate socially responsibility (CSR) policies whilst the “*left hand*” can cause modern slavery due to commercial purchasing practices. Modern slavery remediation therefore requires investigation as part of due diligence within SSCM and research needs to understand how this is addressed given the commercial power of retailers and brands (Gereffi, 1999).

1.3.3 Modern Slavery and Collaboration

Many researchers within the SSCM literature have recognised that social responsibility cannot be achieved by firms in isolation and requires collaboration (Gold et al., 2010). The literature has defined supply chain collaboration as “*multiple firms or autonomous business entities engaging in a relationship that aims to share improved outcomes and benefits*” (Soosay and Hyland, 2015, p. 613). It typically takes the form of buyer-supplier collaboration and involves a shift away from arm’s length relationships that rely on monitoring and governance (Barrientos, 2008). Several studies have appeared on vertical collaborative relationships and focussed on improving environmental performance (e.g. Simpson and Power, 2005; Vachon and Klassen, 2008; Ramanathan et al., 2014). While valuable contributions have been made

in the context of environmental sustainability, there is a need for further research to understand whether collaboration improves social sustainability.

Moreover, there are significant differences between vertical and horizontal collaboration, especially in terms of potential competition between collaborators. Thus, a separate body of research on horizontal collaboration is emerging whereby firms can compete and collaborate simultaneously (Touboulic and Walker's (2015b). This can for example take place between buyers as demonstrated by 'The Sustainable Apparel Coalition' (SAC) formed by Walmart and Patagonia (Nidumolu et al., 2014). Buyers can also for example join in informal networks to leverage capabilities and resources for community development, which can be facilitated by NGOs (e.g. the ETI Homeworkers' group pilot in Delhi) (Barrientos, 2008). Despite these examples, few authors have empirically explored horizontal relationships in the context of SSCM.

From a theoretical perspective, the SSCM collaboration literature has used relational theory (Dyer & Singh, 1998), e.g. Simpson and Power (2005), Gold et al. (2010), Albino et al. (2012). This theory considers the inter firm linkages as an important source of competitive advantage by assuming that organizational capabilities can be developed by combining resources that are existing in different organisations in the supply chain (Dyer & Singh, 1998). Although few authors have explored horizontal relationships in the context of SSCM, Touboulic and Walker (2015b) suggest that the relational view would be an appropriate theory. There is therefore a case for using relational theory within the context of supply chain collaboration in response to modern slavery to further understand the value that can be created as a result of collaborative efforts at the same tier level.

The literature specifically on modern slavery has drawn attention to the collaboration needed for the detection and remediation of modern slavery, acknowledging that tackling the issue is challenging for firms to do alone given the complexity and global nature of modern supply chains (Gold et al., 2015). New (2015) provides the example of NGOs offering guidance to support companies' response to modern slavery. Gold et al. (2015) also provide examples of multi-stakeholder initiatives in West African cocoa farms and tobacco sourcing in Kazakhstan having experienced a positive impact following collaboration (amongst buyers, suppliers, government, NGOs, communities etc.) after slavery detection. There is therefore an opportunity to study horizontal collaboration in the context of modern slavery to further understand how companies can work with one another.

1.3.4 Modern Slavery Research Gaps

The key research gaps can be summarised using the following points

- There is an opportunity to investigate how firms are responding to new modern slavery legislation.
- There is a scarcity of empirical modern slavery research informed by theory, in particular from a supply chain perspective.
- There is an opportunity to understand how horizontal collaboration can assist firms in combatting modern slavery and its impact on competitive advantage in terms of social sustainability performance.
- There is a need to improve audits so that modern slavery is more readily detected.
- There is a need to understand strategies that firms can employ when modern slavery is detected.

1.3.5 Modern Slavery Research Aims and Questions

To address the first three of these gaps, Paper 2 investigates how horizontal collaboration can aid organisations in responding to modern slavery legislation and in gaining a socially sustainable competitive advantage.

The following research question is addressed:

Paper 2 RQ: How can horizontal collaboration, including the involvement of non-business actors, aid organisations to gain competitive advantage in terms of social sustainability performance, in response to modern slavery legislation?

To answer this, the paper responds to the call for empirical investigation using action research in the textiles and fashion industry and the primary engagement is with Fashion and Sports Co., a multi £billion turnover company with a portfolio of brands, and its collaborations with 35 brands/retailers. An NGO and a trade body have also participated. It aims to provide a theoretical contribution by adopting a relational perspective to provide insights into the brands/retailers' collaborative responses to modern slavery legislation where an engaged research method facilitates an in-depth understanding of the associated relational rents, relational capital and governance mechanisms behind successful collaboration. To achieve this, the relational perspective is used to interpret five collaborative initiatives taken to tackle modern slavery.

Paper 3 seeks to address the fourth and fifth research gaps by asking the following research question:

Paper 3 RQ: How can audits be improved to better detect modern slavery in the supply chain and how can an appropriate remediation plan be established when modern slavery is discovered?

This paper's main emphasis is the first implementation of an audit process targeted at modern slavery detection; inclusive of the initial preparation, through to the follow up. The paper responds to the call for empirical investigation using action research and involved one author of the paper travelling to South East Asia with Fashion & Sports Co.'s Corporate Responsibility (CR) team, studying modern slavery detection in 'real time'. The action research project was undertaken to develop this approach in conjunction with Fashion & Sports Co., a supplier, another of the supplier's key customers and a large multinational NGO. The research also investigates the ongoing remediation process involving a local NGO. It aims to identify effective means of detection and remediation and to the best of our knowledge, this is the first empirical paper to consider how modern slavery can be investigated within a factory.

1.4 Research Context: The textiles and fashion industry

The textiles and fashion industry has been selected for this research. It is an industry characterised by complex, global supply chains, short product life cycles and high labour intensity (Bruce et al., 2004; Christopher et al., 2004). In addition, both high order volumes and high variety are typical (Christopher et al., 2006; Masson et al., 2007; Brun & Castelli, 2008). With few areas for automation, it is common for 30-50% of a final garment cost to be accounted for by labour costs (Bolisani & Scarso, 1996; Jones, 2006; Taplin, 2006). Consequently, to drive down costs, many organisations have manufactured globally, but this needs to be balanced against the

growing need for responsiveness (Masson et al., 2007) and socially responsible sourcing (Perry et al., 2015). The industry may therefore have significant reshoring potential, despite its labour intensity with firms benefiting from being closer to the end customer as products cannot be stored for long periods of time (Christopher et al., 2004; Masson et al., 2007). Equally, the labour intensity and low margins means it is vulnerable to modern slavery (Crane, 2013).

Throughout the academic literature reviewed, authors refer to the ‘clothing industry’; ‘textiles and clothing industry’, ‘fashion industry’, ‘apparel industry’ etc. (Bolisani & Scarso, 1996; Bruce et al., 2004; Christopher et al., 2004; Akesson et al., 2007) and the terms ‘clothing’ ‘fashion’ and ‘apparel’ are often used interchangeably (Jones, 2006). In this thesis the industry is referred to as the ‘textiles and fashion industry’.

Bruce et al. (2004, p.152) refer to the industry as “*diverse and heterogeneous*” and give examples of it ranging from “*chemical conglomerates producing dyes [....] to design driven fashion companies*”. Jones (2006) refers to ‘the textile-apparel pipeline’ and highlights the inter-connectedness of activities from raw materials through to final consumption. Further, consideration is given to lower tiers supplying



Figure 1.2 Paper1 - Example products from case company



Figure 1.2 Papers 2 & 3-Example products from focal company and collaborating brands/retailers

either household textiles or clothing. This thesis focusses on both household textiles and clothing. Paper 1 focuses on the manufacture of cushions (see Figure 1.1 for example products) and papers 2 and 3 focus on the manufacture of clothing and footwear (see Figure 1.2 for example products)

Figure 1.3 provides an overview of the textiles and fashion supply chain and highlights which areas the papers cover. Paper 1 provides a detailed case study of a home textiles manufacturer and therefore focusses on Tier 1. The primary engagement for papers 2 & 3 is with Fashion and Sports Co. multi £billion turnover company with a portfolio of brands and their collaboration with 35 brands/retailers. Their response to modern slavery legislation focuses on Tier 1 clothing and footwear assembly manufacturers. Additionally, NGOs and a trade body have also participated. These parties main relationship is with the retailers/brands. However, they also engage with Tier 1 under the instruction of the retailers/ brands.

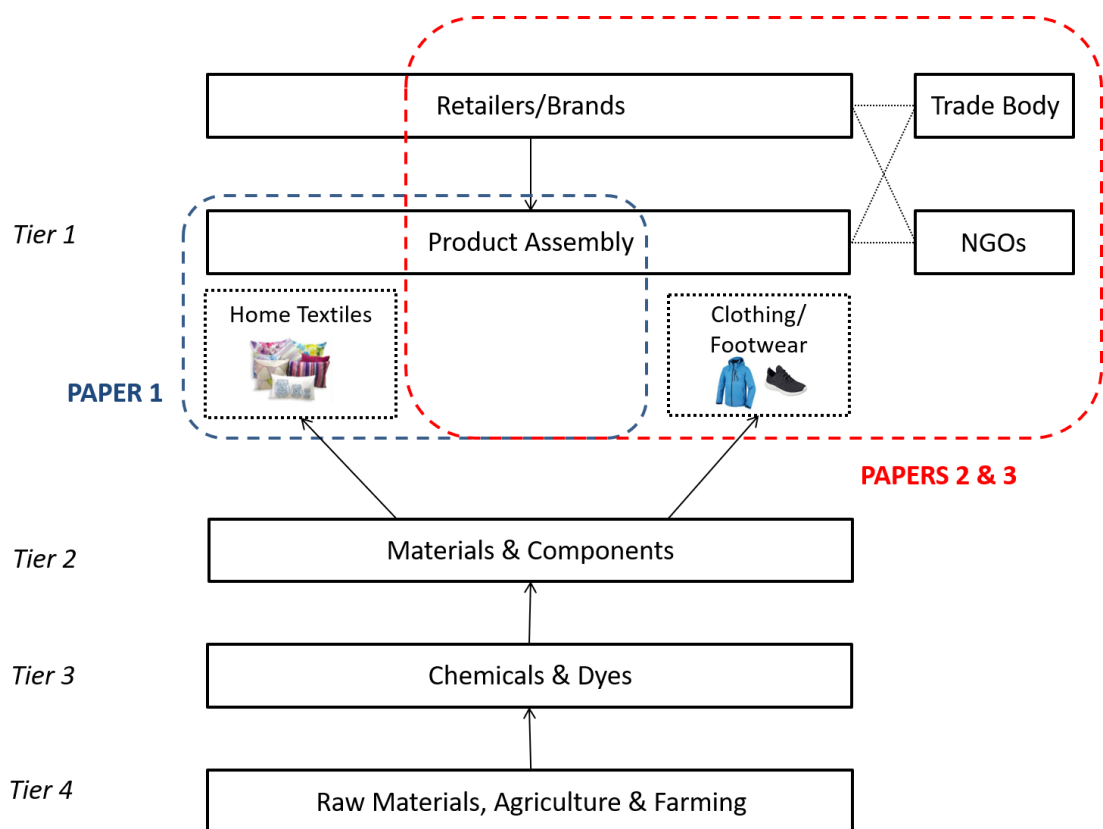


Figure 1.3 Textiles & Fashion Supply Chain: Paper Overview

1.5 Philosophical Commitments

The methodological approaches available are shaped by the research philosophy of the researcher. Research philosophy can be further understood by considering ontology and epistemology. Firstly, ontology is concerned with the nature of reality i.e. what is in existence (Easterby Smith et al., 2018). Easterby Smith et al. (2018, p.66) discuss four different ontologies: realism *“the world is real and exists independently of perception”*, internal realism *“the world is real and causally independent of the human mind”*, relativism *“scientific laws are created by people embedded in a context”* and nominalism *“reality is created by us and does not exist independently of our perception”*. Further, all research comes with a view of how best to enquire into the nature of the world – epistemology (Easterby Smith et al., 2018). The chosen research philosophy therefore holds assumptions regarding the way in which the researcher views the world. Continuing debate amongst social scientists focusses on two distinctive and conflicting philosophical paradigms: positivism and social constructionism. The term paradigm was popularized by Kuhn (1962) and can be defined as *“the basic belief system or world view that guides the investigation, not only in choices of method but in ontologically and epistemologically fundamental ways”* (Guba & Lincoln, 1994, p.105). From an ontological perspective, Easterby-Smith et al. (2018) state that positivism fits with realist ontologies and constructionism with relativism/nominalism. The research in this thesis has adopted a social constructionist stance and this is discussed in more detail in the following subsection.

1.5.1 Social Constructionism (Interpretivism)

Social constructionism (also referred to as social constructivism by Guba and Lincoln, 1989) is a paradigm developed by authors such as Berger and Luckman (1967). They were critical of positivism due to their belief that the social world is too complex to generate theory using an approach that considers the phenomenon being researched independent of the researcher. As social constructionism is referred to as interpretivism within the operations management literature, this term will be used for the remainder of this discussion. Croom (2009, p.63) describes this philosophical commitment as being the opposite of positivism, stating that interpretivism *“takes an opposite stance, one in which the researcher considers all observation and analysis to be socially constructed, that is dependent upon the researcher as a participant; and they hold the view that the phenomena are dictated by the specific circumstances found in the situation.”* According to this view, the social world is too complex and rich insights cannot be gained from law like generalisations (Easterby-Smith et al. 2018; Saunders et al. 2014). In the context of business research, Saunders et al. (2014, p.116) consider the complexity and uniqueness of organisations and argue that *“They are a function of a particular set of circumstances and individuals coming together at a specific time.”*

The reshoring process involves people making decisions and evaluations concerning manufacturing and sourcing locations. For paper 1, the research needs to establish why activities were or were not offshored, why firms have relocated back to the home country and how this decision making process was operationalised. Location decisions within the industry are complex and there is a need to balance a set of influential factors. Different locations have different implications for the business and, as a result, decisions can involve a trade-off between different factors. The

reasons to reshore are therefore dependent on the viewpoint of those involved in the decision making process. Without gaining an understanding of different perceptions, the research would not be able investigate the unfolding process and magnitude of the reshoring drivers.

In papers 2 and 3, the research needs to establish how and why firms are collaborating with one another in response to modern slavery legislation and investigate the detection and remediation process. Modern slavery is a complex, sensitive issue and the decision-making process relies upon an understanding of the relationships and actions of the different actors. This includes consideration of the impact of new CSR commitments, how these are operationalised and how individuals feel about the changes. Further, the success and failure of the collaborative initiatives are dependent on the viewpoint of those involved. There are therefore multiple realities to understand and these have an impact on the action taken.

In light of the above, an interpretative approach would facilitate an understanding of people's individual and collective feeling, which is deemed appropriate for understanding this complexity and answering the research questions. Consequently, this approach will provide rich in-depth data.

1.6 Research Design

In this thesis, two methods have been adopted. Paper 1 has used case study research and Papers 2 and 3 have used action research. The following subsections will discuss each method in turn and provide a justification for their selection.

1.6.1 Case Study Research – Paper 1

Case study research was deemed appropriate for Paper 1 as it lends itself to exploratory research (McCutcheon & Meredith 1993; Voss et al., 2016; Yin, 2018).

Yin (2018, p.18) argues that “a case study is an empirical method that investigates a contemporary phenomenon (the “case”) in depth and within its real-world context”. The literature suggests that interesting occurrences cannot be understood if removed from their social context (Bonama, 1985; Benbasat et al., 1987). Consequently, case study research will ensure the investigation of the phenomenon in its natural setting to gain a ‘real world’ understanding of the reshoring decision making process.

A two-stage approach is used in Paper 1. Firstly, a systematic literature review is used to deductively develop a conceptual framework. A single case study, Cushion Co, is then used to refine the framework. This deductive approach ensured that the researchers gained knowledge concerning the phenomenon of reshoring, resulting in data collection that was focused on the relevant key areas (Eisendhardt, 1989; Yin 2009).

Using a single case study has enabled an in-depth analysis of the company’s reshoring process. Although one case study is not enough to access the generality of the conceptual framework, the case company is an early mover in terms of reshoring and is one of the few examples of a company that has successfully reshored. The case study evidence that is presented has allowed the unfolding decision-making process of reshoring to be explored retrospectively and has also facilitated the discussion of future plans. Further, secondary data has been used to track developments. As such, empirical evidence is provided to illustrate the transition period rather than solely provide an *ex-post* analysis which therefore has shown the dynamic nature of the reshoring decision making process.

1.6.2 Data collection and analysis – Paper 1

To construct the case, data has been collected from conducting interviews. However, this has been supplemented with secondary evidence to provide triangulation. (Yin, 2009; Barratt et al., 2011). Appendix 2 provides a breakdown of primary and secondary evidence divided into interviews, six television programmes and five news articles.

Semi-structured interviews were conducted which involved preparing key questions to ensure coverage of the companies' global manufacturing strategies. The interview protocol used questions which have been divided into sections to cover the main areas relating to the company's global manufacturing strategy and history of location decisions. The interview protocol is provided in Appendix 1. The questions had an open-ended format so that areas could be further explored as they developed during the interview. In order to increase reliability, a set of questions was prepared in advance and sent to each interviewee together with a document providing an overview of the research and a consent form (this is also provided in Appendix 1). This document and the details of the study have been reviewed by the University Research Ethics Committee. Interviews were recorded and subsequently transcribed *verbatim* after each interview. Transcripts were sent to each interviewee ensuring they had the opportunity to comment on any inaccuracies or misrepresentation (Voss et al., 2016). Field notes were kept which proved useful during the data analysis phase (Miles et al., 2013; Voss et al., 2016). This whole process was also piloted with a UK based clothing company (Clothing S1) to further understand how a company is able to configure their supply chain around a domestic location. Four interviews were conducted using questions divided into sections to cover the main areas relating to global manufacturing strategies such as locations within and outside of the UK,

customer influences, and production and planning etc. The interviews were useful as they provided the opportunity to test the suitability of the questions and refine for the main study. The data obtained from the pilot study also helped to identify theory as the data showed how contextual factors influence location decisions.

A series of semi-structured interviews were conducted with the Owner and Marketing Manager at Cushion Co. over a 12-month period at the company's UK facility. More than one person was selected from the case company to provide triangulation. This aimed to capture different interpretations and viewpoints which were then compared and at the same time helped to guard against interviewees subjectivity and bias. This therefore strengthens the reliability of results. A senior person from the company acted as principal informant with the responsibility of selecting another appropriate interviewee (Voss, 2009).

Nvivo software has been used to organise and code the data according to the different elements of the initial deductive framework; and identifying key factors that did not fit into the initial framework in order to refine it.

The data findings were reviewed against existing literature to understand why there are both similarities and differences. This also ensures that the research is built on existing theory (Eisendhardt, 1989). The research aims to demonstrate a chain of evidence so that an independent observer is able to follow the research from the systematic literature review, initial questions and data analysis through to the conclusions that have been drawn, which improves construct validity (Yin, 2018). A case study protocol has been followed to improve the reliability of the research and ensure that it is replicable. This also provides structure throughout the research. To achieve this, Voss et al. (2016) and Yin (2018) has been referred to as guidance is provided in their work with regards to documenting the field procedures, schedule of

visits and questions. A summary of how research rigour has been achieved is provided below:

Construct Validity (identifies correct operational measures for the concepts being studied):

- Multiple sources of data obtained from case firm to provide triangulation (interviews, television programmes, news articles).
- Multiple sources of evidence obtained from more than one interviewee.
- Interview transcripts sent interviewees for review.

External Validity (shows whether research findings can be generalised):

- Referred to existing literature to generalise beyond the immediate case study.
- Contingency theory used to analyse the data.

Reliability (demonstrates that the study can be repeated with the same results):

- Case study protocol used.
- Set of (semi-structured) questions sent to interviewee prior to interview.
- Database used to store organise and data (transcripts, secondary evidence, codes, notes).
- Maintained a chain of evidence from case study questions to findings.
- More than one researcher involved in the coding of data.

1.6.3 Action Research – Papers 2 & 3

Action research is used for both papers 2 and 3. This method was first identified in the 1940s by Lewin to generate theory using experimental designs by understanding a

social system and facilitating change (Saunders et al., 2011; Susman & Evered, 1978). Action research is a qualitative research technique and has become increasingly prevalent in the study of organisations which involves the researcher and assumes that social phenomena are continuously changing (Coughlan & Coughlan, 2016; Easterby-Smith et al., 2018). Eden & Huxham (1996, p.526) refer to action research as “*an approach for researching organizations and management which, broadly, results from an involvement by the researcher with members of an organisation over a matter that is of genuine concern to them and which there is an intent by the organisation members to take action based on intervention*”. Although action research is limited within the SSCM field, there is call for more researchers to adopt this method. Touboulie and Walker (2015a, p. 309) argue that traditional methods such as case study and surveys “*are not sufficient to provide an integrated view of SSCM phenomena*”. This research method aims to influence practice and encourage change whilst at the same time, provide contextual insights facilitating theory building. Unlike the positivist assumption, the researcher cannot always remain objective. In contrast to other research approaches, the action researcher does not keep a distance from the subject being researched and often participates in the change process thus enabling them to learn about the organisation (McKay & Marshall, 2001; Easterby-Smith et al., 2018;). This approach therefore allows in depth understanding from observations and sometimes unspoken information (Schoenherr et al., 2008). The researcher is taking action and creating knowledge at the same time (Coughlan & Coughlan, 2016).

The focal company in this study is Fashion and Sports Co. This multi £billion turnover company owns a portfolio of brands producing clothing and footwear and products are sourced globally from third party manufacturers. Over the past 20 years,

the company has been working to promote ethical trade in their supply chain and has therefore built relationships with other brands/retailers and NGOs. The nature of the textiles and fashion industry presents opportunities for collaboration as brands do not typically own factories resulting in factories working with multiple brands. This research has involved engagement with Fashion and Sports Co. and their collaboration with other brands/retailers, a large multinational NGO, a local NGO and a trade body. The focus has been the study of five initiatives for tackling modern slavery developed by Fashion and Sport Co. which has provided rich in-depth data to answer the research questions.

An abductive approach has been used for papers 2 and 3. This is a combination of deduction (starting with theory from the literature before collecting data to evaluate the existing theory) and induction (starting with data collection and then building theory from the data) (Saunders et al., 2016). As a result, the theoretical framework, data collection and data analysis have taken place and been developed simultaneously (Dubois & Gadde, 2002). This approach was deemed appropriate given the cyclical nature of action research and ensured that the research evolved with an open mind whilst at the same time allowing for the movement back and forth between the data and theory.

1.6.4 Data Collection and analysis

A variety of data collection techniques can be used in action research (Coughlan & Coughlan, 2016; Touboulic & Walker, 2015a). In this research, data was collected over a 20-month period with the focal company, Fashion and Sports Co. Key data collection techniques used include observations, attendance at formal and informal meetings and workshops, interviews and participation in a targeted modern slavery

new audit in South East Asia. Key aspects of the process of developing the initiatives have been recorded in diaries.

The action research framework outlined by Coughlan and Coughlan (2016) has been adopted to address rigour by engaging in multiple cycles of action. Each cycle contains a pre-step that involves understanding the rationale for action and four main steps involving constructing, planning action, taking action, and evaluating action. It is this process of evaluation or reflection involving the questioning of all aspects of the research that is distinctive to the action research process (Näslund et al., 2010). Additionally, 'meta learning' ensures monitoring and reflection throughout.

For paper 2, the five initiatives are used as embedded units of analysis, each one was first analysed individually through a within-initiative analysis followed by a cross-initiative comparison. This is akin to the within-case/cross-case analysis in case study research (Eisenhardt, 1989). It is applicable in the context of action research given that it is considered by some to be a specific form of case study research (Näslund et al., 2010).

The details of the study have been reviewed by the University Research Ethics Committee. *Nvivo* software has been used to organise and code the data into themes. The data findings have been reviewed against existing literature to understand why there are both similarities and differences, ensuring that the research is built on existing theory (Coughlan & Coughlan, 2016; Eden and Huxham, 1996).

1.7 Structure of the Thesis

The following three chapters; chapter 2, 3 and 4 will present papers 1, 2 and 3 respectively. Chapter 5 then presents an overall conclusion to the thesis. The appendices are presented at the end of the thesis.

Chapter 2 Paper One: Why and how do firms reshore? A contingency-based conceptual framework

2.1 Background to Paper One

This paper has been published in the Journal of Operations Management Research in December 2017. This journal has recently published a number of reshoring articles and had a special issue on the topic in December 2016.

A shorter version of the paper was presented at the 23rd EurOMA conference in Norway held by the Norwegian University of Science and Technology, in June 2016 titled "*The reshoring process in the UK textiles industry*". Another earlier version of the paper was presented at the 22nd EurOMA conference in Switzerland held by the University of Neuchatel, in July 2015 titled "Reshoring in the UK textiles and clothing industry: an exploratory study".

The journal paper, as well as both conference versions, have been written in collaboration with my supervisors; Professor Mark Stevenson and Professor Linda Hendry. As the first author, I have done the majority of the work in this paper which can be counted as 80% of the total work, while my co-authors have contributed the remaining 20%. I have initiated the main ideas, conducted the literature review, identified and approached the case company, collected and analysed the data and written the first draft of the paper.

The co-authors have contributed by adding richness to the discussion by providing different insights, suggestions and enhanced the writing style. The co-authors have certified below that they agree with the above claim regarding the contribution of work.

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2.2 Abstract

Much of the growing body of reshoring literature has focused on why firms reverse a prior location decision. While valuable, this work needs extending to how the decision to reshore is operationalised. Using a two-stage approach, this paper presents a conceptual framework that covers both why and how firms reshore. The framework also utilises contingency theory to identify the factors that influence these decisions. It is therefore claimed to be more comprehensive than other frameworks found in the literature. First, a systematic literature review deductively develops an initial framework. Second, a revised version of the framework is presented using evidence from a single, exemplar case of captive reshoring in the textiles industry. The case evidence identifies new factors and extends a typology of reshoring decisions proposed in the literature to more accurately reflect the dynamic, complex, and incremental nature of the onshore-offshore-reshore location and ownership decision.

Keywords

Reshoring; Backshoring; Location decisions; Contingency theory; Case study

2.3 Introduction

There is growing interest from researchers and practitioners in the phenomenon of reshoring, whereby previously offshored manufacturing and related activities are brought back to a domestic location (e.g. Gray et al., 2013; Fratocchi et al., 2014). Although a large body of literature exists on offshoring and global location decisions (e.g. Jahns et al., 2006; Schoenherr et al., 2008; Kedia & Mukherjee, 2009; Platts & Song, 2010; Holweg et al., 2011; Zorzini et al., 2014), reshoring is a distinctly different phenomenon that deserves specific attention. It involves revising or reversing a prior decision, i.e. returning to the original location (Gray et al., 2013) and may also

involve a change of ownership, e.g. from an external overseas supplier to an in-house, domestic arrangement (Gray et al., 2013; Fratocchi et al., 2014).

Much of the existing body of reshoring literature has focused on why firms reshore (e.g. Kinkel & Maloca, 2009; Pearce, 2014; Zhai et al., 2016). Although this work is valuable, it arguably treats the reshoring decision as a discrete event – it typically focuses on a snapshot in time and on an ex-post analysis of what drove a firm to repatriate. It does not support a firm through the transition by providing a structure for the entire reshoring process. It has therefore been recognised that it is important to go further – by not only understanding why firms reshore but also how they can do so successfully (e.g. Fratocchi et al., 2014; Ancarani et al., 2015; Barbieri & Stentoft 2016; Wiesmann et al., 2017). Recent work has sought to consolidate what is known about why firms reshore (e.g. Ancarani et al., 2015; Fratocchi et al., 2016; Joubioux & Vanpoucke, 2016; Srari & Ané, 2016; Wiesmann et al., 2017), but a framework is now needed that encapsulates both why and how firms reverse a prior location decision.

Most of the literature on reshoring is thus far conceptual. Only a very limited number of empirical studies have been conducted, with the most prominent being survey-based (e.g. Kinkel, 2012). While there are some recent case study examples (e.g. Martínez-Mora & Merino, 2014; Ashby, 2016), there is a need for more in-depth case work to further our understanding of the reshoring process (Stentoft et al., 2016a). Reshoring can refer to returning to a domestic sourcing arrangement or repatriating an in-house operation, i.e. captive reshoring. While both are considered reshoring, there are likely to be major differences in terms of the level of complexity, financial investment, time required, etc. With the exception of Kinkel (2014), most of

the literature to date has focused on sourcing or neglected to distinguish between firms according to whether they are making captive or outsourced reshoring decisions.

This paper develops a conceptual framework that considers both why a firm may decide to reshore and how this decision can be operationalised or implemented. This is based on a two-stage approach: (i) deductive development of the conceptual framework based on a systematic literature review; and, (ii) the refinement or enhancement of the initial framework using case study evidence. As encouraged by Bals et al. (2016), a contingency-based perspective is adopted (e.g. Sousa & Voss, 2008) as many of the factors that affect the reshoring process are likely to be context specific, e.g. industry or product related. The prior research used in stage (i) includes, for example, Fratocchi et al. (2016), who recently identified a broad range of factors that drive the reshoring decision but without differentiating between general and contingent factors.

The paper begins with the following research questions:

1. Why do firms reshore, and how can the decision to reshore be operationalised?
2. What contingency factors affect the decision to reshore and its implementation?

A single case study is presented of a textiles firm that has engaged in both captive offshoring and captive reshoring, as defined by Kinkel & Zanker (2013). This enables the case of captive reshoring, which is argued to be distinctly different to sourcing, to be studied in isolation. The textiles and fashion industry is highly competitive and characterised by its global supply chains, short product lifecycles, and typical high labour intensity (Teng & Jaramillo, 2006; Dana et al., 2007). It has previously

experienced extensive offshoring to lower wage economies (Bolisani & Scarso, 1996; Bruce et al., 2004) and may therefore have significant reshoring potential, despite its labour intensity (Martínez-Mora & Merino, 2014; Ashby, 2016; Robinson & Hsieh, 2016). Such single industry research has been encouraged by Stentoft et al. (2016a).

The remainder of this paper is organised as follows. Section 2.4 outlines the two-stage method before Section 2.5 reviews the reshoring literature to develop an initial conceptual framework. Section 2.6 presents the case study evidence, followed by a discussion in Section 2.7 where the framework is refined. Concluding remarks are provided in Section 2.8, which includes implications for research and practice.

2.4 Two-stage method

This study is based on a two-stage approach. Section 2.4.1 outlines the systematic literature review method used to deductively develop the conceptual model. This is followed by Section 2.4.2 in which the single case study method used to refine the framework is outlined.

2.4.1 Systematic literature review

A systematic literature review (SLR) has been conducted (see Tranfield et al., 2003; Denyer & Tranfield, 2009). Although other approaches exist, such as semi-structured (Quintens et al., 2006) and more organic reviews (e.g. Spina et al., 2013), the SLR provides a replicable, scientific and transparent method that minimises bias (Tranfield et al., 2003).

This review is based on a structured search of the abstract field in the ABI/INFORM and EBSCO Business Source Premier databases. These two databases have also been used in reviews of other operations management related phenomena

(e.g. Mugurusi & de Boer, 2013; Zorzini et al., 2015). The following keywords were used individually: “Backshoring”, “Reshoring”, “Back-reshoring”, “Back-Shoring”, “Backsourcing”, and “Re-shoring”. The terms emerged from the literature and were validated by multiple researchers. The search was limited to published, scholarly peer-reviewed journals in English with no date restriction applied due to the nascent state of the literature.

The results were aggregated into a single list of 99 papers, reduced to 59 after removing duplicates. To maintain the quality of the articles reviewed, only those published in journals rated in the 2015 ABS Academic Journal Guide were included, which reduced the list further to 42. This method of elimination was also used in Zorzini et al. (2015) based on an earlier version of the guide. The abstracts were then checked manually for relevance. Irrelevant papers, e.g. using a term in a completely different sense, were removed, which reduced the list to 32 papers. Cross-referencing was undertaken to ensure all relevant citations had been captured. This identified an additional 10 papers, including two recent conference papers. Incorporating these papers was deemed appropriate given the contemporary nature of the topic. Hence, the final database contains 42 papers (published between 2007 and 2017), which are marked with an asterisk in the reference list at the end of this thesis. The high proportion of papers added after the keyword search reflects the nascent state of the literature resulting in a diverse range of terms being used to describe the same phenomenon.

Each paper has been carefully reviewed to identify aspects of the reshoring process, with the detail recorded in a spreadsheet (e.g. author(s), date, journal, drivers, implementation process, method, industry sector, and country focus).

2.4.2 Single case study

The case study method lends itself to early, exploratory research on a new or under-researched phenomenon (McCutcheon & Meredith 1993; Yin, 2009; Voss et al., 2016). A single case study approach has been adopted (e.g. Eisenhardt, 1989; Yin, 2009) to allow the researchers to go into greater depth exploring retrospective and future decisions in a firm that satisfies the following criteria:

- Previously embarked on captive offshoring; and,
- Has recently either partially or fully reshored in-house production activities.

A company, hereafter referred to as “Cushion Co.,” was selected that satisfied these criteria. Cushion Co. is an SME that has recently partially reshored its production from a factory in China to the UK where it was founded in 1991. The company designs and manufactures cushions for global retailers, with a growing annual turnover, currently at approximately £8 million. Although reshoring in the context of sourcing decisions is reasonably widespread, captive reshoring is still relatively uncommon. The company is an early mover in terms of reshoring. As a result, it is one of the few examples of a company that has successfully reshored and has therefore been used as an exemplary case in the media.

A series of semi-structured interviews were conducted with the Owner and Marketing Manager over a 12-month period at the company’s UK facility. A case study protocol was followed to improve reliability and ensure replicability (Yin, 2009; Voss et al., 2016). For the initial interviews, a set of open-ended questions were developed around the company’s global manufacturing strategy and history of location decisions. The questions were sent to the interviewees in advance. Interviews were recorded and transcribed, with transcripts sent back to interviewees for validation. A timeline was then developed to understand the case (see Table 2.1)

before the transcripts were analysed with the support of *Nvivo* software. This included coding the data according to the different elements of the initial deductive framework; and identifying key factors that did not fit into the initial framework in order to refine it.

Analysis of the initial data allowed a more in-depth set of questions to be developed to further probe and understand the reshoring process. The interviews were supplemented with secondary data from company documentation and their website, plus six television programmes and five news articles on reshoring that featured the company to provide triangulation. The case findings (see Tables 2.2, 2.3, and 2.4) provide a summary of the primary and secondary evidence.

2.5 Deductive development of the framework using prior literature

This section reviews the extant literature that has led to the deductive development of the conceptual framework. Figure 2.1 provides an outline for the framework, which will be populated through this review and presented in Section 2.5.4. The framework is comprised of the following three key elements: reshoring drivers; implementation considerations; and, contingency factors. Each factor was placed within its dominant category by two researchers independently before any differences were discussed and a final categorisation agreed amongst three researchers. The review considers each of the elements of the framework in turn: Section 2.5.1, the reshoring drivers; Section 2.5.2, implementation considerations; and Section 2.5.3, contingency factors.

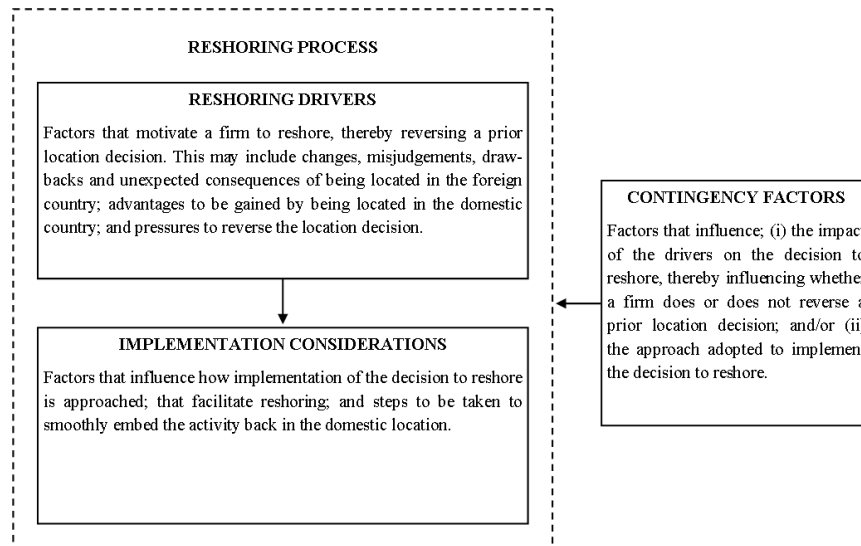


Figure 2.1 Outline Conceptual Framework

2.5.1 Reshoring drivers

The drivers behind the reshoring decision have been further split into the following four categories:

- *Risk, uncertainty and ease of doing business* (Section 2.5.1.1): reshoring to reduce exposure to risk, uncertainty, and/or allow (equally or more) efficient operations to be run in the domestic location.
- *Cost-related* (Section 2.5.1.2): reshoring to reduce certain costs, including when the costs of operating offshore were unexpected, hidden or greater than expected.
- *Infrastructure-related* (Section 2.5.1.3): reshoring to overcome or avoid infrastructure issues (e.g. site, labour, materials, and machinery) or to access better infrastructure in the domestic location.

- *Competitive priorities* (Section 2.5.1.4): reshoring to support the operations strategy and competitive priorities of the firm, particularly those that are not directly cost related.

2.5.1.1 Risk, uncertainty and ease of doing business

Drivers have been included in this category if they motivate a firm to move onshore to reduce risk, uncertainty and allow (equally or more) efficient operations to be run in the domestic location. There can be a drive to reshore to reduce the supply chain disruption risk that is inherent to dispersed and extended global networks (Bailey & De Propris, 2014; Simchi-Levi et al., 2012; Tate, 2014; Huq et al., 2016). The cultural distance between offshore and domestic locations (e.g. communication and language barriers) can also make it difficult to operate offshore and incentivise reshoring (Gray et al., 2013; Tate, 2014). Meanwhile, reshoring has been linked to offshore legislation that complicates business transactions and operations (e.g. Martínez-Mora & Merino, 2014). Unpredictable global economic conditions can influence reshoring; for example, Kinkel (2012) suggested companies are more likely to re-concentrate production domestically when the global economy is unstable. A related factor is currency exchange rates and variability. The strengthening of the Chinese currency, for example, has increased the cost of imports (Martínez-Mora & Merino, 2014; Pearce, 2014; Gylling et al., 2015), while the risk of currency fluctuations increases the appeal of domestic locations (Leibl et al., 2010; Tate et al., 2014).

Reshoring can also be motivated by a desire to reduce the risk of environmental and social issues (Gray et al., 2013; Tate et al., 2014; Presley et al., 2016), which can impact firm reputation. Few authors have highlighted these concerns, yet they may become increasingly important. For example, Gray et al. (2013) highlighted the green motivations behind reshoring, e.g. carbon footprint

reduction and Tate et al. (2014) highlighted the reputational risk of environmental and/or human rights violations. Meanwhile, Presley et al. (2016) found in their interviews that greater importance is placed on environmental than social issues during location decision making.

2.5.1.2 Cost-related drivers

Although the reshoring decision is dependent on multiple variables, costs that were unexpected, hidden or greater than expected can make a domestic location more attractive. Labour costs are a key issue with a closing wage gap between domestic and offshore locations (Pearce, 2014; Simchi-Levi et al., 2012; Wu & Zhang, 2014). Additionally, labour productivity improvements may also be available in the domestic location and offset any remaining foreign wage differentials (Pearce, 2014; Tate, 2014; Hartman et al., 2017). Meanwhile, a desire to reduce duty costs can influence reshoring; for example, Fratocchi et al. (2016) referred to the impact of custom duties for re-import. In addition, domestic production lowers transportation costs (Bailey & De Propriis, 2014; Tate et al., 2014) while attractive energy prices (in the US) have been highlighted as lowering both transportation costs and (non-labour) production costs (Pearce, 2014). Gylling et al. (2015), for example, found that production cost reductions enabled a Finnish bicycle firm to compete with its offshore contract manufacturer, allowing activities to be brought both back onshore and in-house.

Kinkel & Maloca (2009) and Kinkel (2012) recognised the high coordination and monitoring costs of offshore locations that increase overheads (e.g. travel costs), particularly for captive offshore firms (Kinkel, 2014). Offshoring can also result in higher working capital/ pipeline costs, including high inventories in transit or distribution centres (Tate et al., 2014). Martínez-Mora & Merino (2014) highlighted how switching to domestic suppliers can create smaller, more frequent orders that

reduce inventory costs. Finally, Kinkel & Zanker (2013) found that reshoring improves domestic capacity utilisation thus lowering overheads. This may be particularly relevant to firms that have retained a domestic presence when offshoring.

2.5.1.3 Infrastructure-related drivers

Firms are motivated to reshore if there are issues with the offshore infrastructure (such as the site, labour, materials and machinery) or access to an improved infrastructure can be obtained in the domestic location. Kinkel & Maloca (2009) and Kinkel & Zanker (2013) identified on-site infrastructure issues offshore as a potential reshoring driver. Kinkel & Maloca (2009) also highlighted that firms can find it difficult to establish a reliable raw material supply network offshore. Meanwhile, concerns around skilled human resource availability can influence reshoring. This includes a lack of availability offshore (Bailey & De Propris, 2014; Simchi-Levi et al., 2012; Stentoft et al., 2016b) and concerns about the deskilling of domestic labour due to extensive offshoring (Bailey & De Propris, 2014; Shih, 2014). Indeed, it is noted that high domestic unemployment and union pressure is also driving reshoring (Tate, 2014; Fratocchi et al., 2016). Finally, some researchers (e.g. Arlbjørn & Mikkelsen, 2014; Tate et al. 2014) have argued that an increased reliance on automated machinery could negate higher onshore labour costs, while Dachs & Kinkel (2013) highlighted the quality and flexibility benefits of automation.

2.5.1.4 Competitive priorities

Firms can be motivated to reshore in pursuit of (non-cost-related) competitive priorities. Survey evidence has highlighted that reshoring can improve flexibility and dependability (Kinkel & Maloca, 2009; Kinkel, 2012; Kinkel & Zanker, 2013), reducing the risk of late delivery penalties and improving customer satisfaction

(Ancarani et al., 2015; Fratocchi et al., 2016). Additionally, reshoring can improve responsiveness due to closer customer proximity (Fratocchi et al., 2016; Pearce, 2014; Tate et al., 2014; Srai & Ané, 2016; Moradlou et al., 2017). Reshoring can also be motivated by speed to market improvements for new products (Pearce 2014) and by innovation potential, e.g. from co-locating R & D and manufacturing and investing in technology (McIvor, 2013; Pearce, 2014; Shih, 2014; Stentoft et al., 2016c). Domestic production also facilitates know-how retention (Kinkel, 2014) and improves intellectual property protection (Tate, 2014; Tate et al., 2014), which might be particularly relevant to firms that have outsourced production.

Reshoring may also improve quality (Kinkel et al., 2007; Kinkel & Maloca, 2009; Kinkel 2012; Kinkel & Zanker, 2013; Zhai et al., 2016). For example, Canham & Hamilton's (2013) survey data from New Zealand showed that lower wages offshore were offset by quality problems, while Uluskan et al. (2016) found domestic US suppliers achieved higher quality than some international competitors. Finally, companies can also capitalise on 'made in effect' advantages by producing domestically, which adds value for local customers such as perceived quality benefits (Martínez-Mora & Merino, 2014; Tate et al., 2014; Fratocchi et al., 2016; Srai & Ané, 2016). Grappi et al. (2015), for example, tested consumer responses to reshoring and found that companies can improve their image by reshoring.

2.5.2 Implementation considerations

Fratocchi et al. (2014) recommended that research consider how firms reshore in terms of the entry and exit modes both onshore and offshore. They acknowledged that the entry mode to the foreign location can impact the exit strategy and argued that firms that have not built a factory offshore can withdraw more easily. Equally, the entry mode back into the home location also needs to be considered. Similar to

offshoring, reshoring is typically defined in terms of location and ownership, i.e. the ownership both onshore and offshore. In their literature review, Jahns et al. (2006) provided a matrix to illustrate this in the context of offshoring, and this has been adapted for reshoring by Foerstl et al. (2016) and Tate & Bals (2017) to depict the reshoring movement from offshore to onshore (including nearshore) and the corresponding ownership options. Firms may, for example, bring activities in-house when reshoring from an outsourced supplier. Similarly, Gray et al. (2013) provided a typology that presents eight different reshoring paths that consider ownership before and after an offshoring decision, thereby summarising how ownership can change as firms relocate. This does not however detail how firms have actually achieved this in practice. Meanwhile, in their conceptual model for location decision making, Joubioux & Vanpoucke (2016) considered the initial decision-making process, including the entry modes for the initial offshore decision, but their model did not detail the ownership options onshore.

In Gylling et al.'s (2015) action research with a Finnish bicycle firm, the authors outlined how the company maintained some in-house domestic production for one of its product lines whilst offshoring the majority of production to an overseas supplier. This enabled the subsequent decision to reshore and demonstrated how maintaining production in a domestic location whilst offshoring can facilitate reshoring. The authors' case also shows the degree of reshoring, in this instance a partial reshoring approach – as only a certain product line was brought back. Martínez-Mora & Merino (2014) also provided examples of companies that have reshored but continued to produce offshore.

Bailey & De Propris (2014) discussed barriers that must be overcome to operationalise the reshoring decision, including gaining access to labour and finance.

For example, the authors referred to a fragmented manufacturing supply chain and skills gap in the UK as a result of extensive prior offshoring. Similar findings were noted in the US context by Shih (2014) who emphasised the importance of in-house training to improve skills and employee retention. The author also recommended building strong relationships with suppliers and improving information sharing with suppliers.

2.5.3 Contingency factors

A further eleven factors are categorised here as contingency factors – they are aspects of the context that influence whether a set of drivers lead a firm to reshore and/or how that decision is implemented. Although the literature provides examples of issues that can be considered contingency factors, there is a need to explicitly adopt a contingency perspective to further understand indirect influences throughout the reshoring process. Despite contingency factors having been identified in the offshoring literature (e.g. Mukherjee et al., 2013; Zorzini et al., 2014), to the best of our knowledge, such a contingency-based approach to understanding the reshoring phenomenon has not been adopted in the prior literature although it has recently been encouraged by Bals et al. (2016).

The first contingency factor is the size of the firm. Kinkel (2012) found that the majority of firms that reshore are large firms with more than 500 employees – as large firms are more active in offshoring. Yet, the author also found evidence that large companies are reducing their reshoring activities and the number of SMEs reshoring is increasing. Ancarani et al. (2015) found that those SMEs that do reshore do so earlier than larger firms; and this might be explained by an unwillingness or inability to fund any difficulties faced offshore (Kinkel, 2012). A second contingency factor is the ownership mode (e.g. captive or outsourced), which could influence the

weight given to some of the reshoring drivers (e.g. know-how retention) as well as influencing when and how a firm reshores (given its impact on how embedded the firm would be in the foreign location). This appears to be supported by Kinkel (2014) who differentiated between captive and outsourced reshoring when analysing the reasons for repatriation. In addition, government policy, such as domestic government incentives, i.e. reduced taxes and subsidies, can lower costs and encourage reshoring (Ellram et al., 2013; Bailey & De Propris, 2014; Pearce, 2014; Tate et al., 2014). Bailey & De Propris (2014) also considered how the government could provide firms with financial aid for implementing the reshoring decision and with help in closing the skills gap. Capital intensiveness can also influence reshoring. For example, Dachs & Kinkel (2013) provided a brief breakdown of the industries active in reshoring using European survey data. They concluded that low technology industries are less likely to reshore due to the high labour content, which implies being located in lower wage countries. Similarly, technology-based industries such as electronics and automotives have been identified as likely to reshore (Ancarani et al., 2015). Further, Stentoft et al. (2016a) argued that industry related factors could influence reshoring. Bandwagon effects (and competitive pressure) are known to have influenced offshoring and could similarly affect the decision to reshore (Kinkel, 2012; Gray et al., 2013; Martínez-Mora & Merino, 2014). There may not for example be a strong internal drive to reshore, but the outcome of the decision process could be impacted by the actions of competitors. In addition, Martínez-Mora & Merino (2014) found that the attractiveness of reshoring within the clothing and textiles sector depends on the market segment (e.g. sportswear and dress shoes) and price point (e.g. low-range, mid-range products, etc.). Meanwhile, Tate (2014) highlighted that the bulkiness of the product (size, weight, etc.) could influence whether products are ultimately

reshored. In addition, Bailey & De Propriis (2014) referred to customised products, involving the user as a co-producer of the design, being facilitated by co-locating manufacturing and design.

The management's perception of cost could also influence location decisions. Both Gray et al. (2013) and Kinkel (2014) suggested that reshoring could be as a result of prior misjudgements in the offshoring decision-making process whereby the costs of operating offshore were underestimated. Equally, a firm might reshore because the investment required to improve the offshore conditions were overestimated. Finally, emotional factors can lead to a firm (or decision maker) having an attachment to the domestic location (Fratocchi et al., 2016) thereby increasing the influence given to drivers on the decision to reshore, and this is thought to be particularly prevalent amongst entrepreneurs. Similarly, Canham & Hamilton (2013) referred to patriotism or patriotic effects in their research on SMEs.

2.5.4 Conceptual framework

The extant literature reviewed above leads to the deductive development of a conceptual framework of the reshoring process, as presented in Figure 2.2. The framework focuses on the reshoring decision process and thus complements earlier conceptual frameworks that have focused on the prior offshoring process. Yet whilst offshoring research has considered the relationship between drivers, governance modes and firm size (see for example Roza et al., 2011; Caniato et al., 2015), this stream of literature is driver focused and assumes that the right location for the operation is offshore. Our framework considers reversing this decision, but by adopting a contingency perspective acknowledges that the right location – on or offshore – is dependent on various factors. Moreover, existing models for both offshoring (e.g. Patrucco et al., 2016) and reshoring (Joubioux & Vanpoucke 2016)

have tended to focus on the decision-making process rather than supporting a firm through the transition by providing a structure for the entire relocation process.

Each element in the framework shown in Figure 2.2 has been briefly unpacked above although space restrictions preclude a detailed discussion. Our aim has been to cite literature to justify the inclusion of each factor in our framework thereby providing an audit trail behind its development. In summary, the framework is comprised of: (i) 29 drivers behind the reshoring decision; (ii) six implementation considerations relating to the operationalisation of this decision; and, (iii) eleven contingency factors that affect the decision to reshore and/or how this is implemented.

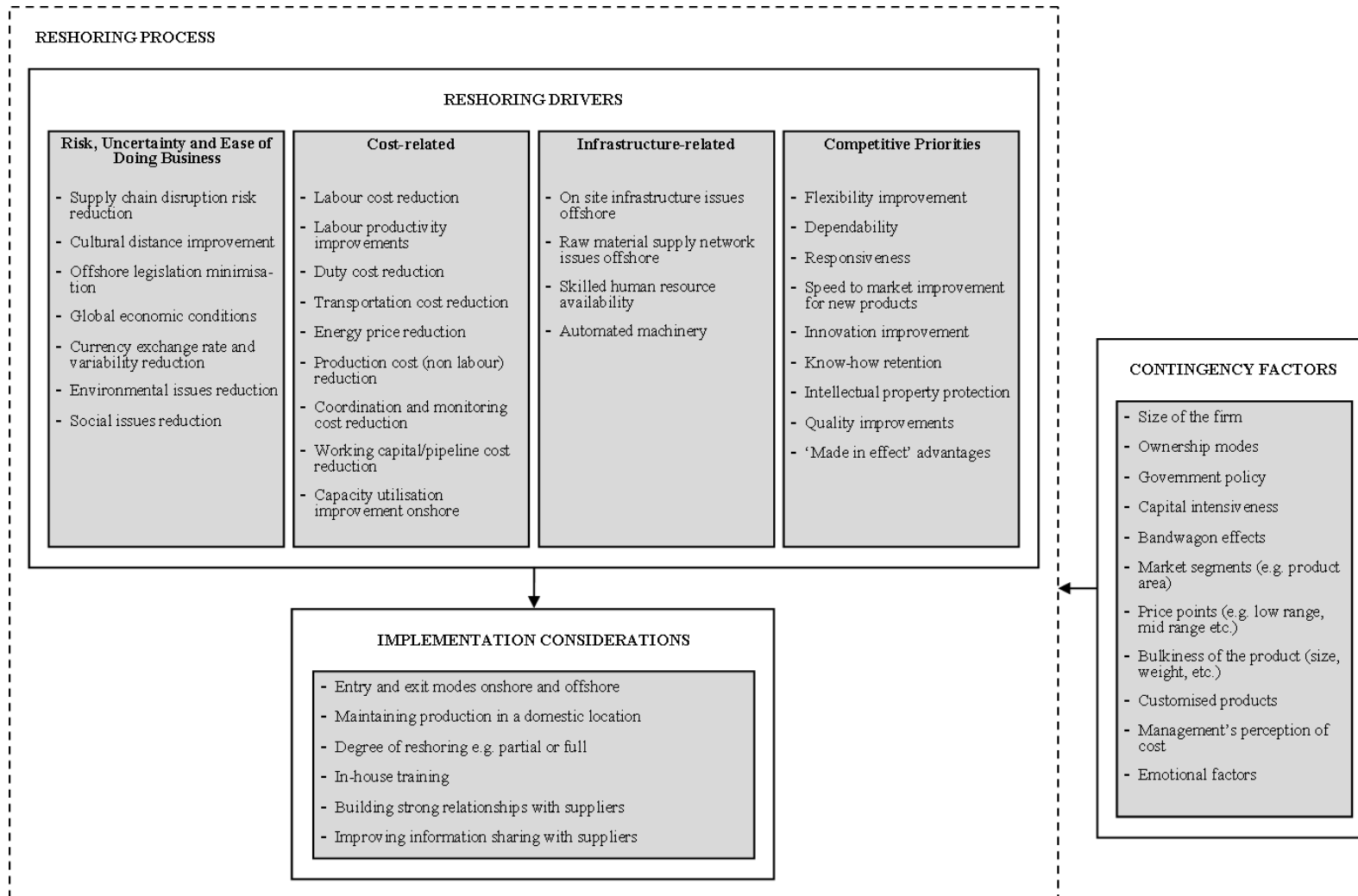


Figure 2.2 Conceptual Framework of the Reshoring Process based on the Prior Literature

2.6 Case study evidence

2.6.1 Overview of Cushion Co.

Cushion Co. designs and manufactures cushions and related products for global retailers. As shown in Table 2.1, the company was established in 1991 in the UK. In 2003, it opened a second UK factory with government support and began gradually offshoring to China. It then closed its original UK factory and the Chinese operation grew. It opened a purpose-built Chinese factory in 2007, which was extended in 2010 to a 250,000 square foot factory. In 2012, it began to reshore some activities to the UK and sold its Chinese factory, maintaining a smaller rented facility. Before offshoring, Cushion Co. had a UK workforce of up to 100 staff, which fell to around 30 at the height of offshoring. The UK workforce is now growing again and is currently up to around 60 staff. Table 2.1 also shows how the company's ownership modes have evolved over time, as further discussed below.

The case narrative below begins with an overview of the prior offshoring decision. Although this is not the focus of this paper, an understanding of this decision is important to gaining a full understanding of the subsequent reshoring decision. The reshoring process is then described and will be later analysed in Section 2.7.

2.6.2 The prior offshoring decision at Cushion Co.

China's entry into the World Trade Organisation led to foreign investment in China and an influx of Chinese products into the global market. The favourable exchange rate meant China-made products were cheap, making it difficult for UK production to compete. Cushion Co. found that Chinese competitors had selling prices lower than

	1991	2003	2004	2005	2007	2010	2011	2012	2015
Onshore	Opened 1 st UK factory	Opened 2 nd UK factory		Closed 1 st UK factory; 2 nd UK factory remains				Reshoring process begins to UK factory	10-15% of production reshored from China to the UK
	<i>(Wholly Owned, Captive Onshore)</i>	<i>(Wholly Owned, Captive Onshore)</i>		<i>(Wholly Owned, Captive Onshore)</i>				<i>(Wholly Owned, Captive Onshore)</i>	<i>(Wholly Owned, Captive Onshore)</i>
Offshore	N/A	Offshore process begins - started to import Chinese fabrics for UK production	Sourcing from a small manufacturer in China		Purpose built factory opened in China – joint venture with previous Chinese supplier	China factory extended to create more capacity	Ended joint venture and established a Wholly Foreign Owned Enterprise (WFOE)	China premises sold; moved to smaller rented factory	
			<i>(Offshore, Outsource)</i>		<i>(Joint Venture, Captive Offshore)</i>	<i>(Joint Venture, Captive Offshore)</i>	<i>(Wholly Owned, Captive Offshore)</i>	<i>(Wholly Owned, Captive Offshore)</i>	

Table 2.1 Location and Ownership Timeline of the Case Company (Cushion Co.)

their cost prices. They were under constant customer pressure to reduce prices. The owner explained that they started to produce in China because “*at the time, it was literally China or bust* [go out of business]”.

Having decided to offshore to China, the owner described the process as “*step-by-step*”. Chinese fabrics were first imported to reduce domestic production costs in 2003. The company then decided in 2004 to offshore outsource to China to further reduce costs. After a trial, which established this as a viable solution, the company then established a joint venture with the Chinese supplier. Cushion Co. had a 70% stake, which meant customers recognised it as a legitimate Cushion Co. operation rather than an intermediary. This was critical as retailers were keen to buy directly from factories in China. In 2007, a purpose-built factory was opened, with the joint venture partner key to establishing a good local workforce.

Back in the UK, the company closed one of its two factories. It arranged a daily bus service to transport skilled machinists, which were in short supply, from the closed to the one remaining open factory, which became the headquarters. The Marketing Manager explained: “*To lose those people* [i.e. skilled machinists, would be very problematic], *you wouldn't be able to replace those skills*”. The UK operation focused on filling cushions as it was expensive to ship filled cushions from China. The company also moved up market for any production that remained in the UK.

The Chinese factory was extended in 2010 to cope with demand. The Chinese business had started small but quickly grew. This organic approach meant it did not require major start-up investment. UK personnel travelled to China regularly, e.g. to implement quality systems and make productivity improvements. The owner explained that this transformed the factory from “*local* [domestic] *to export* [world] *class*”, ensuring it passed retailer audits. Although formal systems and practices were

transferred, Cushion Co. found it difficult to recreate innovation processes. The China factory was not successful at producing its own designs or intellectual property; and the design function, R & D and sampling operations remained in the UK. The Chinese operation was however involved in sourcing materials as it was located close to a cluster of readily available suppliers. The company also realised its location could provide market access not only to China but to Australia and Western USA. This led to the introduction of a Chinese sales function.

2.6.3 The reshoring decision at Cushion Co.

When Cushion Co. had offshored, favourable exchange rates and low Chinese labour costs helped it compete. The Chinese currency however appreciated over time while UK costs increased at a slower rate due to the West's economic downturn. Chinese wages were also rising as demand for labour outstripped supply. Further, the lower wage argument was never particularly strong as the simplicity of cushions means labour content is a small proportion of the total production cost. The attractiveness of China was worsened by high duty rates. The owner explained that: "*the duty rate on finished goods is higher than on fabric, and duty is also applied to the freight, to the profit made by the Chinese factory, the packaging, etc.*" In addition, cushions are large and expensive to ship when pre-filled. Overall, this made it arguably more cost-effective to use Chinese fabric but manufacture and/or fill the cases in the UK.

The owner referred to the above as key "*cost-push reasons*" to reshore. But UK manufacturing was also considered "*less aggravation*", avoiding cultural differences, language barriers and time zone problems. Cushion Co. had also started to experience problems with their Chinese partner, which had opportunistically tried to establish a rival firm. They ended the joint venture in 2011 after changes to Chinese

law enabled them to establish a Wholly Foreign Owned Enterprise (WFOE). This gave Cushion Co. more control – it made withdrawal from China more straightforward whilst ensuring that their know-how was retained and intellectual property protected.

Reshoring also had advantages for their main UK customers. The owner explained that: *“you are much more efficient if you are working alongside your customer [retailers] rather than waiting and doing business via email the next day”*. There was a desire to be more responsive to customers – to shorten lead times and get new products to market quicker. The “Made in the UK” label was also attractive to customers. In addition, there was a desire to increase the workforce and capacity utilisation in the UK where better quality and productivity were available, although the observable productivity gap was shrinking due to improvements made at the Chinese factory.

Just a few of the above factors may not have been a major concern, but when added together they built a persuasive argument to reshore, especially given the owner’s nostalgic attachment to the UK. He explained that: *“we have always wanted to and preferred to manufacture at home [i.e. in the UK]”*. Even when it offshored, Cushion Co. had maintained a UK presence while its competitors had either fully offshored or retained only a UK sales function. The owner explained he had been criticised for being *“sentimental”* but claimed this had always been *“a very important strategic decision”*. He explained: *“the ability to make the product either in the East or West [from a UK perspective] gives us flexibility to react to whatever the global economy and the marketplace throws at us”*. As part of this strategy, the company produced a range of lower volume, higher priced products mainly in the UK.

Cushion Co. increased its UK operation and downsized its China operation, with its experience of offshoring helpful in how this was approached. The owner stressed that: “[you cannot] *just drop* [i.e. close] *a factory on one side of the world and open one on another*”. He explained: “*we used the same model that we first used to offshore to reshore – we did it step by step again*”. Their first step towards offshoring had involved using Chinese fabrics in UK production. So, in reverse, when production was reshored, they again used Chinese fabrics. The UK workforce was gradually increased, although recruiting skilled machinists was challenging due to the high level of offshoring within the sector. The company has an ageing workforce and there is a lack of new entrants. The company therefore plans to establish in-house training and launch an apprenticeship scheme with government support.

Reshoring was relatively straightforward because Cushion Co. had never fully withdrawn from the UK. It had retained a Western supply chain and workforce; hence, it did not need to re-establish itself. The management team, core skills and machinery were already in place. The owner explained: “*we’re really just increasing the capacity that we maintained through the offshoring period*”. He added: “*had we [fully offshored] it would have been very difficult to set up again, [reshoring] was actually easier to do because we had a starting point [i.e. a retained domestic base]*”. The company has UK packaging suppliers; and although there are few remaining UK raw material suppliers, it had maintained relationships with European-based suppliers. Throughout the reshoring process, Cushion Co. ensured that suppliers, customers and staff (UK and China based) were kept informed.

Since reshoring, the company has sold its Chinese premises and moved to a smaller, rented facility that remains important, e.g. for serving the Eastern market. But recent changes, including the introduction of a new UK national living wage and

devaluation of the Chinese currency, threaten to make the trend towards reshoring temporary. Meanwhile, it remains to be seen how the UK's withdrawal from the EU will affect the company's location decisions.

2.7 Discussion and framework refinement

This section analyses the case evidence to refine the conceptual framework. It is therefore organised around the key headings from the initial framework (Figure 2.2).

2.7.1 Reshoring drivers

Table 2.2 compares the reshoring drivers from the literature with those relevant to the case. Cushion Co. provides evidence for 20 of the original 29 drivers, with new insight into their influence provided. Factors from each of the four categories influenced Cushion Co.'s decision to reshore. The category with the most factors evident is Competitive Priorities (9), followed by Cost-related (6), Risk, Uncertainty and Ease of Doing Business (3), and Infrastructure-related (2). The most important individual factors were labour and duty costs (Cost-related category) and currency exchange rate and variability reduction (Risk, Uncertainty and Ease of Doing Business category). Each category is briefly discussed below.

Category	Driver	Primary Data	Secondary Data	Explanation from the Case Study
Risk, Uncertainty and Ease of Doing Business	Supply chain disruption risk reduction			Not identified as a factor in this case
	Cultural distance improvement	✓	✓	Bringing some activities back onshore to reduce the impact of cultural differences (between the UK and China)
	Offshore legislation minimisation			Not identified as a factor in this case
	Global economic conditions	✓	✓	Growing Chinese economy vs. downturn in the West increased costs offshore
	Currency exchange rate and variability	✓	✓	Currency changes in China reducing incentives to produce offshore
	Environmental issues reduction			Not identified as a factor in this case
	Social issues reduction			Not identified as a factor in this case
Cost-Related	Labour cost reduction	✓	✓	Rising Chinese labour costs disincentivise offshore activities
	Labour productivity improvements	✓	✓	Higher productivity in the UK compared to China
	Duty cost reduction	✓	✓	To reduce duty costs on finished goods, freight, packaging, profit on Chinese factory, etc.
	Transportation cost reduction	✓	✓	Expensive to ship products from China to Western customers
	Energy price reduction			Not identified as a factor in this case
	Production cost (non labour) reduction			Not identified as a factor in this case (cost reductions already introduced in China)
	Coordination and monitoring costs reduction	✓	✓	To create internal efficiencies and enable working alongside customers in the UK
	Working capital/pipeline costs reduction			Not identified as a factor in this case
	Capacity utilisation improvement onshore	✓		Using UK facilities to rebalance capacity utilisation between the UK and China

Infrastructure-Related	On site infrastructure issues			Not identified as a factor in this case (strong infrastructure in China)
	Raw material supply network issues offshore	✓	✓	Establishing a global supply network to support UK production
	Skilled human resource availability	✓	✓	To allow a skilled workforce to be retained in the UK
	Automated machinery			Not identified as a factor in this case (not reliant on automation)
Competitive Priorities	Flexibility improvement	✓	✓	Dual locations (in the UK and China) allow for reaction to market needs in both the East and West; considered strategically important
	Dependability	✓	✓	Reshoring to be close to the UK market improving service and the ability to deliver on time
	Responsiveness	✓	✓	Reshoring to be close to the UK market allowing the firm to compete on speed
	Speed to market improvement for new products	✓	✓	To improve speed to market for the introduction of new products
	Innovation improvement	✓		To enable co-location of design and production, enabling innovation
	Know-how retention	✓	✓	To retain skills and know-how in the UK
	Intellectual property protection	✓		Perceived to be better protected in the UK from intellectual property infringements
	Quality improvements	✓	✓	To access the higher quality considered to be available in the UK, allowing the firm to compete on quality
	‘Made in effect’ advantages	✓	✓	Attractiveness of the ‘Made in the UK’ hallmark particularly to the Western market

Table 2.2 Summary of Reshoring Drivers, Including Source of Case Evidence (if any)

2.7.1.1 Risk, uncertainty and ease of doing business

The most significant driver in this category was currency exchange rate and variability reduction, confirming earlier findings relating to Chinese currency appreciation (e.g. Martínez-Mora & Merino, 2014; Pearce, 2014; Gylling et al., 2015). The decision to reshore was also driven by changing global economic conditions, in particular Chinese economic growth and the Western downturn, which supports Martínez-Mora & Merino, (2014). Reshoring was further motivated by the need to overcome issues relating to cultural distance. Gray et al., (2013) and Tate (2014) raised concerns about cultural distance when operating offshore, and Cushion Co. provides case evidence to support this factor. Reshoring was not however strongly motivated by supply chain disruption risk reduction, offshore legislation minimisation, environmental issues reduction or social issues reduction. These factors may however be relevant in other cases.

2.7.1.2 Cost-related drivers

Cost savings are a key theme in both the literature and Cushion Co., including labour costs (e.g. Simchi-Levi et al., 2012; Pearce, 2014; Wu & Zhang, 2014). The case supports Pearce (2014) and Tate (2014) by providing case evidence that labour productivity improvements can be achieved through domestic production further lowering costs, even if the productivity gap is reducing. Duty cost reduction is also significant in Cushion Co. and this has only previously been highlighted by Fratocchi et al. (2016) based on secondary data. In addition, concerns about transport costs between China and the West support those in the literature (Bailey & De Propris, 2014; Tate et al., 2014) while the case also highlights how transportation incurs duty charges. In terms of coordination and monitoring costs, the literature has focused on

the overheads of managing offshore production (Kinkel & Maloca, 2009; Kinkel, 2012; Gray et al., 2013). Similarly, Cushion Co.'s UK management team had to travel to China regularly to train and implement systems. Further costs were incurred when partner relations became strained. Cushion Co. also provides case evidence that supports survey (Kinkel & Zanker, 2013) and secondary data (Fratocchi et al., 2016) on capacity utilisation as reshoring has allowed it to make better use of its UK facilities, thus lowering overheads.

Production costs were not a key driver, perhaps due to the improvements made in China that reduced costs. Energy price reduction was also not acknowledged – this was previously highlighted in the US and not the UK context (Pearce, 2014). Finally, reshoring was not motivated by working capital/pipeline cost reduction, but this may be relevant in other cases.

2.7.1.3 Infrastructure-related drivers

The case evidence demonstrated that the decision to reshore was not significantly driven by infrastructure concerns. For example, skilled human resource availability and raw material supply network issues offshore were not direct drivers, although related issues have facilitated reshoring. First, Cushion Co. has had a skilled workforce in China, enabled by its joint venture, but a shortage is now developing, as noted by Pearce (2014) and Tate et al. (2014). Meanwhile, as a UK presence was maintained, Cushion Co. has a skilled domestic workforce that enables reshoring and partly negates the concerns about domestic labour shortages in Bailey & De Propriis (2014) and Shih (2014). Second, Cushion Co. has not had difficulties in establishing raw material networks offshore (Kinkel & Maloca, 2009) due to a cluster of Chinese suppliers. But equally, by maintaining a Western supply chain, it has also been able to

ramp up UK production. On-site infrastructure issues offshore and automated machinery were not evident in the case. Its Chinese location has a strong physical infrastructure and the company is not heavily reliant on machinery.

2.7.1.4 Competitive priorities

All nine competitive priorities were evident to some degree in Cushion Co. The most prominent were flexibility improvements from being able to react to changing market needs (in the East and West); and dependability due to shorter, more predictable domestic lead times, enabling on-time delivery. This evidence complements survey data in the literature (e.g. Kinkel & Maloca, 2009; Kinkel, 2012; Kinkel & Zanker, 2013). Further, the case provides empirical evidence on reshoring being partly motivated by responsiveness due to (domestic) customer proximity allowing the firm to compete on speed (Pearce, 2014; Tate et al., 2014). In addition, the case supports Pearce (2014) as speed to market improvement for new products was also a factor.

Meanwhile, Cushion Co. has achieved some quality improvements from reshoring (Kinkel & Maloca, 2009; Canham & Hamilton, 2013; Kinkel, 2012; Kinkel & Zanker, 2013), also supporting Uluskan et al.'s (2016) survey data on the impact of quality systems in international suppliers on reshoring. Design and sampling remained in the UK; therefore reshoring was not strongly driven by innovation improvements, although the company now benefits from co-location (McIvor, 2013; Pearce, 2014; Shih, 2014). Cushion Co. also sought to capitalise on 'made in effects'. The literature suggests this is particularly advantageous in the domestic market (Canham & Hamilton, 2013; Martínez-Mora & Merino, 2014; Tate et al., 2014; Fratocchi et al., 2016) but the case suggests there are also export advantages, e.g. to the US. Thus, the consumer perspective is relevant to reshoring, as advocated by Grappi et al. (2015).

The remaining factors – know-how retention and intellectual property protection – were more marginal once the joint venture had ended but may be prominent in firms that outsource production.

2.7.2 Reshoring implementation considerations

Table 2.3 summarises the implementation considerations with evidence from the case. All six original factors are supported by the case, which provides deeper insight into each one. In addition, four new factors are identified; hence, the case provides a strong contribution to enhancing this part of the conceptual framework.

The entry and exit modes of Cushion Co. add to our understanding of the reshoring process. The company's relocation process can be understood in terms of ownership both onshore and offshore, as depicted in Figure 2.3. The figure expands upon one of the eight paths from Gray et al.'s (2013) typology. The authors' typology helps us to understand the various ownership and location permutations available as firms move from onshore to offshore and back again whilst also potentially switching from in-house (captive) to outsourcing (or vice versa). The first path from the authors' model involves domestic in-house to offshore in-house to domestic in-house. The case however shows that this can be a somewhat simplistic representation of the reshoring process. First, Cushion Co. only partially offshored, retaining a UK location, which was not considered in the original typology. Second, whilst offshore, incremental ownership changes took place from offshore outsourcing to a joint venture and in-house production. With the exception of Joubioux and Vanpoucke (2016), the reshoring literature only compares in-house with outsourced production (e.g. Gray et al., 2013; Kinkel, 2014; Martínez-Mora & Merino, 2014) and does not reflect joint venture agreements.

Category	Implementation Consideration	Primary Evidence	Secondary Evidence	Explanation from the Case Study
Location, Ownership and Timing	Entry and exit modes onshore and offshore	✓	✓	Consideration of how the firm will enter the domestic location and exit from the offshore location. For Cushion Co., exit from China was more straightforward from owned (captive) production facilities. The offshore premises were sold, and the company moved to a smaller factory; entry into the UK enabled by owned production facilities. Various ownership permutations available as firms move between domestic and offshore locations. Case evidence of outsourcing, joint venture agreement, and captive offshoring in China. In-house production in the UK.
	Maintaining production in a domestic location	✓	✓	Understanding how maintaining production in a domestic location can facilitate the reshoring process. Cushion Co. previously maintained a down-sized operation in the UK whilst offshoring the majority of production to China resulting in retained UK staff, machinery, management, and systems.
	Degree of reshoring e.g. partial or full	✓	✓	All production does not need to be transferred to the domestic location. Since reshoring, production has been partially retained in China to serve different markets.
	Tipping point for relocation	✓	✓	Awareness of when to trigger the reversal process. In Cushion Co. the case for reshoring began to build and could not be ignored; for example, the cost between offshore and onshore production became marginal.
	Process of implementation (incremental vs instantaneous)	✓	✓	Understanding reshoring within the context of prior and future location decisions is important. Cushion Co. gradually offshored and subsequently gradually reshored.

Operations and Supply Chain Development	In-house training	✓	✓	In-house training to help overcome skills shortage. Cushion Co are currently in the process of considering this option.
	Building strong relationships with suppliers, internal teams and customers	✓	✓	Developing strong relationships can aid reshoring. Case evidence demonstrated that this was important with internal teams and customers (not identified in the literature) and suppliers throughout the relocation process.
	Improving information sharing with suppliers, internal teams and customers	✓	✓	Information sharing can aid reshoring. Case evidence demonstrated that this important with internal teams and customers (not identified in the literature) and suppliers throughout the relocation process.
	Market movement	✓	✓	Market movement may be necessary to facilitate reshoring. Cushion Co. moved up market onshore and developed relationships with customers purchasing higher value products. This helped to retain UK production whilst offshoring to China and it facilitated reshoring.
	Global supply chain development	✓	✓	Developing and maintaining a global supply network can provide flexibility. For Cushion Co., this has allowed them to support both their UK and China based production.

Table 2.3 Summary of Implementation Considerations, including Source of Case Evidence

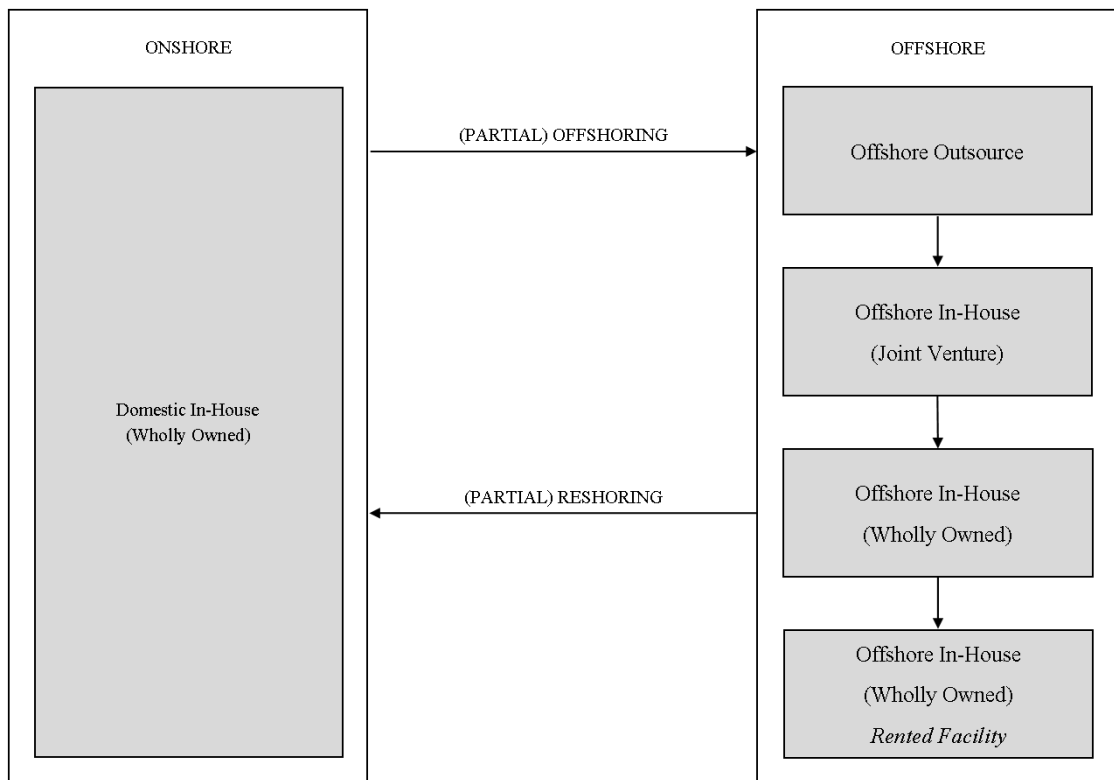


Figure 2.3 The Relocation Process Trajectory of the Case Company (Cushion Co.)

Fratocchi et al. (2014) argued reshoring will take place earlier and more rapidly for firms that have not built a factory offshore. Yet Cushion Co. has been able to grow and contract its offshore presence quickly despite previously owning a purpose-built factory. Once the reshoring process began, the company's Chinese premises were sold, and it moved to a smaller rented factory. This transition was largely enabled by its retained UK staff, machinery, management, and systems. This adds to the existing literature (e.g. Gylling et al., 2015) by illustrating the advantages of maintaining production in a domestic location whilst offshoring. The UK base provided complementary capabilities, e.g. filling cushions made in China. In terms of the degree of reshoring, reshoring has not been undertaken in full – it has been thus far a partial reshoring process, allowing the company to obtain the benefits of being in China and in the UK. This dual location strategy may have similar advantages to a nearshoring approach (e.g. Ellram et al., 2013; Fratocchi et al., 2014), which refers to

finding a location closer to home that achieves a compromise between the advantages of offshore (e.g. low wage economies) and onshore locations (e.g. speed to market and proximity to headquarters). A dual approach however also means resources can be shifted between locations to serve different markets and meet different customer requirements for speed, cost, quality, etc. Retaining a presence in China also reflects the changing role of the factory from cost-based to market-based (e.g. serving Eastern markets). Similarly, Martínez-Mora & Merino (2014) noted how offshoring provides the opportunity to develop commercial ties with the local market.

An important aspect of operationalising the reshoring decision concerns timing, i.e. when to trigger the reversal process. Cushion Co. reached a tipping point for relocation whereby the drawbacks of being offshore began to add up. The cost differential between manufacturing in China vs. the UK became marginal; and without significant cost incentives, the advantages of increasing its domestic presence became difficult to ignore. This aspect – recognising when to take the reshoring decision – is a new factor for the framework.

Cushion Co.'s decision to relocate some of its production from China to the UK is the latest in a line of location decisions; and it cannot be understood without knowledge of the prior offshoring process. This is reflected in the 'swinging pendulum' concept used by Slepnirov and Madsen (2015) to describe the continual movement between offshore and onshore.

The boundaries between the various location decisions are difficult to distinguish, as is evident from Figure 2.3. This is because the process of implementation is, in Cushion Co., a gradual, incremental process. As outlined in the literature, location decisions are dynamic (Kinkel & Maloca, 2009; Ellram et al., 2013; Gylling et al., 2015; Fratocchi et al., 2016). Indeed, the case provides empirical

evidence of the dynamic nature of the process outlined by Mugurusi and de Boer (2013) demonstrating the re-organisation over time of its production network in terms of both location and governance. Indeed, supporting Srari and Ané (2016), Cushion Co. is continually re-evaluating the needs of the business. When the environment changes again, e.g. wages rise in the UK or customers demand something else, the distribution of the firm's resources across its two locations will be revisited. Thus, the current trend is towards reshoring but this may change. It is a matter of finding the right location for a given activity at a given moment in time rather than of finding a way to bring everything back to a domestic location. This is akin to the notion of 'rightshoring' or 'intelli-sourcing' described by Tate (2014) and Fine (2013), respectively. The incremental nature of the implementation process is a further implementation factor identified from the case.

The case also provides an insight into how implementation barriers can be overcome. Although Cushion Co. retained a UK workforce, it must still face up to the skills shortage caused by offshoring (Bailey & De Propris, 2014; Shih, 2014). Supporting Shih (2014), the company is considering overcoming this by introducing in-house training. The case also highlights the importance of global supply chain development and maintaining a supplier network to serve multiple locations around the world. As a result, building strong relationships with suppliers and improving information sharing with suppliers is critical. In Cushion Co. this is done globally rather than locally, as advocated by Shih (2014). Local information sharing, and relationship building is however important with customers and internal staff. It is also evident that strategic market movements have helped support Cushion Co.'s location decisions. For example, they moved up market by developing relationships with new

UK customers that allowed them to maintain a continuous viable UK production presence.

2.7.3 Contingency factors

Nine of the eleven contingency factors are evident in the case, and they can now be categorised into those that are: company (and industry) related; product related; or behavioural (or individual) related (see Table 2.4). Five factors are considered company (and industry) related. In terms of the size of the firm, Cushion Co. is an SME that has quite rapidly offshored and reshored. This complements survey results from Kinkel (2012), although its decision was not motivated by an unwillingness to invest in offshore resources. The case also supports the relevance of ownership modes as a contingency factor. Its ownership of Chinese and UK production facilities explains the importance of many competitive priorities, which may be less influential when purely outsourcing. The changing ownership modes over time have also impacted the company's control and flexibility in both the decision making and implementation process. Capital intensiveness is also relevant. The textiles and fashion industry is generally characterised by low technology and high labour intensiveness, arguably making reshoring unattractive. Studies have shown that, despite this, reshoring can take place for specialised clothing (Ashby, 2016) and luxury clothing (Robinson & Hsieh, 2016). Cushions are an exception – they are simple to produce meaning the labour content is lower than for other textiles products. Supporting Stentoft et al. (2016a), industry related factors can influence reshoring but factors can also vary within an industry. Further, this case has highlighted that industry exceptions can occur. Government policy, e.g. reduced taxes and subsidies (Bailey & De Propriis, 2014; Pearce, 2014; Tate et al., 2014), were not prominent in

Cushion Co., suggesting they were either unavailable or ineffective. Cushion Co. had however previously received funding when establishing a UK factory, which was key to reshoring. Additionally, the company is considering using government support to introduce an apprenticeship scheme to address the skills gap. Bandwagon effects were not apparent as Cushion Co. were one of the first reshoring movers in the industry. This however may be an important factor in later reshoring waves, should they occur.

Four contingency factors are product related. The bulkiness of the product, e.g. its size and weight (Tate 2014), is relevant as cushions can be bulky to ship over long distances. This has impacted the reshoring decision and the use of the UK factory to fill empty cases. Market segments, as discussed by Martínez-Mora & Merino (2014), are also relevant. The company's strategic location decisions are underpinned by the markets it serves. Cushion Co. had established itself as a mass market producer but has moved up market, influencing its location decisions. Its Chinese factory helped to retain some price-sensitive customers and serve the Eastern market, with the company hitting different price points by utilising the strengths of its two locations. Customisation may be an important factor for design-led products requiring high levels of customer input; however, this was not a significant factor in this case. The company however benefits from close proximity to customers for coordination in the design process.

The two remaining contingency factors are behavioural. Management's perception of costs, i.e. prior misjudgements, was not apparent in the case. But the case does highlight the influence of emotional factors (Canham & Hamilton, 2013; Fratocchi et al., 2016). Decision making power largely resides with Cushion Co.'s owner, a patriotic entrepreneur with an emotional attachment to the UK. This arguably

triggered the decision to reshore sooner than it would have been triggered if the owner did not have an emotional attachment.

Category	Contingency Factor	Primary Evidence	Secondary Evidence	Explanation from the Case Study
Company (and industry) related factors	Size of the firm	✓	✓	The size of the firm can influence the importance given to the reshoring drivers as well as when and how a firm reshores. Cushion Co. provides an example of an SME that has offshored and reshored production. Further, the process of offshoring and reshoring was quite rapid.
	Ownership modes	✓		Ownership can influence the importance given to the reshoring drivers as well as when and how a firm reshores. Ownership of UK and Chinese production facilities explains the importance of many strategic asset seeking drivers for Cushion Co. Further, changing ownership has influenced location decisions in terms of control and flexibility.
	Capital intensiveness	✓		Capital intensiveness can influence the importance given to reshoring drivers. Cushion Co. provides an example of a firm within the labour-intensive textiles industry that has reshored. Cushions however have a lower labour content than many other products within the industry.
	Bandwagon effects			Not identified as a factor in this case (but suggested that this could be relevant for those following Cushion Co.)
	Government Policy	✓		To improve the local (domestic) economy and facilitate investment. Apprenticeship support to help overcome skills shortage. Cushion Co are currently considering this option.

Product related factors	Market segments (e.g. product area)	✓	✓	The market segment can influence the importance given to the reshoring drivers as well as when and how a firm reshores. Cushion Co., an established mass market producer, moved up market to maintain UK production; offshoring to China helped to retain lower cost customers; location decisions are therefore underpinned by the markets served.
	Price points (e.g. low range, mid-range, etc.)	✓	✓	Price points can influence the importance given to reshoring drivers as well as determining how a firm reshores. For Cushion Co., different price points can be achieved depending on production location. Cushion Co. have therefore ensured that flexibility has been built into their reshoring decision making process.
	Bulkiness of the product (size, weight, etc.)	✓		The bulkiness of the product can influence the importance given to reshoring drivers as well as determining how a firm reshores. Cushion Co. produces cushions that can be bulky to ship over long distances, influencing decision making. Empty cushion cases shipped from China for filling in the UK allowed the company to keep its UK operation running.
	Customised products	✓		Customised products can influence the importance given to reshoring drivers as well as determining how a firm reshores. Although this is not identified as a major factor in this case, the company benefits from close proximity to customers for coordination in the design process.
Behavioural (or individual) related factors	Management perception of cost			Management's perception of cost can influence the importance given to the reshoring drivers as well as when and how a firm reshores. This was not identified in the case – a lack of planning or prior misjudgements did not influence the reshoring process.
	Emotional factors	✓	✓	Emotional factors can influence the importance given to reshoring drivers as well as determining how a firm reshores. For Cushion Co., an emotional attachment to the UK appeared to have impacted the attraction of maintaining a presence in the UK and the perceived advantages of reshoring, such as the social benefits.

Table 2.4 Summary of Contingency Factors, Including Source of Case Evidence (if any)

2.7.4 Refined conceptual framework

A refined version of the conceptual framework, enhanced using case study evidence, is presented in Figure 2.4. Empirical evidence supports 20 of the original 29 drivers. All six original implementation considerations were relevant in Cushion Co. and a further four factors are added: ‘tipping point for relocation’, ‘market movement’, ‘process of implementation – ‘incremental vs. instantaneous’ and ‘global supply chain development’. In addition, the importance of information sharing and building strong relationships not only with suppliers but also with internal teams and customers has been identified, with the existing factor therefore extended. The implementation factors have now been placed into two broad categories: ‘location, ownership and timing’ and ‘operations and supply chain development’ factors. Finally, no new contingency factors have been added but the case does support the relevance of adopting a contingency perspective, as was evident from Table 2.4. The existing contingency factors have now been split into those that are company (and industry) specific, product related, and behavioural (or individual) factors; and nine of the eleven factors were relevant in this case.

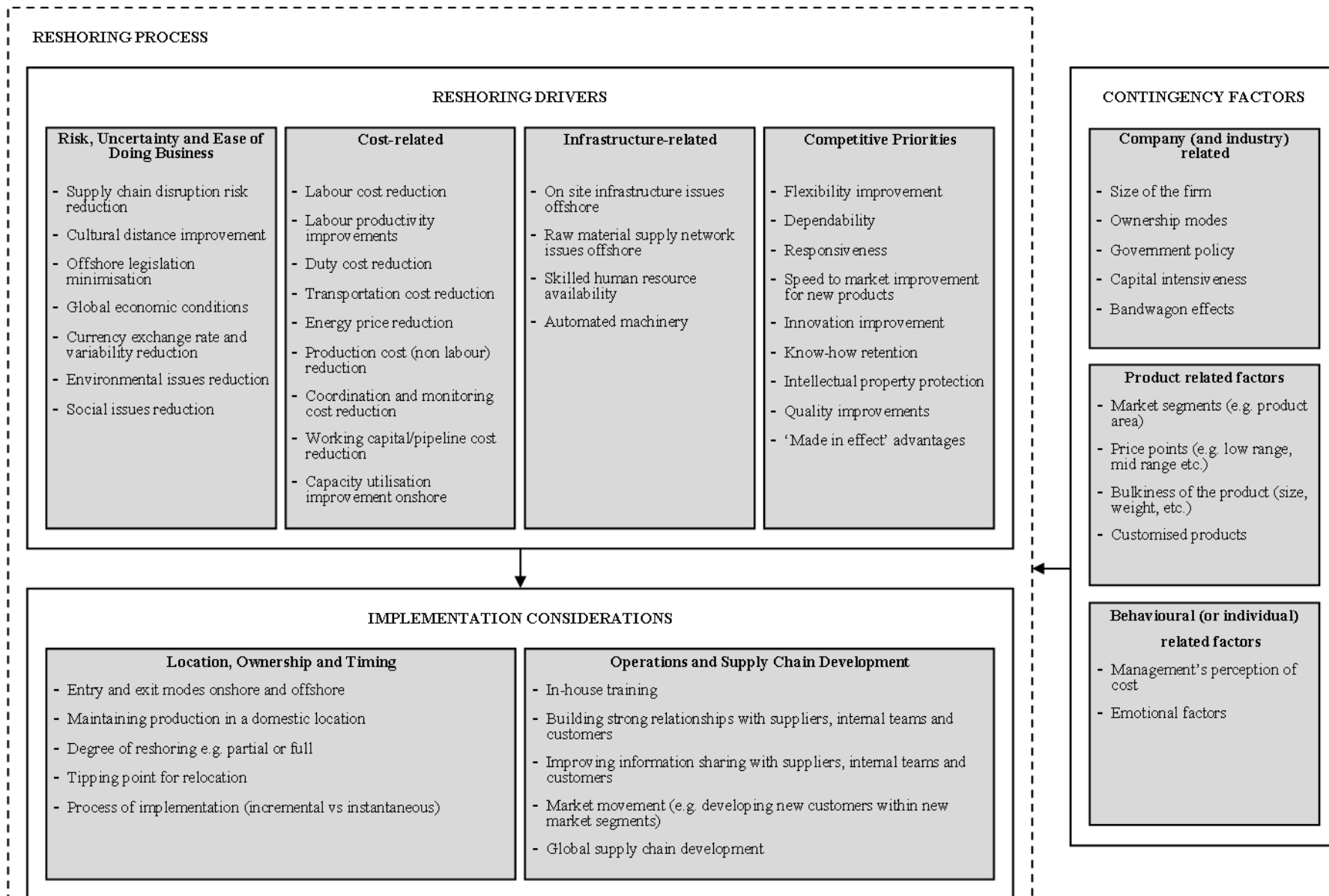


Figure 2.4 Refined Conceptual Framework of the Reshoring Process using Case Study Evidence

2.8 Conclusions

Reshoring is a current concern for both researchers and practitioners. While a body of literature on reshoring is emerging, much of the focus has been on why firms reshore. There has been a need to extend this work by investigating how the reshoring decision can be operationalised. Meanwhile, much of the literature is either conceptual or survey based. Although survey work is valuable, it tends to treat the reshoring phenomenon as a discrete event, e.g. examining the types of firms that have reshored and why they did so. There has also been a need to conduct more case study work to understand the unfolding process of reshoring, which allows for the process to be explored retrospectively whilst capturing future plans in more depth. The core purpose of this paper has therefore been to develop a conceptual framework of reshoring that draws on the extant literature and case study evidence. Cushion Co. represented an exemplar case of captive reshoring, allowing this complex decision, which is different to outsourcing, to be studied in its own right.

The paper has developed a contingency based conceptual framework of the reshoring paper by encompassing reshoring drivers, implementation considerations and contingency factors. A contingency-based perspective (Sousa & Voss 2008) has recently been advocated by Bals et al. (2016). To the best of our knowledge, this is the first framework to combine what is known about why and how firms reshore; and it is the first contingency-based approach to reshoring.

The initial conceptual framework has been refined based on case study evidence. The case provided evidence to support the relevance of 20 of the 29 drivers. It also supported the importance of the six implementation factors, supplemented the framework with a further four factors, and introduced two broad categories for categorising the implementation factors. The additions made to the framework in this area reflect the immature state of the reshoring literature on implementation and respond to recent calls for a more complete understanding of how firms can reshore (e.g. Fratocchi et al., 2014; Ancarani et al., 2015; Joubioux & Vanpoucke, 2016; Srai & Ané, 2016; Wiesmann et al., 2017). Finally, nine of the eleven contingency factors were relevant in the case study firm. No further contingency factors were

identified, but the existing factors were split into: company (and industry), product, and behavioural (or individual) factors affecting the reshoring process. Further, the case has provided industry specific data (as encouraged by Stentoft et al., 2016a) to further understand the contingency perspective within the context of the textiles industry. The framework is argued to be more comprehensive than any other that can be found in the reshoring literature as it encompasses both reshoring drivers and implementation considerations whilst adopting a contingency perspective. Thus, it enlarges and complements past studies on offshoring and reshoring (e.g. Schoenherr et al., 2008; Ellram et al., 2013; Ancarani et al., 2015; Joubioux & Vanpoucke 2016).

A further contribution of the case is in providing a richer, more nuanced view of reshoring than can be found in much of the available literature. The case has demonstrated the importance of viewing the reshoring decision as part of a longer line of location decisions. Figure 2.3, as presented in Section 2.7.2, proposed an extension to the typology presented by Gray et al. (2013) to more accurately reflect the complexity and incremental nature of the onshore-offshore-reshore location and ownership decision. Supporting Mugurusi & de Boer (2013), reshoring can be considered a dynamic process, and the case provided empirical evidence demonstrating the re-organisation over time of its production network in terms of both location and governance. For Cushion Co., it was not a case of sending everything offshore and subsequently everything back. Instead, it has been a partial and incremental process, involving multiple changes of ownership and resulting in a dual location strategy that allows capacity utilisation and resources to be shifted between locations over time to meet the needs of different markets. The case has demonstrated the speed with which location decisions can be reversed and ownership modes changed. In this instance, despite captive offshoring and undergoing a large investment in extending their Chinese facilities in 2010, the reshoring process started two years later. Hence, the swinging pendulum concept as used by Slepnirov & Madsen (2015). Further, the current trend is towards the Western domestic location, but this may change in the future; and retaining a presence on both sides of the globe provides the company with flexibility and the ability to quickly reverse its location decisions. It keeps its

skilled workforce and supply chain active in both locations; and allows it to compete on various competitive priorities – cost, quality, speed, etc.

2.8.1 Implications for practice and future research

Reshoring may not be suitable for every company, product or process – as demonstrated by the contingency-based framework – but this paper should aid managers in deciding what to reshore and how to go about operationalising this decision successfully by proposing a structure for the reshoring decision. The case provides managers with an exemplar in terms of how an SME can compete globally and align its onshore/offshore location decisions with its capabilities and competitive priorities. It may be of particular interest to firms in the textiles industry and/or firms that have maintained a domestic production presence whilst offshoring. Further, it highlights the importance of skills embeddedness and the potential government assistance required to close skills gaps in countries that have experienced extensive offshoring.

The paper is based on a systematic review of the reshoring literature and a single case study. This approach has allowed for an in-depth approach and analysis. The scope of the literature review could however be extended, e.g. to the wider literature on global location decisions, and further case studies could be conducted, e.g. involving firms that are larger, in different industries (including services), in different countries, or that have reshored sourcing arrangements rather than captive production. This could help to identify additional factors currently missing from the framework or to further develop how the various factors are categorised. Future research could also assess the generality of our findings using a large-scale survey, which could also help to establish whether all of the contingency factors influence both the drivers and implementation, or if some influence only one part of the reshoring process. Furthermore, future research could assess how the drivers, governance modes and contingency factors differ when making offshoring versus reshoring decisions. This could help develop a framework that can assist managers throughout the continual movement between on and offshore locations. Longitudinal studies could also be particularly valuable for

studying the reshoring phenomenon as it takes place. Meanwhile, behavioural studies could provide a new insight into the reversal of location misjudgements or how emotions and irrationality impact the location decision. Finally, the impact on reshoring of the UK's decision to leave the EU could be examined.

Chapter 3 Paper Two: Horizontal Collaboration in Response to Modern Slavery Legislation: An Action Research Project

3.1 Background to Paper Two

This paper has been published in the International Journal of Operations and Production Management (IJOPM) on 27th July 2018 (online- early cite) which is a 4-star journal in the ABS Academic Journal Guide.

A shorter version of the paper was presented at the 4th EurOMA Sustainability Forum in Milan, Italy held by Politecnico di Milano, in February 2017 titled “Horizontal supply chain collaboration in response to modern slavery legislation: a relational perspective”.

This journal paper, as well as the conference version, have been written in collaboration with my supervisors; Professor Linda Hendry and Professor Mark Stevenson. As the first author, I have done the majority of the work in this paper which can be counted as 80% of the total work, while my co-authors have contributed the remaining 20%. I have initiated the main ideas, conducted the literature review, collected and analysed the data and written the first draft of the paper.

The co-authors have contributed by adding richness to the discussion by providing different insights, suggestions and enhanced the writing style. The co-authors have certified below that they agree with the above claim regarding the contribution of work.

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3.2 Structured Abstract

Purpose: The purpose of this paper is to investigate how horizontal collaboration aids organisations in responding to modern slavery legislation and in gaining a socially sustainable competitive advantage.

Design/methodology/approach: Action research has been conducted in the textiles & fashion industry and a relational perspective adopted to interpret five collaborative initiatives taken to tackle modern slavery (e.g. joint training and supplier audits). The primary engagement has been with a multi £billion turnover company and its collaborations with 35 brands/retailers. A Non-Government Organisation (NGO) and a trade body have also participated.

Findings: Successful horizontal collaboration is dependent on both relational capital and effective (formal and informal) governance mechanisms. In collaborating, firms have generated relational rents and reduced costs creating a socially sustainable competitive advantage, as suggested by the relational perspective. Yet limits to horizontal collaboration also exist.

Research limitations/implications: The focus is on one industry only, hence there is scope to extend the study to other industries or forms of collaboration taking place across industries.

Practical implications: Successful horizontal collaborative relationships rely on actors having a similar mind-set and being able to decouple the commercial and sustainability agendas, especially when direct competitors are involved. Further, working with non-business actors can facilitate collaboration and provide knowledge and resources important for overcoming the uncertainty that is manifest when responding to new legislation.

Social implications: Social sustainability improvements aim to enhance ethical trade and benefit vulnerable workers.

Originality/value: Prior literature has focused on vertical collaboration with few prior studies of horizontal collaboration, particularly in a socially sustainable supply chain context. Moreover, there has been limited research into modern slavery from a supply chain perspective. Both successful and unsuccessful initiatives are studied, providing insights into (in)effective collaboration.

Keywords: Horizontal collaboration; relational theory; modern slavery, action research.

Paper type: Research Paper

3.3 Introduction

Modern slavery is attracting significant media attention (e.g. The Guardian, 2016) while legislation has prompted discussion of this social sustainability issue in the academic literature (e.g. New, 2015). For example, new UK legislation requires organisations with a turnover greater than £36 million to publish an annual statement regarding action taken to combat modern slavery in their supply chains (UK Government, 2015). The following definition of modern slavery has been proposed: *“the exploitation of a person who is deprived of individual liberty anywhere along the supply chain from raw material extraction to the final customer for service provision or production”* (Gold et al., 2015, p. 487). The complex and global nature of modern supply chains means tackling this exploitation is challenging for firms to do alone (Gold et al., 2010). As a result, firms are looking beyond their boundaries, including by collaborating with competitors. Thus, there is a need to understand how this type of collaboration – referred to as horizontal collaboration (e.g. Touboulic & Walker,

2015b) – can assist firms in combating modern slavery. It is also important to understand the impact of horizontal collaboration on competitive advantage in terms of social sustainability performance.

The literature has broadly defined supply chain collaboration as “*multiple firms or autonomous business entities engaging in a relationship that aims to share improved outcomes and benefits*” (Soosay & Hyland, 2015, p. 613). Thus, collaboration can exist in many forms – internally, externally, vertically, and horizontally (Barratt, 2004) – and is often regarded as a deliberate strategy (Fawcett et al., 2010). In their content analysis of the collaboration literature, Soosay & Hyland (2015) found that research has concentrated on dyadic buyer-supplier vertical collaboration. Miemczyk et al. (2012) called for researchers to look beyond dyadic relationships by taking a network perspective that includes horizontal relationships and the roles of non-business actors. Few authors have explored horizontal relationships in the context of Sustainable Supply Chain Management (SSCM), with Touboulic & Walker (2015b) suggesting the relational view (Dyer and Singh, 1998) would be an appropriate theory for such future work. More generally, supply chain research into modern slavery is limited, with Gold et al. (2015) calling for more empirical work. Further, although previous studies have considered the impact of environmental regulation (e.g. Sharfman et al., 2009; Ramanathan et al., 2014) there is a need to also examine the impact of social regulation, i.e. modern slavery legislation, on collaboration.

In the light of the above, this paper uses relational theory to investigate how horizontal collaboration aids organisations in responding to modern slavery legislation and in gaining a socially sustainable competitive advantage. It asks:

How can horizontal collaboration, including the involvement of non-business actors, aid organisations to gain competitive advantage in terms of social sustainability performance, in response to modern slavery legislation?

An action research approach has been undertaken where the primary engagement was with the evolving modern slavery related practices of a major international company in the textiles and fashion industry and its horizontal collaboration with 35 brands as well as two non-business actors (a Non-Government Organisation (NGO) and a trade body). Five collaborative initiatives were studied, leading to two novel contributions. First, we provide empirical insights into retailers' collaborative responses to modern slavery legislation. Second, we provide a theoretical contribution using a relational perspective. In particular, the concepts of relational rents, relational capital, and governance further our understanding of how horizontal collaboration enables firms to gain competitive advantage in terms of social sustainability performance.

The paper continues in Section 3.4 by reviewing the literature and then by outlining the research method in Section 3.5. Sections 3.6 and 3.7 respectively present the findings and the discussion. Section 3.8 contains the conclusions, including implications for research and practice.

3.4 Literature Review and Theoretical Background

An overview of the key horizontal supply chain collaboration literature is provided in Section 3.4.1 below. Section 3.4.2 then discusses horizontal multi-stakeholder collaboration, including collaboration with non-business actors, before the relational view is discussed in Section 3.4.3.

3.4.1 Horizontal Supply Chain Collaboration

Most extant literature concerning horizontal collaboration has focused on logistics collaboration, such as competing suppliers or retailers sharing containers and warehousing (e.g. Hingley et al., 2011) or non-competitive disaster relief logistics (e.g. Schulz & Blecken, 2010). In terms of collaborating rival organisations, an early example comes from the aviation industry, where competing airlines formed an alliance to enable entry into new markets and increase their global transportation network, attracting more customers (Oum & Park, 1997). Thus, research to date has shown that both competing and non-competing organisations can collaborate horizontally and that this can take place at different supply chain stages. However, there is a need to understand the benefits that can arise from horizontal collaboration in contexts other than logistics (and airlines).

Chen et al. (2017) recently found that few researchers have studied horizontal collaboration in the context of SSCM. There are however a few papers that have considered horizontal collaboration between suppliers for a common buyer (Lim and Phillips, 2008; Touboulic & Walker, 2015b) and between buyers (Nidumolu et al., 2014). For example, Touboulic & Walker's (2015b) action research in the food industry provided evidence of horizontal supplier-to-supplier relationships being formed during supplier meetings facilitated by the buyer. Although the main focus was on the vertical collaborative relationships between a large multinational buyer and each of its eleven small agricultural suppliers, the suppliers share their achievements and frustrations with each other during meetings, and this helps to shape the buyer's strategy. But it was also suggested that suppliers may become unwilling to share environmental information to retain a competitive advantage. Similarly, Lim and Phillips (2008) studied Nike's collaborative compliance model, which facilitated best

practice sharing amongst competing suppliers resulting in improvements for the entire global value chain. This arguably could not have been achieved in their previous arm's length approach.

Horizontal collaboration between buyers has been illustrated by Nidumolu et al. (2014) using a case study of 'The Sustainable Apparel Coalition' (SAC) formed by Walmart and Patagonia. This alliance brought together competing brands, retailers, and manufacturers to improve sustainability performance within the industry by developing The Higg index. This index allows environmental indicators to be compared at a company, product, and factory level; and it encourages firms to compete on their sustainability ranking. In some cases, buyer collaborations have developed into 'meta organisations' (MOs), i.e. organisations made up of many members, which are becoming increasingly important for addressing corporate social responsibility issues that require collective action (Berkowitz & Dumez, 2016). Berkowitz et al. (2017) for example considered how corporate social responsibility (CSR) issues can be tackled at the industry/sectoral level through MOs. In their study of the oil and gas industry, a MO made up of 18 cross-sectoral major corporations improved CSR through standards setting, reporting guidelines, and capability building.

3.4.2 Horizontal Multi-Stakeholder Collaboration

In addition to collaboration between competitors, there has also been research into collaboration with external stakeholders such as NGOs or non-business actors (Bäckstrand, 2006; Mena & Palazzo, 2012). Hahn & Gold (2014) for example have considered collaboration amongst business and non-business actors when implementing Base of the Pyramid (BoP) projects. These non-business actors

contribute non-tangible resources (such as local market expertise, information, and know-how) and facilitate trust amongst other BoP actors. Other studies have researched collaboration with NGOs; for example, McDonald & Young (2012) investigated the evolving relationship between Greening Australia (NGO) and Alcoa (an Australian mining company) where collaboration improved the reputation of both organisations. Similarly, Rodriguez et al. (2016) researched the benefit of six firms collaborating with an NGO to implement supplier development programs to alleviate poverty. Likewise, Albino et al. (2012) confirmed that both vertical collaboration within the supply chain (customers and suppliers) and outside (NGOs and governments) were effective for enhancing environmental performance, reducing emissions and establishing innovative initiatives.

In the context of modern slavery, Gold et al. (2015) discussed the multi-stakeholder approach needed to remediate slavery with reference to initiatives in West African cocoa farms and tobacco sourcing in Kazakhstan involving buyers, suppliers, government, NGOs, communities, etc. The examples further highlighted the complementary resources, including local knowledge that non-business actors can offer to the relationship. However, there is scope to build on these insights by using first-hand empirical evidence to further understand the impact of non-business actors being present during horizontal collaboration. In particular, no prior literature has looked at this empirically in the context of modern slavery.

3.4.3 The Relational View

Although Dyer & Singh (1998) drew upon vertical buyer-supplier collaboration for illustrative purposes, relational theory has been extended to horizontal relationships by Walker et al. (2013), Hahn & Gold (2014), and Touboulic & Walker (2015b). This

theory is deemed appropriate as it takes an inter-organisational perspective, viewing the linkages between firms as important sources of competitive advantage. We focus on three key elements of the theory below: relational rents, relational capital, and governance.

3.4.3.1 Relational Rents

According to relational theory, resources and capabilities are more valuable when combined in unique ways, resulting in relational rents, i.e. supernormal individual firm profits (Dyer and Singh, 1998). The theory postulates that there are instances when this competitive advantage can only be generated through joint idiosyncratic contributions specific to the collaborating organisations (Dyer & Singh, 1998). Most of the extant SSCM literature using the relational view has looked at the rents that accrue from vertical collaboration alone and/or collaboration with external parties (e.g. Simpson & Power, 2005; Gold et al., 2010; Paulraj, et al., 2008; Albino et al., 2012; Blome et al., 2014; Theißen et al., 2014). For example, Gold et al. (2010) presented a conceptual framework to show that inter-organisational collaboration on environmental and social issues can develop joint valuable and rare resources and capabilities that are difficult to imitate. As a result, firms can compete with rival supply chains or networks, simultaneously achieving economic, environmental, and social performance. Touboulic & Walker (2015b) demonstrated that this can be extended to horizontal supplier-supplier relationships. Their study however did not use the theory to provide an in-depth examination of horizontal collaboration, given its focus was also on the vertical buyer-supplier relationship.

The concept of relational rents, although defined by Dyer & Singh (1998) as a supernormal profit, has been used more recently in the context of non-profit making

organisations. For example, Hahn & Gold (2014) suggested that non-business actors such as CSOs (Civic Society Organisations) can generate a supernormal ability to meet their objectives of building public visibility and attractiveness to donors. There is however scope to enhance the concept of relational rents in the context of SSCM. To this end, factors can be identified from the SSCM literature that demonstrate how collaboration can contribute to relational rents, including leverage and risk mitigation (Nidumolu et al., 2014), supply chain transparency (Carter and Rogers, 2008), improved manufacturing performance, inter-organisational learning, knowledge sharing and expertise, resource sharing, and capability building (Vachon & Klassen, 2008; McDonald & Young, 2012; Blome et al., 2014; Touboulic & Walker, 2015b). In addition, Carter & Rogers (2008) showed how collaboration can reduce the costs of actions taken to improve sustainability, such as collaborative audits that lower transaction costs.

3.4.3.2 Relational Capital

The extant literature has demonstrated that effective collaboration is dependent on relational capital. According to Kale et al. (2000, p. 218) “*relational capital refers to the level of mutual trust and friendship that arises out of close interaction at the individual level between alliance partners.*” Similarly, Touboulic & Walker (2015b) referred to trust and relationship history as examples of relational capital. In this paper, we expand on this by including other factors that impact the collaborative relationship. These include communication, commitment (Simpson & Power 2005; Verghese & Lewis, 2007; Theißen et al., 2014), and the role of absorptive capacity during knowledge transfer (Vachon & Klassen, 2008).

3.4.3.3 Governance

The relational view has also helped authors to consider governance for SSCM (Vurro et al., 2009). According to Dyer & Singh (1998), effective governance is important to the creation of relational rents with the authors distinguishing between third party enforcement (e.g. in the form of legal contracts) and self-enforcement. Similarly, in their study of ‘Base of the Pyramid’ (BoP) partnerships, Hahn & Gold (2014) considered both formal and informal governance mechanisms. Formal mechanisms included formal contracts used for strategic alliances supported by informal mechanisms, such as trust and mutual goals. Touboulic & Walker (2015b, p. 185) also identified support from top management as an effective governance mechanism; and they referred to the negative impact of a lack of effective governance, including a “*misalignment of time frames for achieving sustainability goals*”.

In conclusion, research has applied the relational view to buyer-supplier collaboration and is profit oriented. Touboulic & Walker (2015b) is the only study to have considered horizontal collaboration in a SSCM context, and none of the papers have focused on social sustainability in relation to modern slavery. Thus, there is a need to further understand how horizontal collaboration, including the involvement of non-business actors, can aid organisations to gain competitive advantage in terms of social sustainability performance.

3.5 Research Method

3.5.1 Action Research Justification

Action research has become increasingly prevalent in the study of organisations (Easterby-Smith et al., 2012; Coughlan & Coughlan, 2016). It aims to influence practice and encourage change whilst providing contextual insights that facilitate

theory building (Touboulic & Walker, 2015b). The researcher simultaneously takes action and creates knowledge (Coughlan & Coughlan, 2016). It therefore allows an in-depth understanding to be developed from participant observations and sometimes ‘unspoken information’ (Schoenherr et al., 2008). It relies on a collaborative approach where practitioners and researchers become ‘co-researchers’; there is a mutual dependency on each other’s skills, facilitated by a high level of trust enabling access to information (Näslund et al., 2010).

There have been calls for SSCM researchers to undertake action research, with Touboulic and Walker (2015b, p. 309) arguing that the case study and survey methods “*are not sufficient to provide an integrated view of SSCM phenomena*”. Modern slavery is a complex, sensitive issue, but adopting an action research approach has allowed us to work closely and develop trust with multiple brands, facilitating access to rich information. Furthermore, Coughlan & Coughlan (2016, p.237) stated that action research is “*applicable to the understanding, planning and implementation of change in operations*”. The approach is therefore appropriate for understanding the change process involved as organisations look beyond their boundaries to tackle modern slavery.

3.5.2 Collaborating Organisations and the Unit of Analysis

The research team has engaged with the evolving modern slavery related practices of Fashion and Sports Co. – a multi £billion turnover company in the textiles and fashion industry – and its horizontal collaboration with 35 brands/retailers. This is an industry characterised by complex, global supply chains and high labour intensity (Bruce et al., 2004), making it vulnerable to modern slavery (Gold et al., 2015). The brands and retailers vary in size and sell a range of items from UK high street clothing to sports

brands and luxury fashion. Fashion and Sports Co. is hereafter referred to as Brand 1 while the other collaborators are referred to as Brand 2 to Brand 36. In addition, two external parties that collaborated with the brands have also participated in this research: NGO and Trade Body. The researchers established the project scope and research purpose with Brand 1, which was outlined in a formal agreement, including the protection of all sensitive information. The core participants have been anonymised and mainly comprised of Corporate Responsibility (CR) managers within each brand and general managers for NGO and Trade Body.

The nature of the relationship was such that, in effect, one of the researchers worked part-time for Brand 1 over a 20-month period. An excellent level of trust was consequently built with Brand 1, facilitated by the background of one of the researchers who had seven years of relevant industry experience. This level of trust enabled access to detailed plans involving horizontal collaboration to address the issue of modern slavery whilst developing their first modern slavery statement. This trust in turn led to introductions to other brands at events where responses to modern slavery legislation were discussed. At these events, a number of joint initiatives were developed and one or more of the researchers were engaged actors in five of these initiatives, as listed in Table 3.1. Thus, these initiatives are the embedded units of analysis in this study, where the primary unit of analysis is the response to modern slavery legislation.

Initiative	Description	Brands Involved
1. Trade Body Meetings & Workshops	Collaboration with other trade body members through meetings and working groups to tackle specific industry issues. Focus has been given to modern slavery and members have shared best practice, discussed challenges and considered ways to overcome them.	25 Brands {1, 3, 4, 5, 6, 8, 9, 10, 12, 15, 16, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 34, 35, 36} Trade Body
2. Purchasing Practices Project	Collective review of purchasing practices to produce guidelines to assist buyers within their companies purchase products responsibly. The guidelines include a set of 'ideals' relating to e.g. forecasting, sourcing, price negotiations and production lead times. This results in responsible purchasing, which enables manufacturers to provide sustainable working conditions.	17 Brands {1, 2, 3, 7, 9, 11, 13, 14, 17, 22, 23, 24, 25, 30, 31, 32, 33} [Industry Union]
3. Risk Matrix Project	Development of a shared modern slavery risk matrix focusing on country risk to help brands assess current and future sourcing location decisions.	5 Brands {1, 3, 20, 24, 27} NGO
4. Modern Slavery Training	Producing a collective modern slavery training programme for all employees. The training programme intends to raise awareness and ensure decision making considers modern slavery risks by considering legalities, risk assessment, and modes of detection.	6 Brands {1, 3, 6, 20, 23, 24} NGO
5. Targeted Modern Slavery Audit	Collaborating to deliver a modern slavery audit at a high-risk factory focussing on detection through investigating the end-to-end worker recruitment process.	2 Brands (1, 18) NGO

Table 3.1 The Collaborative Initiatives – The Five Embedded Units of Analysis

Throughout the research project, the research team were mindful of the common pitfalls associated with action research. For example, as discussed by Näslund et al. (2010) and Coughlan & Coughlan (2016), it is important to ensure knowledge creation takes place so a contribution to academic theory is made as well as a contribution to the practice of the collaborating organisations. This was addressed by ensuring rigorous documentation and adopting a cyclical approach to the research involving reflection, as discussed in sections 3.5.3 and 3.5.4. Engaging in reflexivity is a key mechanism through which quality in action research can be ensured (Marshall & Reason, 2007). Other key elements include ensuring the researcher remains impartial (Koplin, 2005) and that there is transparency amongst researchers with regards to the choices being made during action research (Reason, 2006). Thus, regular meetings with all researchers and quarterly meetings between the researchers and a key representative from Brand 1 were held.

3.5.3 Data Collection

Multiple data collection methods have been used to provide triangulation and rich qualitative data (Näslund et al., 2010). Key data sources have included: participating in day-to-day activities, meeting minutes, discussion documents, observations, and interviews. Thus, the data takes a number of formats, including interview transcripts, meeting notes, and documents produced by the researcher and other participants. Diaries have, for example, been used to record key aspects of horizontal collaboration, including key observations and reflections (Coughlan & Coughlan, 2016). During meetings with multiple brands, ‘Chatham House rules’ applied, whereby participants discussed issues openly but their comments could not be attributed to them. Under these circumstances, quotes have not been recorded by brand or individual.

These multiple methods of data collection were possible given the action research approach and that the first author was actively engaged in the organisations' response to modern slavery legislation and the embedded initiatives. For example, the researcher participated in the planning and pilot stages of Initiative 4 (modern slavery training). This involved collecting data by conducting pre and post pilot training interviews with Brand 1 attendees, analysing the results, and sharing these with all collaborating brands. The researcher also attended the pilot training session and debrief meetings afterwards. This process of reflection therefore involved all collaborating brands participating in this initiative and led to changes in the materials used at subsequent iterations of the training. Key data collection methods during this initiative included interview transcripts, meeting notes, diary entries, and documentation such as training materials.

In addition to studying change within the organisations, the researchers also collected data on the nature of the horizontal collaboration taking place, including the relational rents generated, relational capital built, and governance mechanisms put in place. Thus, the data collection process also included tracking the commitment of brands as the initiatives evolved through a process of reflection that was recorded in diary entries.

3.5.4 Action Research Cycles

The action research framework outlined by Coughlan & Coughlan (2016) has been adopted to address rigour by engaging in multiple cycles of action. Each cycle contains a pre-step that involves understanding the rationale for action and four main steps involving constructing, planning action, taking action, and evaluating action. It is this process of evaluation or reflection involving the questioning of all aspects of the research that is distinctive to the action research process (Näslund et al., 2010).

Additionally, ‘meta learning’ ensures monitoring and reflection throughout. As illustrated in Figure 3.1, the action research project can be considered one major cycle (i.e. representing the main unit of analysis: the response to modern slavery legislation) with minor cycles (i.e. the five initiatives as the embedded units of analysis) taking place within the project (Coughlan & Coughlan, 2016). Initiatives 1 and 2 took place continuously and simultaneously throughout the engagement with Brand 1 whereas other initiatives followed on from each other, feeding into the next cycle (e.g. Initiative 3 took place before Initiatives 4 and 5). There has therefore been a spiral of action research cycles (Coughlan & Brannick, 2014). Detailed discussion of the steps involved in these cycles are given in Section 3.6.

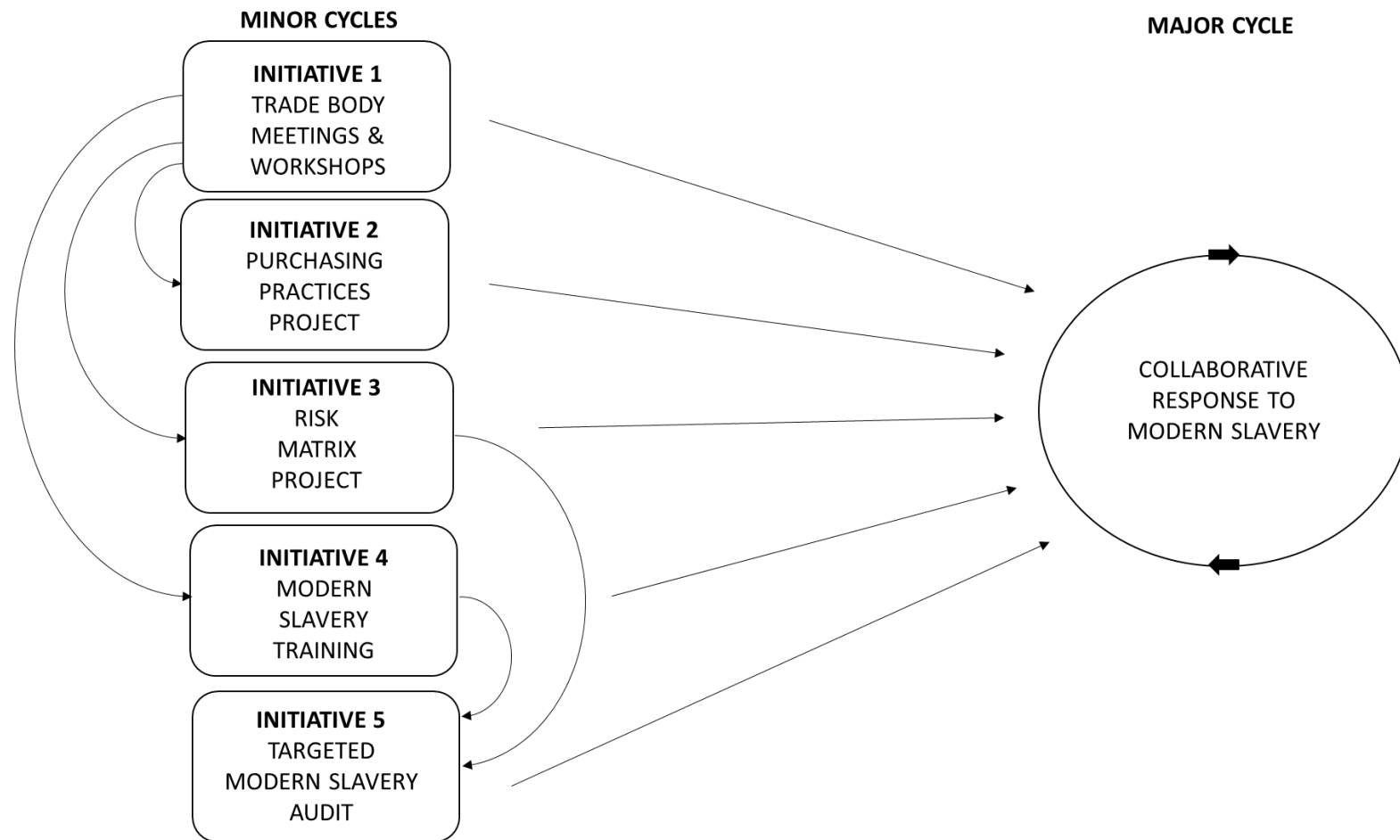


Figure 3.1 Action Research Initiative Cycles

3.5.6 Data Analysis

Given that the five collaborative initiatives are used as embedded units of analysis, each one was first analysed individually through a within-initiative analysis followed by a cross-initiative comparison. This is akin to the within-case/cross-case analysis in case study research (Eisenhardt, 1989). It is applicable in the context of action research given that it is considered by some to be a specific form of case study research (Näslund et al., 2010). *Nvivo* software has facilitated data coding in two stages to identify themes and categories (Yin, 2014; Miles & Huberman, 2013). Themes either emerged inductively from the data or deductively from the literature, as shown in Table 3.2. Each code was discussed, and a final categorisation agreed amongst the research team. Tabulation aided the analysis (Coughlan & Coughlan, 2016), as further described in the findings below.

3.6 Findings

As an example, Table 3.3 summarises the empirical evidence for Initiative 4, divided into relational rents, relational capital, and governance mechanisms. Similar evidence is available for the other initiatives (see Appendix 3) and the major action research cycle (see Figure 3.1). Key aspects of the evidence are discussed below for the major and minor research cycles in sections 3.6.1 and 3.6.2, respectively before Section 3.6.3 provides cross-initiative analysis.

Coding Theme	Inductive Coding	Deductive Coding: Example Sources from the SSCM Collaboration Literature
Contribution to Relational Rents		
Resource Sharing		Vachon & Klassen (2008); McDonald & Young (2012); Touboulic & Walker (2015b)
Cost Reduction		Verghese & Lewis (2007); Carter & Rogers (2008)
Leverage		Nidumolu et al. (2014)
Risk Mitigation		Nidumolu et al. (2014)
Knowledge Sharing and Expertise		Vachon & Klassen (2008); Albino et al. (2012); Blome et al. (2014)
Supply Chain Transparency		Carter & Rogers (2008)
Capability Building		Vachon & Klassen (2008); Touboulic & Walker (2015b)
Relational Capital		
Previous Collaboration		Simpson & Power (2005); Sharfman et al. (2009); van Hoof & Thiell (2014); Touboulic & Walker (2015b)
Mind-set	X	
Non-competitiveness	X	
Shared Responsibility	X	
Confidentiality Concern	X	
Trust		Cheng et al. (2008) ; Sharfman et al. (2009); Hahn & Gold (2014); Theißen et al. (2014); van Hoof & Thiell (2014); Touboulic & Walker (2015b)
Commitment		Simpson & Power (2005) ; Paulraj et al. (2008); van Hoof & Thiell (2014)
Communication		Verghese and Lewis (2007); Cheng et al. (2008); Touboulic & Walker (2015b)
Governance		
Third Party Involvement		Hahn & Gold (2014)
Top Management Support		Touboulic & Walker (2015b)

Table 3.2 Summary of Inductive and Deductive Coding

Initiative 4 Modern Slavery Training (Sample Evidence from a Variety of Data Sources)	
Relational Rents	
Resource Sharing	<ul style="list-style-type: none"> • <i>“To prevent duplication of work, costs and resources being unnecessarily wasted we suggested that we organise a meeting for brands to meet with [NGO] and see where we can share our knowledge and experience and importantly move forward together to meet the requirements outlined in the [Modern Slavery] Act”</i> (Brand 24, CR Manager and 21 brands, email communication, January 2016). • <i>“We need to understand the risk and concentrate resources”</i> (Brand 1, Head of Ethical Trade, meeting notes, February 2016). • <i>“We [brands] can’t take resource into all of the tiny factories”</i> (supply chains made up of small factories) (Brand x, CR Manager, Trade Body industry forum, April 2016). • <i>“Having [NGO] conduct the training worked because it meant that it wasn’t just for us and we could have different brands involved”</i> (Brand 1, CR Manager B, meeting notes, October 2016). • Accessing NGO’s resources- trainers, curriculum resources (Diary notes, email communication and pilot session de-brief notes, multiple telephone meetings with Brand 1, Head of Ethical Trade, July/August 2016). • Training curriculum collectively developed amongst the brands and NGO (Diary notes, email communication and pilot session de-brief notes, multiple telephone meetings with Brand 1, Head of Ethical Trade, July/August 2016). • Brand 1 arranged filming and provided facilities for opening video to be shown at the beginning of the training session (Brand 1, Head of Ethical Trade, telephone notes, July 2016). • Brand 6 hosted pilot session in their office (Diary notes, July 2016). • Brand 1 hosted first training session in Hong Kong (Brand 1, Head of Ethical Trade, telephone notes, August 2016). • All brands to go through slides with comments and Brand 3 to coordinate (Pilot training session de brief with NGO and 5 brands, diary notes, July 2016). • <i>“As part of the action that the company is taking to tackle modern slavery, we ran a pilot session yesterday as part of a ground-breaking new training scheme. Conducted by [NGO] (an award-winning international NGO), Brand 1 has collaborated with brands 3, 6, 20, 23 and 24. Representation from across Brand 1 included areas such as CR, Supply Chain, Product Development, Legal and HR. The team helped to shape the course content which identified the challenges of trying to communicate complex Human Rights issues to a mixed audience. We will be working closely with [NGO] over the coming weeks to finalise this before the formal roll out”</i> (Brand 1, internal company announcement on intranet regarding pilot training session, July 2016). • <i>“Training with [NGO] is costly and e.g. in Indonesia we only have a few employees [too few to hold a training session] - we need to get other brands involved with training [intention to consolidate training in regions]”</i> (Brand 1, CR Manager A, diary notes, April 2016).

<p>Cost Reduction</p>	<ul style="list-style-type: none"> • NGO promised to come back to the brands with some proposals. Possibly to do some of the training as identified in the ‘agreed next steps’ (‘Modern Slavery Act (MSA) (2015) – thinking about a joint industry response’ forum with 22 brands and NGO, meeting notes, February 2016). • Cost of training to be divided between brands involved (Brand 1, Head of Ethical Trade, meeting notes, April 2016) • <i>“Training with [NGO] is costly and e.g. in Indonesia we only have a few employees [too few to hold a training session] - we need to get other brands involved with training [intention to consolidate training in regions]”</i> (Brand 1, CR Manager A, diary notes, April 2016). • <i>“To prevent duplication of work, costs and resources being unnecessarily wasted we suggested that we organise a meeting for brands to meet with [NGO] and see where we can share our knowledge and experience and importantly move forward together to meet the requirements outlined in the [Modern Slavery] Act”.</i> (Brand 24, CR Manager and 21 brands, email communication, January 2016). • Payment made to NGO- cost divided between brands (Brand 1, Head of Ethical Trade, Diary notes July 2016). • Training curriculum collectively developed (Diary notes, email communication and pilot session de-brief notes, multiple telephone meetings with Brand 1, Head of Ethical Trade, July/August 2016). • Brand 1 arranged filming and provided facilities for opening video to be shown at the beginning of the training session (Brand 1, Head of Ethical Trade, telephone notes, July 2016). • Brand 6 hosted pilot session in their office (diary notes, July 2016). • Brand 1 hosted first training session in Hong Kong (Brand 1, Head of Ethical Trade, telephone notes, August 2016).
<p>Risk Mitigation</p>	<ul style="list-style-type: none"> • <i>“We need training to improve MSA [Modern Slavery Act] awareness, understand how to spot modern slavery, how to investigate”</i> (Brand 1, Head of Ethical Trade, meeting notes, April 2016). • <i>“[we need training to] understand where the risks are, how to best approach them, how to engage with the suppliers on it and how to show the suppliers we value transparency rather than them telling us everything is fine”</i> (Brand 1, Sourcing and Product Manager, interview, July 2016).
<p>Knowledge Sharing & Expertise</p>	<ul style="list-style-type: none"> • <i>“[Training Attendees had] different levels of experience – this gave a lot of richness to the discussion [during the training session]”</i> (Brand 1, CR Manager B, meeting notes, October 2016). • <i>“Others in my group gave their advice [during the training session]”</i> (Brand 1, CR Manager B, meeting notes, October 2016). • <i>“It was also nice to have different people [from other brands] in the room, it gave it a different dynamic [during the training session]”</i> (Brand 1, CR Manager B, meeting notes, October 2016). • Brand 1 conducted pre-pilot training interviews asking attendees ‘What do you expect from the training?’ and requested post training feedback. This was shared with NGO and the 4 other collaborating brands (Email communication with 5 brands and NGO, July 2016).

	<ul style="list-style-type: none"> • Brand 24 experienced modern slavery within their supply chain. This was shared with the brands to develop a case study and produce a video for the training sessions (Diary notes, email communication and pilot session de-brief notes, multiple telephone meetings with Brand 1, Head of Ethical Trade, July/August 2016). • Working with NGO provides the opportunity to access their knowledge regarding Modern Slavery (Diary notes, email communication and pilot session de-brief notes, multiple telephone meetings with Brand 1, Head of Ethical Trade, July/August 2016). • <i>“As part of the action that the company is taking to tackle modern slavery, we ran a pilot session yesterday as part of a ground-breaking new training scheme. Conducted by [NGO] (an award-winning international NGO), [Brand 1] has collaborated with [Brand 3, 6, 20, 23 and 24]. Representation from across Brand 1 included areas such as CR, Supply Chain, Product Development, Legal and HR. The team helped to shape the course content which identified the challenges of trying to communicate complex Human Rights issues to a mixed audience. We will be working closely with [NGO] over the coming weeks to finalise this before the formal roll out”</i> (Brand 1, internal company announcement on intranet regarding pilot training session, July 2016). • <i>“This is our opportunity to really bring CR into people’s minds and give them something tangible to understand and work with [.....] people attending this training may know nothing about CR. It needs to be effective enough for them to deliver value and identify modern slavery, understanding it and share that knowledge”.</i> (Brand 1, CR Manager, interview, July 2016).
Supply Chain Transparency	<ul style="list-style-type: none"> • Training curriculum includes red flags/ indicators of modern slavery to help employees spot signs of modern slavery thus improving supply chain transparency. (Diary notes, email communication and pilot session de-brief notes, multiple telephone meetings with Brand 1, Head of Ethical Trade, July/August 2016). • <i>“[we need training to] understand where the risks are, how to best approach them, how to engage with the suppliers on it and how to show the suppliers we value transparency rather than them telling us everything is fine”</i> (Brand 1, Sourcing and Product Manager, interview July 2016).
Capability Building	<ul style="list-style-type: none"> • Training to help develop internal capabilities for understanding and detecting modern slavery (Diary notes, email communication and pilot session de-brief notes, multiple telephone meetings with Brand 1, Head of Ethical Trade, July/August 2016). • The pilot training session helped the brands understand the challenges of trying to communicate complex Human Rights issues to a mixed audience (Brand 1, Head of Ethical Trade, Meeting notes, July 2016). • <i>“This is our opportunity to really bring CR into people’s minds and give them something tangible to understand and work with”</i> (Brand 1, CR Manager, interview, July 2016). • <i>“People attending this training may know nothing about CR. It needs to be effective enough for them to deliver value and identify modern slavery, understanding it and share that knowledge”</i> (Brand 1, CR Manager, interview, July 2016).

Relational Capital	
Previous Collaboration	<ul style="list-style-type: none"> • Collaborating brands are Trade Body members, known to one another and have previously worked together (Diary notes, July 2016). • <i>“Due to [CSR] pressure on the [textiles and fashion] industry, we are used to collaborating”</i> (Brand 1, Head of Ethical Trade, CR Team Meeting April 2016). • <i>“[Trade Body] members work collectively over long periods of time”</i> (Trade Body Manager, meeting with members, October 2016).
Mind-set	<ul style="list-style-type: none"> • <i>“Following on from our conversation I have scheduled a conference call with [NGO] and the small group of UK brands and retailers who are committed to piloting and delivering [NGO] led training within our businesses, outsourced auditing and suppliers”</i> (Brand 1, Head of Ethical Trade, email communication, May 2016). • Many brands part of Trading Body 1 and are dedicated to making an industry wide change (Brand 1, Head of Ethical Trade Telephone meeting/ Diary notes, August 2016)
Non-competitiveness	<ul style="list-style-type: none"> • Competing brands collaborating. However, it did become evident that the MSA statement is competitive as brands are reporting on their training. Brands that have left the initiative have reported on training in their statements. (Diary notes, October 2016). • People speaking freely during Pilot Session de brief –we went around the room and everyone made suggestions (Pilot session de brief meeting with NGO and 5 brands, meeting notes, July 2016). • Training curriculum collectively developed amongst the brands and NGO (Diary notes, email communication and pilot session de-brief notes, multiple telephone meetings with Brand 1, Head of Ethical Trade, July/August 2016). • <i>“[Training Attendees had] different levels of experience – this gave a lot of richness to the discussion [during the training session]”</i> (Brand 1, CR Manager B, meeting notes, October 2016). • <i>“Others in my group gave their advice [during the training session]”</i> (Brand 1, CR Manager B, meeting notes, October 2016).
Shared Responsibility	<ul style="list-style-type: none"> • <i>“Most of our CR issues are created by us as an industry - how on earth can a factory plan capacity”</i> (Brand 1, Head of Ethical Trade, diary notes November 2016). • Brands aware that they are all responsible for industry issues (Multiple diary notes/ Brand 1, Head of Ethical Trade Telephone meeting e.g. Aug 2016). • Initial meeting with multiple brands to discuss shared response to modern slavery legislation. Acknowledgement that modern slavery is going on in all of their supply chains, and that they do not do enough about it (‘Modern Slavery Act (MSA) (2015) – thinking about a joint industry response’ forum with 22 brands and NGO, meeting notes, February 2016).
Trust	<ul style="list-style-type: none"> • Brands trust one another to share knowledge and expertise/ challenge each other’s ideas to shape curriculum. Brand 24 shared recent modern slavery issue and produced video to be used in training (Diary notes, Pilot audit training and de-brief meeting,

	<p>July 2016).</p> <ul style="list-style-type: none"> • “[Training Attendees had] <i>different levels of experience – this gave a lot of richness to the discussion</i> [during the training session” (Brand 1, CR Manager B, meeting notes, October 2016). • “<i>Others in my group gave their advice</i> [during the training session]” (Brand 1, CR Manager B, meeting notes, October 2016). • People speaking freely during Pilot Session de brief –we went around the room and everyone made suggestions (Pilot session de brief meeting with NGO and 5 brands, meeting notes, July 2016).
Commitment	<ul style="list-style-type: none"> • “<i>Following on from our conversation I had a scheduled conference call with [NGO] and the small group of UK brands and retailers who are committed to piloting and delivering [NGO] led training within our businesses, out sourced auditing and suppliers</i>” (Brand 1, Head of Ethical Trade, email communication, May 2016). • Brand 6 and Brand 23 are no longer involved in the initiative (Brand 1, Head of Ethical Trade, telephone meeting notes, August 2015). • “<i>We are trying hard and when you see one [MSA statement] like that from Brand 23, that’s rubbish it’s annoying</i>” (Brand 1, CR Manager A, Discussion regarding a brand that had left the initiative but reported on it in their statement, diary notes, October 2016). • “<i>NGO have advised it is looking like Brand 20 are joining- now piggy backing – they weren’t involved in the scoping but may join the roll out</i>” (Brand 20 were involved in original discussion in Feb 2016). (Brand 1, CR Manager A, telephone meeting, August 2016). • It became apparent during the discussion that Brand 6, who had dropped out of the collaborative modern slavery training with NGO, had conducted their own training with an Ethical Trade Consultancy Firm. As far as Brand 1 were aware, this was the first time that they had heard this. (Discussion with Brand 1, CR Manager A, diary notes, October 2016).
Communication	<ul style="list-style-type: none"> • “<i>Just remembered, meeting on 25th is 1 representative each brand only, for speed and clarity</i>” (Brand 1, Head of Ethical Trade, email communication, July 2016). • People speaking freely during Pilot Session de brief –we went around the room and everyone made suggestions (Pilot session de brief meeting with NGO and 5 brands, meeting notes, July 2016). • Brands suggested one representative from each brand meets to help re-design the training. All brands to go through slides with comments and Brand 3 to coordinate (Pilot session de brief meeting with NGO and 5 brands, meeting notes, July 2016). • “<i>When it comes down to work maybe others [from the other brands] don’t have the resource or time and we ended up doing a lot of the work</i>” (Discussion with Brand 1, CR Manager A, diary notes, October 2016). • It became apparent during the discussion that Brand 6 who had dropped out of the collaborative modern slavery training with NGO had conducted their own training with an Ethical Trade Consultancy Firm. As far as Brand 1 were aware, this was the

	first time that they had heard this. (Discussion with Brand 1, CR Manager A, diary notes, October 2016).
Governance	
Third Party Involvement	<ul style="list-style-type: none"> • Collaborating brands are Trade Body members, known to one another and have previously worked together (Diary notes, July 2016). • NGO promised to come back to the brands with some proposals. Possibly to do some of the training as identified in the ‘agreed next steps’. (‘Modern Slavery Act (MSA) (2015) – thinking about a joint industry response’ forum with 21 brands and NGO, meeting notes, February 2016). • <i>“To prevent duplication of work, costs and resources being unnecessarily wasted we suggested that we organise a meeting for brands to meet with [NGO] and see where we can share our knowledge and experience and importantly move forward together to meet the requirements outlined in the [Modern Slavery] Act”</i> (Brand 24, CR Manager and 21 brands, email communication, January 2016). • Payment made to NGO- cost divided between brands (Brand 1, Head of Ethical Trade, Diary notes July 2016). • Training curriculum collectively developed amongst the brands and NGO (Diary notes, email communication and pilot session de-brief notes, multiple telephone meetings with Brand 1, Head of Ethical Trade, July/August 2016).
Top Management Support	<ul style="list-style-type: none"> • Cost of training to be divided between brands involved (Brand 1, Head of Ethical Trade, meeting notes, April 2016) • The training curriculum will be rolled out to different levels of the company including board level to ensure that they increase their modern slavery awareness and are aware of the level of training that will be taking place throughout the company (Brand 1, Head of Ethical Trade, meeting notes, April 2016) • Payment made to NGO- cost divided between brands (Brand 1, Head of Ethical Trade, Diary notes July 2016). • Brand 6 hosted pilot session in their office (diary notes, July 2016). • Brand 1 hosted first training session in Hong Kong (Brand 1, Head of Ethical Trade, telephone notes, August 2016). • <i>“Our Head of Sourcing was also present [during the training in Hong Kong] and this impressed the other attendees. It showed the training was being taken seriously”</i> (Brand 1, CR Manager B, meeting notes, October 2016).

Table 3.3 Within-Case Analysis of Initiative 4- Summary of Sample Empirical Evidence

3.6.1 Major Action Research Cycle: Collaborative Response to Legislation

In February 2016, 22 UK-based brands and NGO attended a meeting initiated by Brand 24 to discuss a shared response to the new modern slavery legislation. Brand 24's motivation for the meeting was recent media coverage that exposed their involvement in an instance of modern slavery in the UK. The head of CR had to give evidence in a court of law for 4.5 hours, during which he was asked to explain why his company audits did not identify modern slavery within their supply chain. He summarised that this was both a UK problem, "*we are dealing with criminals*" and an overseas "*ingrained cultural problem*". This exposure brought momentum, highlighting the need for the industry to come together to tackle modern slavery before others also found themselves in court. Thus, this meeting was the catalyst for the five initiatives that followed.

NGO led the meeting and shared their expertise of the 'problem' and 'causes' of modern slavery. This centred on the 'Bait and Switch' concept, i.e. the offer of a great job in another country (the bait). This persuades the potential worker to pay a fee to a labour broker, but they are being miss-sold the job and end up in forced labour (the switch). There was broad acknowledgement that modern slavery is taking place in all of the brands' supply chains. Brands were for example already aware that workers' passports were being taken from them and that the presence of migrants increased modern slavery risk. It was evident that the brands were eager to tackle modern slavery but were also anxious as they were responding to modern slavery legislation for the first time. NGO promised to propose some actions and there was agreement amongst the brands that they needed to raise awareness within their businesses, such as through training and risk identification. After this meeting, two of the researchers and Brand 1 reflected on the discussions and worked with the CR team over several

months to determine collaboration opportunities and the scope of a series of five initiatives.

As the initiatives progressed, Brand 1's strategic response to modern slavery began to take shape. This resulted in many drafts of their modern slavery statement, which included information on the initiatives being reviewed internally and with one of the researchers. Their first statement was published in September 2017 and illustrated that they perceived relational rents to have been derived from the horizontal collaboration. Other brands also published their statements around this time, similarly referring to joint initiatives.

3.6.2 Minor Action Research Cycles: The Five Collaborative Initiatives

3.6.2.1 Initiative 1: Trade Body Meetings & Workshops

Many of the brands that attended the first meeting are members of an ethical trade body (Trade Body). Attendance at Trade Body meetings and workshops (Initiative 1) facilitated the four other initiatives described below, with four key meetings focusing on modern slavery during the research project, whilst the meetings themselves contributed to relational rents through knowledge sharing. Examples of knowledge sharing include:

- Brand 36 sharing their 'Modern Slavery First Steps', which included a modern slavery workshop conducted in India for local staff, suppliers, and auditors. Focus was given to encouraging transparency and having conversations rather than formal interviews with workers regarding fees, deposits, and living arrangements. A key message was the need to emphasise to global suppliers that the brands are not in competition when tackling ethical trade issues such as modern slavery.

- A revelation of recent exposure to modern slavery in the UK “*We got raided by customs and exile - it makes it an easy way to sell to the business that we need to do this [investigate modern slavery]*”.
- Brands sharing how to appropriately engage with high risk countries. One company showed videos to Indian factories of modern slavery in the UK. They explained “*We didn’t just say India is ranked high risk for slavery, we emphasised that this is a UK issue too*”.

The brands also frequently discussed limited resources and budget constraints particularly during tough trading, claiming that they “*can’t take resource into all of the tiny factories*”. Collaborating therefore provides a platform to discuss how to share resources. A representative from Trade Body explained “*Our approach is country wide risk assessment and working with companies to address collectively where their own leverage and resource can’t achieve beyond managing risk in their own supply chain*”.

Relational capital was also both demonstrated and developed further at these meetings and workshops. In particular, it was demonstrated through their common mind-set as it was evident that CR representatives were very passionate, with one expressing “*We [CR teams] live and breathe it [ethical trade]*”. The meetings also provided opportunities for CR teams to build informal relationships and foster mutual trust. Despite the intent to share supply chain information to aid in tackling modern slavery, confidentiality concerns amongst executives limit formal knowledge sharing. Thus, opportunities to speak to each other informally at these meetings was important. Further, some brands explained that they will informally call one another to update them on any instances of malpractice identified during visits to shared factories. It also became apparent that some brands have formed close relationships because of

regularly collaborating in Trade Body working groups. A representative from Brand 1 explained *“If you don’t join one [Trade Body] working group they go off and create more so you can easily get left behind. It is therefore best to be in them all even if they are not completely relevant to your business.”*

In terms of governance, brands acknowledged that there is heightened awareness and interest in modern slavery within their firms. This is particularly due to the legal requirement to issue a modern slavery statement, generating executive attention. However, honest conversations took place regarding how to get executives ‘on board’. One brand explained *“They [executives] glaze over [on ethical trade issues] and don’t have time for training to be brought up to speed. They [executives] only have awareness of modern slavery due to the law and that’s due to the company secretary [panicking], only then do they start to pay attention.”* Thus, common problems were established during these meetings that were ripe for a collaborative response. This particular issue fed into Initiative 4 as training was tailored to the needs of different types of employees.

After Trade Body meetings, one of the researchers would de-brief and reflect with Brand 1’s CR team to decide if any action was needed. Examples include meetings to discuss risk assessment and training, which led to the development of Initiatives 2, 3, and 4; and weekly team meetings with one of the researchers to evaluate progress.

3.6.2.2 Initiative 2: Purchasing Practices Project

Following ongoing Trade Body meetings and workshops, Initiative 2 was established in which a group of European brands reviewed their purchasing practices, thereby aiming to produce a set of guidelines to assist company buyers. As raised in the initial modern slavery meeting in February 2016, the brands are aware that their purchasing

practices impact their suppliers leading to poor working conditions and increased modern slavery risk. Brand 1's Head of Ethical Trade argued "*Most of our CR issues are created by us as an industry - how on earth can a factory plan capacity*". Given that factories work with multiple brands, a collective step-change is needed to make an industry-wide difference, enabling factories to compete without having to compromise on working conditions.

This initiative is possible due to high levels of relational capital as the brands are all known to one another and have previously worked together on other projects. As a result, there is a high level of trust, which enables an in-depth analysis and discussion of each other's purchasing practices in conjunction with the researchers. Thus, relational rents have been generated as each brand has provided their knowledge, expertise, and time to formulate a mutually agreeable set of guidelines that have been collectively refined through multiple iterations. This includes guidelines on planning/forecasting, price negotiations, production, and supplier relationships. Two of the researchers have been involved in refining the guidelines, followed by the iterative process of evaluating and refining them further. An example refinement was putting a greater focus on the specific demands buyers make that conflict with CSR requirements, such as short lead times that force suppliers to hire temporary/casual labour, which heightens modern slavery risk.

3.6.2.3 Initiative 3: Risk Matrix Project

Initiative 3 involved NGO producing a shared country risk matrix to help brands assess their current and future sourcing location decisions. This would also help brands prioritise their audit efforts as limited resources make it difficult to conduct in-depth investigations in every factory. The main purpose of the collaboration was to generate relational rents by spreading the cost of the risk matrix development amongst

all collaborating brands, resulting in each brand having access to a risk profile of vulnerable worker populations across 22 countries. This would also free up resource as NGO would produce the matrix. A series of meetings took place between the different brands, NGO, and one of the researchers to scope out and plan the project.

Yet, although there was enthusiasm for the initiative, communication problems and a lack of commitment resulted in time delays and the initiative ultimately not taking place. Initiative 3 could therefore be argued to have been unsuccessful given that each brand developed their own, separate risk matrix tailored to their individual needs. Nonetheless, there were relational rents accrued from participating in the initial discussions, e.g. it helped each collaborator determine what was needed in their own organisation. Indeed, whilst developing their own risk matrix in collaboration with one of the researchers, Brand 1 regularly referred to the risk matrix information acquired from the initial collaboration with NGO and the other brands. Despite this individual development, a representative from Brand 1 claimed they would be willing to share the risk matrix with other brands for them to either individually or collectively use and adapt: *“I want us to be confident our risk matrix is fit for purpose and donate it to our peers for their free adoption.”* This further demonstrates relational capital in terms of non-competitiveness and the mind-set to work together to make industry improvements.

3.6.2.4 Initiative 4: Modern Slavery Training

A group of 21 brands initially expressed an interest in this initiative following Trade Body meetings (Initiative 1), but this reduced over time to just six brands. Five brands in particular that were all members of Trade Body and had strong relational capital (given their relationship history) drove the training. Key motivators for collaboration included factors associated with relational rents such as cost saving and a lack of

resource at the individual organisational level. For example, the CR Manager from Brand 1 explained *“Training with [NGO] is costly and in Indonesia, for example, we only have a few employees [too few to hold a training session]. We need to get other brands involved with training [to consolidate training in regions]”*.

The companies collaborated from April 2016 onwards during both the development of the training programme curriculum and the delivery itself. A key action during this initiative was piloting the training scheme, which took place in July 2016 and one of the researchers was heavily involved at this stage. This was the most reflective part of the process and involved three stages: (1) a large group sharing initial thoughts; (2) individual brands reflecting internally to suggest amendments – in the case of Brand 1, this included pre and post pilot training interviews conducted by one of the researchers; and (3) the formation of a smaller group to make the final revisions. Evaluations from the reflective process were to make the training more interactive and include more practical tools, exercises, and videos. It was also concluded that there needed to be a clearer structure and that the training should demonstrate the impact of modern slavery for both the victims and businesses. This led to the first rollout of the training scheme in South East Asia in September 2016 attended by 40 employees from four brands. It included two half-day buyer risk-flagging sessions (‘Avoiding Modern Slavery in Supply Chains’) designed to help buyers identify and respond to risk indicators in the systems and practices of suppliers.

The impact of the collaboration and reflective process on relational rents was summarised by an attendee of the first training session who claimed *“Having other brands involved gave the training a different dynamic. Attendees had different levels of experience – this gave a lot of richness to the discussion and we gave each other advice”*. Although this joint training was a success, some brands left the scheme as

time progressed while others augmented the material. For example, in May 2017, Brand 1 conducted further individual training. An internal project team was created to plan and produce this training material using the generic material as a starting point but tailored to the company's own supply chain and business requirements. A lack of communication regarding individual plans caused delays to the joint training scheme development, to some extent eroding relational capital.

3.6.2.5 Initiative 5: Targeted Modern Slavery Audit

The feasibility and development of Initiative 5 was a direct result of Initiatives 3 and 4, as the risk matrix identified the priority factory to visit and the trained employees were equipped in understanding how to audit to uncover modern slavery. Therefore, in November 2016, Brand 1 partnered with NGO and travelled to Thailand to conduct a pilot modern slavery audit, accompanied by one of the researchers. Brand 1 invited another of the factory's key customers (Brand 18) to observe the audit process and increase pressure/leverage. This relational rent was important in this context, as explained by a representative from Brand 1: *"There are not many factories in which we could influence policy without the support of other customers the more leverage we have the more likely the factory is to engage"*. However, neither company had previously conducted a targeted modern slavery audit, and they were therefore heavily reliant on the expertise of NGO. Thus, knowledge sharing was with the NGO rather than between brands. It is also important to note that Brand 18 did not want to contribute financially to the audit. Brand 1 therefore agreed to let them observe on the condition that they *"engaged [financially] in remediation"*. Brand 1 explained *"we have opened their eyes to it [modern slavery issues] and we have then got a joint responsibility to change, to fix"*.

This collaboration between Brand 1 and Brand 18 was successful despite a lack of initial relational capital as they did not have a prior relationship. They also had different mind-sets in terms of supplier development as Brand 18 were more willing to switch supplier. A representative from Brand 1 explained *“Brand 18 have got a much wider sourcing network and they could feasibly and very quickly pull out”*. Developing relational capital during the audit was also difficult due to power struggles caused by the collaborating parties not having an equal investment in the initiative. As stated by a representative from Brand 1 *“We don’t want to cause an issue [create panic] if anything is found, any issues are on our terms”*. Despite these difficulties, trust was developed, as highlighted by Brand 18 adopting the role of translator during interviews with the factory’s management and document review. Initially, this was done by one of the factory’s managers but as a representative from Brand 1 claimed *“The factory wouldn’t have translated it all. [The representative from Brand 18] was good and picked up on issues.”* As the representative from Brand 18 was experienced and based in Asia, he had local insight and could use his expertise to further probe the factory’s management. He also noticed anomalies and openly discussed these with Brand 1. Thus, relational rents were generated (in terms of the audit findings) at the same time as relational capital being built in terms of trust.

The audit took place over four days and was a reflective process throughout with a feedback loop built into the audit that involved a series of de-briefs between Brand 1 and NGO. This helped cross-reference findings and identify any changes to the audit process to follow up on key issues raised. Further, this reflective process helped to evaluate the pilot process and develop a modern slavery audit protocol for future audits. For example, Brand 1 concluded that if they were to repeat this exercise with Brand 18 or another brand, *“We would need to agree in advance a lot more of*

the scope of it [the audit] and tell them exactly what our approach was and what we thought we were going to find.”

3.6.3 Cross-Initiative Analysis

Table 3.4 summarises the relational rents, relational capital, and governance mechanisms affecting each collaborative initiative studied. For each factor, an ‘X’ signals relevance (not relative importance) to a specific initiative, as shown for example for Initiative 4 in Table 3.3. It therefore highlights how common the factors are across the five initiatives.

Initiative	1 Trade Body Membership Meetings and Workshops	2 Purchasing Practices Project	3 Risk Matrix Project	4 Modern Slavery Training	5 Targeted Modern Slavery Audit
Contribution to Relational Rents					
Resource Sharing	X	X	X	X	X
Cost Reduction			X	X	X
Leverage	X	X			X
Risk Mitigation	X	X	X	X	X
Knowledge Sharing and Expertise	X	X	X	X	X
Supply Chain Transparency	X		X	X	X
Capability Building	X	X	X	X	X
Relational Capital					
Previous Collaboration	X	X	X	X	X
Mind-set	X	X	X	X	X
Non-competitiveness	X	X	X	X	X
Shared Responsibility	X	X	X	X	X
Confidentiality Concern	X				
Trust	X	X	X	X	X
Commitment	X	X	X	X	X
Communication	X	X	X	X	X
Governance					
Third Party Involvement	X	X	X	X	X
Top Management Support	X	X	X	X	X

Table 3.4 Cross-Initiative Analysis – Summary of Contribution to Relational Rents, Relational Capital and Governance by Collaborative Initiative

In terms of relational rents, cost reduction was achieved in Initiative 4, which was one of the costliest initiatives involving a direct payment to NGO. Had Initiative 3 taken place, brands would have also benefited from a cost saving by dividing the expenses paid to NGO. It is also anticipated that a cost saving will be made at a later stage for Initiative 5 during collaborative remediation. Where a rent was not accrued, this was due to it not being an intended outcome of the initiative. In terms of relational capital, common factors such as trust, communication, commitment, and previous collaboration history impact success. The only differences appear for confidentiality concern, which was most prominent in Initiative 1 due to Trade Body meetings and workshops involving sensitive brand-specific information sharing. Finally, in terms of governance, all initiatives had both third-party involvement and top management support demonstrating these were of common relevance regardless of the nature of the initiative.

3.7 Discussion

In comparison to the prior literature, this paper makes four key contributions, which are discussed in turn below and lead to four propositions:

1. It finds that relational rents are generated through horizontal collaboration to achieve competitive advantage.
2. It provides empirical evidence to highlight how relational capital is developed in horizontal collaboration.
3. It provides empirical evidence to demonstrate the impact of both formal and informal governance mechanisms.
4. It considers relational rents, relational capital, and governance in both successful and unsuccessful horizontal collaborative relationships.

Firstly, the study advances our knowledge on the creation of competitive advantage through horizontal collaboration. Although the concept of relational rents was initially defined by Dyer & Singh (1998) as a supernormal profit, it has been used more recently in the context of non-profit making organisations (e.g. Hahn & Gold, 2014). In the context of our research, although the main focus is on business actors, the outcomes relate to social sustainability rather than directly to profits. Thus, the findings extend the literature by furthering our understanding of the benefits that can arise from horizontal collaboration in contexts other than logistics (e.g. Schulz & Blecken, 2010; Hingley et al., 2011). The contributions to relational rents vary by initiative, as shown in Table IV. In two initiatives (initiatives 3 and 4), a key purpose of collaboration was to spread the cost of employing the NGO across brands. Similarly, previous studies have identified how collaboration can lead to overall cost savings (Verghese & Lewis, 2007; Vachon & Klassen, 2008). Relational rents have been further generated by increasing supply chain transparency and leverage (Carter & Rogers, 2008; Nidumolu et al., 2014), and by sharing knowledge, expertise, and resources. This has resulted in brands benefiting from capability building in each initiative, most notably developing internal capabilities for understanding risk and detecting modern slavery (Vachon & Klassen, 2008; Touboulic & Walker, 2015b). This is particularly important as the brands were dealing with the unknown, having not previously investigated modern slavery. Modern slavery is a complex issue, requiring a deeper level of investigation than many other social issues.

In addition to the above, relational rents are also being built in terms of reputation for appropriately responding to modern slavery legislation as organisations are undertaking more initiatives via horizontal collaboration than they could undertake alone. Thus, irrespective of the other outcomes of the initiatives, the majority of

collaborating brands have publicised their involvement in joint projects in their modern slavery statements. Thus, we also build on previous literature regarding the influence of legislation on collaboration (Sharfman et al., 2009; Ramanathan et al., 2014) as the findings demonstrate how legislation can provoke horizontal collaboration between business actors. Further it is anticipated that modern slavery legislation will increase general awareness and create extra media and NGO attention; and that the media and other non-business actors will study the brands' modern slavery statements thereby further incentivising them to undertake initiatives that reduce reputational risk and generate relational rents. This discussion leads to our first proposition:

P1: Relational rents can be generated through horizontal collaboration in response to legislation and other external forces, thereby leading to competitive advantage for the business actors involved. *In the case of modern slavery, new legislation is combined with media scrutiny and NGO pressure, leading to a collaborative response that generates relational rents in the form of cost savings, knowledge sharing, new capabilities, and enhanced reputation, thus achieving socially sustainable competitive advantage.*

With regards to relational capital, the literature has identified trust as being an important mediating factor (Cheng et al., 2008; Sharfman et al., 2009; Theißen et al., 2014; van Hoof & Thiell, 2014) and suggested it emerges as a result of relationship history (Touboulic & Walker, 2015b). This work however is largely in the context of vertical collaboration. Our study suggests that trust is similarly an important component of a successful horizontal collaboration; however, in horizontal relationships, this is generally developed informally via relational aspects of networking and a relationship history from previous collaborative efforts. Yet the

findings also provide an example of trust being formed quickly despite no prior collaboration, as demonstrated by an alliance between Brands 1 and 18 during Initiative 5 (Modern Slavery Audit). Trust is found to be of particular importance when collaboration is between competitors due to confidentiality concerns as firms seek to protect their individual competitive advantage. For example, actors had concerns over sharing supply chain data, particularly during Trade Body meetings and workshops (Initiative 1). This is similar to Touboulic & Walker (2015b) who found that suppliers may be unwilling to share information to retain a competitive advantage in the context of environmental sustainability. Therefore, when competitors came together they generally attempted to put their individual commercial agendas to one side. This however was more difficult when the competitive and sustainability agendas overlapped. Consequently, gaining and maintaining trust is a very delicate issue when collaborating horizontally.

Many of the studied brands are attempting to integrate sustainability into their business rationale, and the initiatives described are contributing to placing sustainability at the forefront of decision making. For example, the purchasing practices initiative (Initiative 2) is helping to ensure procurement decisions take potential social sustainability consequences into account. Similarly, the modern slavery training (Initiative 4) equips employees with modern slavery knowledge to support their day-to-day commercial decisions. Thus, the findings confirm the common claim in the SSCM literature that the sustainability agenda needs to be integrated into the business rationale (Beske & Seuring, 2014). The findings therefore also demonstrate the importance of relational capital in terms of the brands' collective mind-set to work together to make industry improvements. This is particularly importance when forming horizontal collaborations and encourages commitment.

Although there are differences in the brands' individual responses and modern slavery statements, their separate and collective actions represent the competency of the industry, especially to the media and other pressure groups. This discussion leads to the second proposition:

P2: A successful horizontal collaboration is dependent upon building relational capital, underpinned by establishing trust and commitment between business actors. *In the case of modern slavery, for trust and commitment to be established it becomes important for competing business actors to decouple their commercial and social sustainability agendas.*

In terms of governance, the extant collaboration literature has found that formal mechanisms are supported by informal mechanisms such as trust (Dyer & Singh, 1998; Hahn & Gold, 2014). Likewise, our findings demonstrate that governance can be achieved through formal and informal mechanisms. However, in the context of horizontal buyer-buyer collaboration, there are some significant differences. For example, an informal governance mechanism was achieved via the involvement of third party, non-business actors. Initiatives 1, 3, 4, and 5 involved either the Trade Body or the NGO while Initiative 2 involved a global industry union that has not participated in the research. Although some of the initiatives involved a direct payment to a third party, brands were at liberty to pay for access to knowledge and resources and not use them. The payment therefore does not lead to any formal governance. Instead, the third parties adopted an informal mediating role – facilitating the collaboration and acting as a central point of contact. Our paper therefore also contributes to the literature on multi-stakeholder collaboration (Albino et al., 2012; Hahn & Gold, 2014; Rodriguez et al., 2016) by providing evidence of buyers that

have collaborated with non-business actors. Further, it provides evidence of a multi-stakeholder approach being adopted to address modern slavery in particular, as suggested by Gold et al. (2015). The non-business actors were of particular importance to bridging the gap in modern slavery knowledge. Modern slavery is a criminal issue leading to complex repercussions while there was also concern regarding how the media would portray brands if any issues were uncovered in the published statements. NGO are experienced independent experts in modern slavery and their support and resources were imperative.

In addition, our study has provided evidence of legislation being a formal governance mechanism. As in previous studies (e.g. Touboulic & Walker, 2015b), top management support generally provided effective governance, but this was as a direct result of the modern slavery legislation that stipulated statements must gain boardroom approval. This ensured CR teams received business support to collaboratively tackle modern slavery within their supply chains. The findings also provided additional evidence of self-enforcement achieved through collaborating brands appointing a lead from each company. This helped, for example, during the development of the training curriculum in Initiative 4. Therefore, the following proposition (3a and 3b) is presented:

P3a: Informal governance mechanisms can be created by involving non-business actors that facilitate and support horizontal collaborations. *In the case of modern slavery, non-governmental organisations and trade bodies can play an important role in facilitating, mediating, and monitoring collaboration between business actors, including by sharing knowledge and resources.*

P3b: New legislation can create formal governance mechanisms that drive firms to make improvements. *In the case of modern slavery, publically released statements require boardroom level approval, and this prompts top management involvement that acts as an effective governance mechanism for improved standards and transparency within the supply chain.*

The findings from our study use the relational view to understand relational rents, relational capital, and governance based on evidence from successful and unsuccessful horizontal collaborative initiatives. Touboulic & Walker (2015b) called for a greater understanding of the difficulties of achieving collaboration. Hence, the unsuccessful initiative, i.e. the risk matrix project (Initiative 3), provides a further contribution. In particular, it was apparent that the results emerging from this initiative were too broad signifying the importance of collaborating when brands have similar needs. This extends the previous literature that has considered this from a buyer-supplier perspective only (Simpson & Power, 2005; Touboulic & Walker, 2015b). In addition, although the joint training initiative (Initiative 4) was a success, some brands left the scheme as time progressed whilst others augmented the material. Despite the erosion of relational rents, findings from Initiatives 3 and 4 have, for example, demonstrated that the brands were able to develop absorptive capacity to generate relational rents within the collaborative relationship, providing empirical evidence to support Vachon & Klassen (2008). This allowed the brands to create additional value by working independently to develop individual risk matrices and training programmes. Further, in all four successful initiatives, the level of commitment varied across brands, with significant fluctuation over the course of the action research. This provides additional insights into generating relational capital for effective collaboration.

The evidence highlights the impact that a lack of effective governance can have even in those initiatives deemed successful. This adds further evidence to the conclusion of Touboulic & Walker (2015b, p.185) who identified the negative impact of a lack of effective governance mechanisms, such as “*misalignment of time frames for achieving sustainability goals*”. In our findings, a lack of communication could be seen as a lack of commitment towards a given initiative, causing delays, leading to frustration amongst collaborating parties. This is a result of multiple parties collaborating coupled with the fact that each firm is working at its own speed to progress issues internally. Our findings also show that a lack of effective governance mechanisms can result in power struggles in the absence of a formal agreement. This was evident in Initiative 5 (Modern Slavery Audit) as a result of the collaborating parties not making an equal investment. The discussion now closes with our final proposition (4a to 4c):

P4a: Horizontal collaborations that fail to meet a collective objective can still generate relational rents at the firm level. *In the case of modern slavery, the knowledge gained from an initial collaboration can be used to inform and enhance the response of individual business actors for improving standards and transparency within the supply chain.*

P4b: Horizontal collaborations can fracture over time, thereby eroding relational capital. *In the case of modern slavery, business actors that initially collaborated may work individually when their goals diverge, they seek to maintain individual competitive advantage, or to tailor the initiative to reflect their own specific business requirements and supply chain characteristics, undermining the trust that has been developed through their relationship.*

P4c: Horizontal collaborations can fail or be delayed when there is a lack of effective governance. *In the case of modern slavery, a lack of effective (informal and formal) governance can create power struggles and delays as business actors seek to meet their own targets for the collaboration and bring about change internally within their own organisations.*

3.8 Conclusions

Few prior studies have explored horizontal collaboration in the context of SSCM, with the majority of this work being on environmental sustainability. Meanwhile, there is a lack of research into modern slavery from a supply chain perspective. Thus, this study has adopted a relational view using relational rents, relational capital, and governance to explore horizontal collaboration in response to modern slavery legislation. Action research has been used to understand how horizontal collaboration, including the involvement of non-business actors, has helped organisations gain a socially sustainable competitive advantage in this context. The findings reveal that firms are using collaborative initiatives to build new capabilities that improve social sustainability performance by generating relational rents in terms of the organisations' reputations for appropriately responding to modern slavery legislation. Further, the findings have highlighted the relational capital and governance mechanisms supporting or hindering successful horizontal relationships thereby extending the SSCM literature that has focused on vertical relationships. In terms of relational capital, trust is of particular importance between competitors and, in collaborating, competitors have to put their individual commercial agendas to one side to improve sustainability. The paper also highlights the role of non-business actors as an effective

informal governance mechanism, facilitating horizontal collaboration whilst also providing much needed knowledge and resources for tackling a complex social issue.

3.8.1 Managerial Implications

This research provides managers with examples of how collaborative relationships can be formed in response to new legislation. Prior to modern slavery legislation, firms have not had this level of exposure to a criminal issue or had the threat of court appearances, which adds another dimension to social sustainability practices and reporting. Collaborating with other firms, particularly when there is uncertainty, can therefore help to develop an initial response, share expertise, and distribute costs.

When forming horizontal collaborations, it is important that firms have a similar mind-set and can decouple their CSR and commercial agendas, especially when collaboration involves direct competitors. Additionally, firms need to foster trust; hence, prior relationship history can be important to project success. It is also key that horizontal collaboration has top management support. This can enable information sharing, which can result in industry level improvements, and promote self-governance by ensuring CSR has heightened exposure throughout the business. It is important that CSR and specifically modern slavery is central to business decisions, particularly relating to purchasing practices. Modern slavery awareness therefore needs to be filtered throughout the organisation, which can be achieved by training all levels and departments.

Collaborative relationships can be facilitated by non-business actors. Involvement in trade bodies, for example, can help identify potential collaborators. Both NGOs and trade bodies can act as a central point of contact and share resources and expertise. Enlisting the help of experts in areas such as modern slavery can also prove beneficial. Once potential collaborators have been identified, time needs to be

spent scoping possible collaborative initiatives. During this initial stage, it is important to consider each firm's individual needs. Collaboration can become counter-productive when firms are not sufficiently committed and do not communicate effectively. This can lead to projects being too time-consuming without sufficient pay-off, leading to frustration and delays. It is therefore important that firms communicate with one another throughout. Companies can also benefit from appointing a lead for each initiative to aid communication and progression. It should however be noted that even if a collaborative initiative is unsuccessful, the initial scoping and involvement can help with sense-making, providing a foundation for a firm's own individual development or response.

3.8.2 Limitations and Future Research

We have focused on horizontal collaborations that involved Brand 1 only. There may have been other collaborations within the group that we were not aware of or able to study. Further, our research is focused on responses to the UK modern slavery legislation. Future research could consider how organisations are responding to legislation in other countries. Other industries could also be studied while there is an opportunity to consider whether firms should engage in cross-industry collaboration where competition is not a factor. Finally, further analysis could be undertaken of the involvement of third parties such as trade bodies and NGOs to explore the development of relational capital, their governance role, and their contribution to developing relational rents.

Chapter 4 Paper Three: Detecting and remediating modern slavery in supply chains: A targeted audit approach

4.1. Background to Paper Three

This paper is likely to be submitted to either Production Planning and Control due to its industry focus or Supply Chain Management: An International Journal as this journal has published a number of recent modern slavery articles.

A shorter version of this paper was presented at the 24th EurOMA held in Edinburgh, Scotland by Heriot Watt University, in July 2017 under the title of “Detecting modern slavery in supply chains: a targeted audit approach.”

This journal paper, as well as the conference version, have been written in collaboration with my supervisors; Professor Linda Hendry and Professor Mark Stevenson. As the first author, I have done the majority of the work in this paper which can be counted as 80% of the total work, while my co-authors have contributed the remaining 20%. I have initiated the main ideas, conducted the literature review, collected and analysed the data and written the first draft of the paper.

The co-authors have contributed by adding richness to the discussion by providing different insights, suggestions and enhanced the writing style. The co-authors have certified below that they agree with the above claim regarding the contribution of work.

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4.2 Abstract

This paper investigates modern slavery detection and remediation. Action research has been conducted in the textiles and fashion industry and the primary engagement has been with a £multi-billion turnover company and their modern slavery investigation at a high-risk supplier in South East Asia. Research into modern slavery from a supply chain perspective is limited and the prior literature has highlighted the shortcomings of supply chain auditing and questioned the suitability of this approach for detecting modern slavery. This paper responds to calls from the literature to investigate the modern slavery detection process and provides empirical evidence involving collaboration with a large multinational NGO and another of the audited supplier's customers. Findings are presented from a first-hand account of the detection process and suggest that a more targeted audit can identify key indicators of modern slavery. This type of audit includes investigating the end-to-end recruitment process by using a parallel structure of management and worker interviews and documentation review. Evidence is also provided of the remediation process, which includes collaboration with a local NGO to support workers and develop suppliers.

Keywords: Modern slavery; supply chain auditing; remediation; transparency and disclosure.

4.3 Introduction

Recent research conducted by the International Labour Organisation (ILO) and the Walk Free Foundation estimates that, globally, 16 million people are victims of economic forced labour exploitation (ILO, 2017). Legislation has started to be introduced around the world in response to the international modern slavery threat.

Recent examples include the ‘California Transparency in Supply Chains Act’ (State of California, 2010) and the ‘UK Modern Slavery Act’ (UK Government, 2015). The UK legislation contains the ‘Transparency in Supply Chains’ (TISC) clause that requires organisations with a turnover in excess of the currently stated threshold of £36 million to publish a statement each financial year regarding action that is being taken to combat modern slavery in their supply chains. Although these acts require disclosure, this does not necessarily mean that organisations need to make any positive changes, as they are able to report that they have not taken any action. The UK government however claims that the legislation will lead to pressure from consumers, investors and NGOs thus incentivising organisations to respond and mitigate modern slavery. Further, it is anticipated that the statements will provide a level of transparency that encourages organisations to compete with one another to improve social standards (UK Home Office, 2015).

The introduction of modern slavery legislation has attracted significant media attention (e.g. The Guardian, 2016), provoked discussion of this issue in the broader management literature (e.g. Crane, 2013), and two recent key conceptual papers by New (2015) and Gold et al. (2015) along with empirical research by Benstead et al. (2018) have contributed to a growing literature on sustainable supply chain management (SSCM). The literature suggests that slavery can enter the supply chain where there is high labour intensity and when profit margins are low (Crane, 2013). It is well documented in the literature that auditing is used to investigate social standards in a factory (Jiang, 2009; Lund-Thomsen & Lindgreen, 2014; Helin & Babri, 2015); however, both New (2015) and Gold et al. (2015) highlighted the illegal and hidden nature of modern slavery, making detection difficult in fragmented multi-tier supply chains. They therefore called for a new audit process that takes this into consideration

and raised concerns with regards to the appropriate remediation following the identification of modern slavery, given its criminal and hidden nature. These specific issues deserve attention, yet research into modern slavery from a supply chain perspective is limited, with authors calling for more empirical work to identify effective means of detection and remediation (e.g. Gold et al., 2015). We therefore seek to answer the following research question:

How can audits be improved to better detect modern slavery in the supply chain, and how can an appropriate remediation plan be established when modern slavery is discovered?

To answer the above research question, we present empirical evidence from an action research project in the textiles and fashion industry with a multi £billion turnover company, Fashion and Sports Co., hereafter referred to as Buyer A. The first implementation of an audit process targeted at modern slavery detection at a high-risk factory in South East Asia (Supplier) is investigated, beginning with the initial preparation for the audit through to the post-audit follow-up. This involved Buyer A collaborating with a large multinational NGO (NGO A) and another of the supplier's key customers (Buyer B). Together, Buyer A and Buyer B represent 80% of the supplier's business and Buyer B was invited to observe the audit process and add leverage. Empirical evidence is then used to understand Buyer A's ongoing remediation involving a local NGO (NGO B).

The remainder of this paper is organised as follows. First, a brief review of the relevant literature is provided in Section 4.4. The research method is then outlined in Section 4.5 followed by the findings in Section 4.6, which are presented and then discussed in Section 4.7, before finally drawing the paper together in a conclusion in Section 4.8, including implications for practice and future research avenues.

4.4 Literature Review

The literature review is divided into three sections and firstly looks at transparency in supply chains and information disclosure. The second section focuses on detection using supplier auditing, which is one of the main tools for achieving supply chain transparency (Egels-Zanden et al., 2015; McCarthy et al., 2017) and the prior literature is reviewed to understand its suitability in the context of modern slavery. Finally, the third section focusses on remediation.

4.4.1 Transparency in Supply Chains and Information Disclosure

Research has considered that for companies to become more transparent, they need to improve supply chain visibility through mapping the supply chain (Sodhi and Tang, 2018). Following this, the information can then be disclosed to the public (New, 2010). However, although there is extant literature concerning supply chain transparency in terms of information disclosure between a buyer and supplier, there is limited literature on the public disclosure of supply chain information (Doorey, 2011; Mol, 2015), with it being claimed that many organisations lack a disclosure strategy (Marshall et al., 2016). In their research, Marshall et al. (2016) identified four transparency strategies based on how much information a firm wants to disclose (low to high) and their level of supply chain assessment (low to high). Strategies range from withheld (non-disclosure) to transparency (openly sharing supply chain information). Studies have considered voluntary disclosure when there is no regulation but stakeholder pressure (e.g. Doorey, 2011; Kozlowski et al., 2013; Gualandris et al., 2015) and its link to competitiveness (Chen & Slotnick, 2015). For example, Doorey (2011) has considered the steps that have led companies such as

Nike and Levis to voluntarily expose their supplier lists (e.g. NGO pressure) and although the research does not analyse whether this has led to improved conditions in factories, it is suggested that this level of transparency should encourage better management of labour practices. Companies such as Nike, Disney etc. have been held responsible for the behaviour of their suppliers which has resulted in the voluntary exposure of information such as supplier addresses (Locke et al. 2007, Huq et al. 2013). Egels-Zanden et al. (2015) also consider supply chain transparency being achieved through the disclosure of purchasing practices. They however acknowledge that few companies report on these. This is evidenced in their study of Nudie jeans, a company aiming to become ‘the most transparent in the world’ yet purchasing practices were excluded from their disclosure of information.

The prior literature has also discussed mandatory disclosure such as the effect of legislation on environmental sustainability. Mol (2015) for example highlighted that disclosure can have a positive impact on sustainability performance. Recent regulation such as the UK Modern Slavery Act is different from legislation previously studied, in that it focuses on social sustainability and is mandatory with added stakeholder and competitor pressure. Additionally, it also involves a voluntary element in terms of what a firm decides to disclose. This is shown in a recent study that has examined the statements produced in response to the UK Modern Slavery Act by 101 organisations in the textiles and fashion industry (Stevenson & Cole, 2018). This work identified how organisations are detecting and remediating modern slavery in terms of what they have decided to publically disclose. It provides a breadth of understanding but it is unable to go into any depth on a particular organisation. Further, it is only able to report on what organisations choose to disclose about what they are doing. It is concluded that further in-depth research, such as using engaged

research approaches, is needed to study first-hand how firms are responding to the legislation and to develop a richer understanding of the phenomenon. There is therefore an opportunity to investigate in greater depth how particular companies are responding to new modern slavery legislation and the action that they are taking to improve transparency within their supply chains.

4.4.2 Detection

Supply Chain Auditing Background

While the focus on modern slavery in both the media and academic literature is relatively recent, prior research has investigated socially responsible sourcing in broader terms (see Zorzini et al. (2015) for a recent review). This research identifies a number of current practices that seek to improve labour standards throughout the supply chain. For example, Barrientos (2008) reported that retailers and buyers have introduced codes of conduct for suppliers as a result of NGO pressure to improve labour standards when state regulation is insufficient to protect workers and law enforcement is weak. These codes of conduct are commonly used to manage, monitor, and control suppliers through auditing against the code (Helin & Babri, 2015; Jiang, 2009; Pedersens & Andersen, 2006), and are also referred to as the ‘compliance-based paradigm’ (Lund-Thomsen & Lindgreen, 2014). A standard social audit investigates working conditions within a factory by touring the site, reviewing documents, and interviewing workers to further understand employee wages and benefits, working hours, harassment, health and safety, and the use of child labour (Huq et al., 2014; Helin & Babri, 2015). These can be announced or unannounced to find out the real conditions in a factory and conducted by brands internally, NGOs or third-party

auditors (Huq et al., 2014; Winter & Lasch, 2016) yet they have a number of shortcomings, as discussed below.

Shortcomings of Supply Chain Auditing

The extant literature has considered the effectiveness of standard audits and there is evidence that they can have a positive impact by adhering to or exceeding the minimum wage, improving health and safety, reducing overtime (Barrientos & Smith, 2007), and improving productivity (Huq et al., 2014). However, research suggests that audits that take place to ensure codes of conduct are adhered to are not always sufficient for identifying issues and improving working conditions (Huq et al., 2014; Lund-Thomson & Green, 2014; Egels- Zandén et al., 2015). Multiple studies have recognised the implications of a ‘top down approach’ whereby brands impose western standards on suppliers in developing countries operating in different cultural and socio-economic conditions by applying their standardised codes in various different countries (Egels- Zandén et al., 2015; Helin & Babri, 2015; Huq & Stevenson, 2018). There is also reference to ‘audit fatigue’ (Marshall et al., 2016) due to the constant auditing that factories face from their multiple customers. Additionally, suppliers are often responsible for the payment of audits (and follow-up audits to check non-compliances have been corrected) whilst being under the threat of order volume being withdrawn for non-compliant behaviour (Jiang, 2009). Furthermore, the lack of consistency amongst codes of conduct can result in ‘compliance limbo’ due to conflicting brand requirements – a commonly used example of this is the different height expectations for fire extinguishers (Locke et al., 2007). Buyers’ poor communication with suppliers limits their ability to fully understand such challenges resulting in suppliers playing a passive role. Additionally, suppliers are often

overwhelmed, receiving limited support to fully understand and meet codes of conduct and the subsequent lengthy audit corrective action plans (Gould, 2005; Jiang, 2009).

Research has considered how current auditing strategies lead to mock compliance. Jiang (2009) for example developed and tested a conceptual model that uses transaction cost economics to explain the risk of market governance that encourages a culture of 'passing the audit' through dishonesty rather than improving standards. Suppliers commit audit fraud by hiding information through the falsification of documents, keeping separate records for auditors (double booking), and coaching workers for interviews (Egels- Zandén, 2007; Jiang, 2009; Huq et al., 2014; Plambeck & Taylor 2015). For example, in their research on socially sustainable practices in the garment industry in Bangladesh, Huq et al. (2014) provided empirical evidence of mock compliance. However, it was implied that this was sometimes overlooked by buyers leading to the conclusion that buyers were mainly concerned with market perceptions rather than genuinely improving social standards. Furthermore, some suppliers in the study claimed that buyers were only interested in improving their reputation and avoiding bad publicity rather than being serious about addressing social sustainability concerns.

From a modern slavery perspective, research has highlighted that audits do not highlight cases of modern slavery, especially in the case of the more vulnerable casual and migrant workers (Barrientos et al., 2013; New, 2015). These workers are often recruited through exploitative third-party recruitment agencies (Barrientos, 2013), and these agents are outside the scope of standard supplier audits. Audits measure what is happening at one moment in time within the factory and prior research has not considered the wider context of how a worker has entered the factory, to identify potential modern slavery risks. Modern slavery therefore expands the scope of a

standard ‘one size fits all’ audit procedure (Barrientos et al., 2013; Gold et al., 2015; New, 2015) and there is a clear need to research whether a new audit process can be used to detect modern slavery whilst taking into account the issues outlined above.

Improving the Auditing Process

The extant literature argues that the current auditing system needs improving by shifting from ‘arm’s length’ auditing through market governance to supplier development (Gould, 2005; Pedersens & Anderson, 2006; Lund-Thomson & Lindgreen, 2014). Increased involvement from buyers has been encouraged, improving a supplier’s ability to understand codes of conduct and implement any required corrective action. In their study, Huq et al. (2014) found that supplier development was well received by suppliers and concluded that a combination of monitoring, trust and development were required. Similarly, Egels-Zandén et al. (2015) and Jiang (2009) claimed that a combination of monitoring and cooperation is needed. Jiang (2009) argued that long-term contracts alone will not lead to supplier commitment to codes of conduct and instead a partnership approach is encouraged whereby suppliers play a more active role in establishing achievable targets and are provided with assistance in meeting them. Lund-Thomsen & Lindgreen (2014) referred to the ‘co-operation model’ that encourages a developmental approach amongst multi-stakeholder networks, e.g. NGOs, working with buyers and suppliers to improve social standards through monitoring and training. There is also evidence of buyers partnering with NGOs to oversee audits. Plambeck & Taylor (2006) argued that the supplier is less likely to commit audit fraud in the presence of an NGO. Similarly, in their conceptual model of modern slavery supply chain challenges, Gold et al. (2015) drew attention to supplier development and also highlighted the need for

researchers to investigate the benefit of collaboration, e.g. with NGOs, for the detection of modern slavery.

4.4.3 Remediation

Company responses to the detection of slave labour have not been addressed at length within the extant literature – an exception being the identification of remediation practices in a review of recently published modern slavery statements released in response to the UK Modern Slavery legislation (Stevenson & Cole, 2018). Action plans and follow-up audits have for example taken place for non-compliant suppliers. Additionally, organisations have engaged in firm level and supplier level development such as remediation training and collaboration with other buyers and NGOs. But further research is needed that examines first-hand how organisations are approaching remediation when modern slavery is detected.

More broadly in the SSCM literature, authors have identified actions in response to social issues in supply chains such as the termination of business, increased auditing to check that performance has improved, and supplier development, e.g. training (Jiang, 2009; Gimenez & Tachizawa, 2012; Blome et al., 2014; Sancha et al., 2015; Zhang et al. 2017). There is also the suggestion that auditing could be eliminated through stronger collaboration with suppliers (Awaysheh & Klassen, 2010). Additionally, Pagell & Wu (2009) have considered collaboration with NGOs, regulators, competitors and members of the community in sustainable supply chains. There is however limited research on collaboration with NGOs from a social sustainability perspective (Zorzini et al., 2015) with such research focusing instead on environmental sustainability (e.g. Albino et al. 2012; McDonald & Young, 2012). An exception is in the context of the Bangladesh garment industry. Following the Rana

Plaza disaster, Huq et al. (2016) found that buyers had engaged with NGOs in joint initiatives to improve industry social standards, e.g. training and skills development for workers. Additionally, buyer-consortium audits have been developed involving multiple buyers, and both global and local unions supported by NGOs (Huq et al., 2016; Huq & Stevenson, 2018). These have extended buyer audit capabilities by sharing capabilities to audit fire, electrical and structural safety standards to improve a supplier's social performance.

In the context of modern slavery, Gold et al. (2015) drew attention to supplier development and highlighted the opportunities to research collaboration, e.g. with NGOs, for the remediation of modern slavery. Meanwhile, New (2015) argued that modern slavery remediation is distinctively different, highlighting that the illegality of modern slavery means that the conventional top down 'improvement notice' response to audit non-compliances are impractical, instead requiring the involvement of authorities and the termination of business. Yet, Stevenson & Cole (2018) found there were few instances of organisations reporting violations to authorities in their modern slavery statements. Gold et al. (2015) also considered the detrimental socio-economic effects that could result from withdrawal from a region or country and as a result recommended supplier development. There are therefore contrasting views in terms of how firms should remediate modern slavery. Further, although remediation practices have been identified from publicly disclosed statements (Stevenson & Cole, 2018), this is limited to the evidence that organisations have chosen to share. There is therefore scope to develop a deeper and richer understanding of the remediation process that is taking place following the identification of modern slavery.

Research has also considered the role of the buying firm and their purchasing practices that can inadvertently lead to exploitation (Barrientos, 2008). New (2015)

for example argued that modern slavery is “*generated by the normal system*” by referring to the “*right hand*” establishing corporate socially responsibility (CSR) policies whilst the “*left hand*” can cause modern slavery due to commercial purchasing practices. Stevenson & Cole (2018) also identified organisations disclosing that they had introduced purchasing practices training as part of their modern slavery remediation and suggested that modern slavery legislation could encourage awareness beyond the procurement function to the boardroom level. This supports findings in the SSCM literature that considers the need to embed sustainability into organisations with support from top management (Pagell & Wu, 2009; Pagell & Shevchenko, 2014). Thus, modern slavery remediation requires investigation as part of due diligence within SSCM and research needs to understand how this is addressed given the commercial power of retailers and brands (Gereffi, 1999).

There are therefore two important research gaps:

1. To improve audits so that modern slavery is more readily detected; and,
2. To understand strategies that firms employ when modern slavery is detected.

4.5 Research Method

4.5.1 Action Research Justification

This study has used action research, a qualitative research technique that has become increasingly prevalent in the study of organisations. It involves the engagement of the researcher and assumes that social phenomena are continuously changing (Coughlan & Coughlan, 2016; Easterby-Smith et al., 2018). In contrast to other research approaches, the researcher does not keep a distance from the subject being researched and often participates in the change process, thus enabling them to learn about the organisation (McKay & Marshall, 2001; Easterby-Smith et al., 2018). The researcher

is therefore taking action and creating knowledge simultaneously (Coughlan & Coughlan, 2016). In the context of SSCM, there have been calls for researchers to use innovative engaged methodologies such as action research (Touboulie & Walker, 2015a). Arguably this is particularly important when investigating a complex social issue such as modern slavery. Action research has therefore facilitated access to sensitive information through developing a high level of trust with the focal company, Buyer A.

4.5.2 The Focal Company

The researchers have engaged with the evolving modern slavery legislation related practices of Buyer A, a UK based, multi £billion turnover company in the textiles and fashion industry. This company was chosen as it is in an industry that is characterised by complex, global supply chains and high labour intensity, which makes it vulnerable to modern slavery. The nature of the relationship was such that, in effect, one of the researchers worked part-time for Buyer A over a 20-month period. An excellent level of trust was consequently built with Buyer A, facilitated by the background of one of the researchers who had seven years of relevant industry experience. This level of trust enabled access to detailed plans regarding modern slavery detection and remediation involving collaboration with Buyer B, NGO A and NGO B.

4.5.3 Data Collection

This paper's main emphasis is the first implementation of an audit process targeted at modern slavery detection; inclusive of the initial preparation, through to the follow up. This involved one of the researchers, in month 10 out of the 20-month period, travelling to South East Asia with the company's Corporate Responsibility (CR) team,

studying modern slavery detection in ‘real time’ at a high risk factory (Supplier). The researcher spent 5 full days with the team and was therefore fully immersed in the trip. In addition to the audit itself, the researcher also spent time with the team during the evenings allowing for more informal discussions to take place. Informal discussions and internal meetings involving Buyer A and NGO A were audio recorded. Due to confidentiality reasons, any meetings that took place at the Supplier/ with members of the Supplier team and the audit itself were not audio recorded and instead documented in written note form. Additionally, the researcher interviewed two of the Supplier’s migrant workers and, due to confidentiality and the sensitive nature of the discussion, these were only documented in written form rather than audio recordings. Following the audit, the researcher was involved in the remediation process for the remaining 10 months of the period working with Buyer A. The remediation process is ongoing and since the end of the action research project, further evidence of remediation has been collected from the company.

Key data collection methods during the research include: participation in the audit, observations, interviews, documentation and using diaries to record key aspects of the process for operationalising due diligence. A summary of the key data obtained is provided in Table 4.1. During the 20-month period, additional dialogue took place relating to the audit during wider discussions relating to the company’s response to modern slavery legislation.

Data	Volume of data
Audio Recordings	62 pages of transcript
Diary Notes	63 pages
Audit Protocol (Researcher version)	7 pages
Buyer A Internal Audit Protocol	8 pages
NGO Findings and Recommendations Report	21 pages
Buyer A Modern Slavery Report 2017	26 pages
Buyer A Modern Slavery Report 2018	32 pages
Modern Slavery Toolkit Development	15 pages
Follow-up Remediation Interview Notes	18 pages

Table 4.1 Summary of Key Data Collected

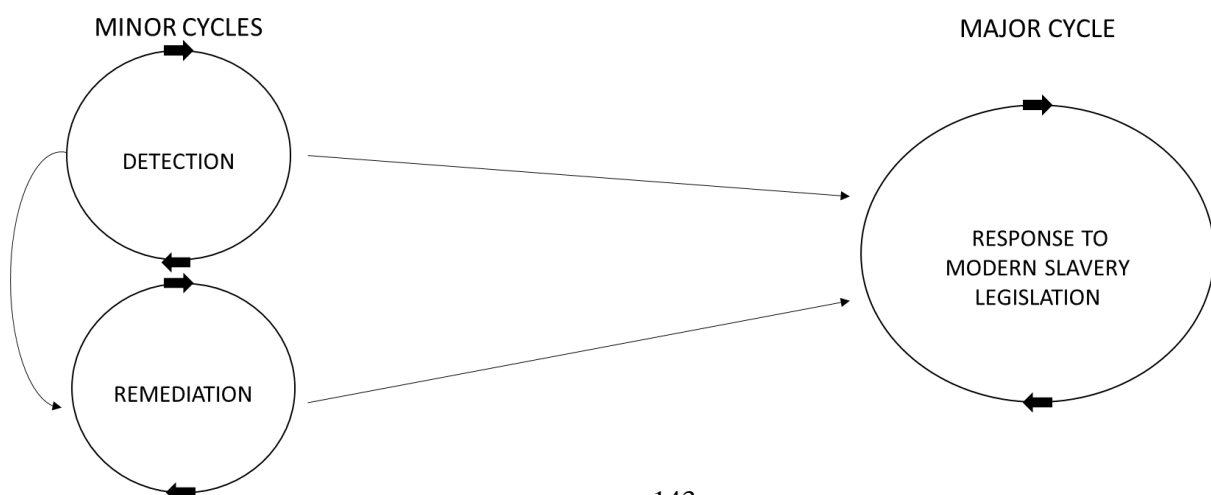
The audit team consisted of 14 people: seven people from Buyer A (including one researcher, members from their UK and Asia based CR team, and the Head of Sourcing); six people from NGO A and one person from Buyer B. For the purpose of the trip and when participating in the audit including the interviewing of workers, the researcher was introduced as a member of Buyer A. A summary of all participants is provided in Table 4.2, which also indicates the mnemonics to be used to refer to them in Table 4.4 and Appendix 4.

Organisation	Role	Mnemonic
Buyer A	Head of Ethical Trade	BA1
	Head of Sourcing	BA2
	Corporate Responsibility (CR) Manager UK	BA3
	Corporate Responsibility (CR) Manager Asia	BA4
	Corporate Responsibility (CR) Officer Asia	BA5
	Corporate Responsibility (CR) Officer Asia	BA6
	Researcher	BA7
Buyer B	Head of Corporate Responsibility (CR) Asia	BB1
NGO A	Capability Building Manager	NGOA1
	Programme Manager	NGOA2
	Translators x 4	NGOA3-6
Supplier	CEO	S1
	Chief Sales Officer	S2
	HR Pay Managers	S3
	Documents Manager	S4
	Internal Auditor	S5
	Internal Translator	S6
	Workers x 23	S7-30

Table 4.2 Summary of Participants

Rigour has been addressed by engaging in multiple cycles of action using the action research framework outlined by Coughlan & Coughlan (2016). Each cycle contains a pre-step that involves understanding the rationale for action and four main steps involving constructing, planning action, taking action, and evaluating action. Monitoring and reflection has taken place throughout. A key characteristic of action research is questioning all aspects of the research through the process of evaluation or reflection (Näslund et al., 2010).

As illustrated in Figure 4.1, the action research project can be considered one major cycle (the response to modern slavery legislation) with two minor cycles: detection and remediation (i.e. representing the main unit of analysis) taking place within the project (Coughlan & Coughlan, 2016). The audit itself was a cyclical process which will be discussed in more depth in Section 4.6. The duration of the trip to South East Asia was five days and the audit investigation took place on Days 2 to 3 with preparation taking place on Day 1 and a closing meeting on Day 4. Buyer A's CR team (including the researcher) had a meeting on Day 5 to reflect on the trip. It was a reflective process throughout with a feedback loop built into the audit that involved a series of de-briefs between Buyer A and NGO A, which will be discussed in more depth in Section 4.6. This helped cross-reference findings and identify any changes to the audit process needed to follow up on key issues raised, which then fed into the next cycle. Further, this reflective practice helped to evaluate the process and develop a modern slavery audit protocol for future audits. Within the detection cycle there has therefore been a spiral of action research cycles (Coughlan & Brannick, 2014). Findings from the detection cycle then fed into the remediation cycle. The remediation process has evolved from the initial plan and is ongoing. There is therefore an ongoing spiral of action taking place and changes are being made as action is evaluated.



4.5.5 Data Analysis

The data has been coded and organised into two themes – detection and remediation. This is further divided into subthemes, as outlined in Table 4.3. Subthemes either emerged inductively from the data or deductively from the literature. Each code was discussed, and a final categorisation agreed amongst the research team. Tabulation aided the analysis (Coughlan and Coughlan, 2016), as further described in the findings below.

Theme	Sub-Themes	Description
Detection	Audit process	Schedule, structure, overview of areas investigated.
	Comparison with a standard audit	Targeted audit compared to standard audit.
	Interview approach	Technique used for interviewing workers and questions asked.
	Buyer/supplier partnership	Buyer A and Supplier attitudes before and during the audit including how the Supplier was prepared for the audit and informed of audit findings.
	Buyer/NGO partnership	Buyer A and NGO A attitudes before, during and after the audit including support, knowledge and resources provided.
	Buyer/Buyer partnership	Buyer A and Buyer B attitude before and during the audit including support, knowledge and resources provided.
	Audit findings	Indicators of modern slavery.
Remediation	Initial remediation plan	Initial plans made by audit team following audit findings.
	Development	Action taken by Buyer A following audit findings including any improvements made.
	Future audit plans	Buyer A plans for conducting future targeted audits.

Table 4.3 Summary of Data Coding Themes

4.6 Findings

The narrative below is divided into two sections – detection and remediation – in line with the research question. Tables 4.4 and 4.5 provide a summary of sample empirical evidence for the detection and remediation themes. Key aspects of the evidence are

then discussed below beginning with the findings relating to detection and followed by an outline of the initial remediation plan and how this has been developed.

Sub Theme	Sample evidence (from a variety of data sources)
Audit Process	<ul style="list-style-type: none"> • <i>“The structure of the audit will be three simultaneous groups”</i> (NGOA1, Day 1, Audit Team Preparation Meeting). • <i>“They [NGO 1] did what we asked them to do, they let us lead”</i> (BA2, Day 2, Journey from Supplier). • <i>“We need to check dates - date of joining and compare to work permits - how many workers have gaps”</i> (NGOA1, Day 2, Audit Team Afternoon De Brief). • <i>“We will be reviewing findings [from this morning- Day 2], to help with afternoon follow up, particularly worker interviews”</i> (NGOA1, Day 2, Morning De Brief) • <i>“So maybe we can list areas of contradiction, so we can decide the plan [for Day 3] for worker interviews to help us close the gap, clarify conflicting info”</i> (NGOA1, Day 2, Audit Team Afternoon De-Brief). <i>“It [audit process] was good, last time we had classroom learning [modern slavery training] this time we could experience how do to the audit in a real situation”</i> (BA5, Day 5, Buyer A Reflections Meeting).
Comparison with a standard audit	<ul style="list-style-type: none"> • <i>“We are used to audits a few times a year, five times, one customer and one audit but this is the first time we have had such a big group”</i>. (S1, Day 1, Pre-assessment meeting with Buyer A Audit Team Management & Supplier Management). • <i>“Every year we have auditing and they interview and they give feedback and we implement but this is new, the interviews are more intense and take time”</i> (S1, Day 4, Closing Meeting). • <i>“Compared to a normal audit you definitely need a lot more country specific information laws, maps, geographic information because obviously it is migration”</i> (BA3, Day 5, Reflections Meeting). • <i>“Normally you'd just have one HR person [from the supplier] that would give you an hour”</i> (BA1, Day 2, Informal Conversation). • <i>“Lots of effort and resource thrown at this [audit] has made them [Supplier] engage”</i> (BA1, Day 2, Informal Conversation). • <i>“For me I think the overall audit process is kind of like similar to what we have done for the regular audit but we had more people and different groups working separately and in between there is a recap, pieces of info from each group is consolidated to provide a summary of info”</i> (BA4, Day 5, Reflections Meeting).
Interview approach	<ul style="list-style-type: none"> • <i>“I think it is very different to normal worker interviews [...] because you have to start building a story and going off on one clue and trying to go around to find something. We did a lot of that going around to get the answer and that is definitely a skill. I think it was nice having NGOA3 there and I think that made us feel comfortable”</i> (BA3, Day 5, Reflections meeting). • NGOA3 started by giving us some pointers- benefits, understanding of wage, home leave, bank books, recruitment process, grievance mechanisms, discipline and termination (Diary notes, Day 3, Worker Interviews). • <i>“[...] that has been our strength as well, we have tried to use native speakers, if you only have 20mins, the barrier that you have to break if you are not even the same nationality, there will be more walls to break. That is why we always like to use native and that is a constraint for internal auditors having that kind of resource”</i> (NGOA1, Day 3. Post Audit Assessment Meeting). • <i>“[...]so that is a good thing- we got many leads from worker interviews”</i> (NGOA1, Day 3, Post Audit Assessment Meeting).

	<ul style="list-style-type: none"> • <i>“I think not having a list of questions made us think outside the box, I think if we had just followed [a list] we may have not got the information we did”</i> (BA3, Day 5, Reflections meeting). • <i>“We learnt how to interview worker, not directly, ask around that point e.g. [for the worker’s] passport, ask them have you seen the officer, have you taken pictures to see if they really booked into get a passport or someone helped them to get”</i> (BA5, Day 5, Reflection meeting).
Buyer/Supplier Partnership	<ul style="list-style-type: none"> • <i>“Whatever we find [during the audit] we will work through with you”</i> (BA1, Day 1, Audit Team Preparation Meeting). • <i>“The next thing [in terms of why the audit was regarded a success by NGOA] is how Buyer A prepared the supplier. It is very important in setting the tone so, setting the tone that this is collaborative, this is working together, it is really very important but not only communicating that but taking the time to prepare the supplier for this process - that really contributed to the success”.</i> (NGOA1, Day 4, Informal Conversation after Closing Meeting). • <i>“We are not accusing [the supplier], we are learning and making you aware of the risk for you and us. You are our business partner, it is about working together, it is both our responsibility to do the right thing”</i> (BA1, Day 4, Closing Meeting) • <i>“Thank you for the openness and transparency of your [supplier] team, we wouldn’t have been able to achieve so much, in all our experience transparency [during the audit] was amongst the best”</i> (BA1, Day 4, Closing Meeting). • <i>“This [audit] has helped on [further development of] our migrant policy, we can leave you a copy for you to review as a partner and supplier, you can help us. Some things are non-negotiable, but your input will be good”</i> (BA1, Day 4, Closing meeting). • <i>“We need to understand why do suppliers charge fees and the impact on you as a business”</i> (BA1, Day 4, Closing Meeting). • <i>“More detailed report [regarding audit findings] to follow and we think you will benefit from working with us, you will get to input rather than us telling you [what to do] – it’s your business”</i> (BA1, Day 4, Closing Meeting).
Buyer/NGO Partnership	<ul style="list-style-type: none"> • <i>“I think NGO A was really good, they’ve got loads of expertise and they were able to facilitate it [the audit] really well and give direction. I liked that they were hands off actually I think it was good for us and our development and using initiative as well and not just being told what to do mindlessly”</i> (BA3, Day 5, Reflections Meeting). • <i>“What we will be doing here is facilitating the discussion and provide some input”</i> (NGOA1, Day 3, Post Audit Assessment Meeting). • <i>“Let us know if you have any issues or sense any tension from management”.</i> (NGOA2, Day 1, Audit Team Preparation Meeting). • <i>“This [modern slavery investigation] is new territory, we need NGO A advice”</i> (BA1, Diary Notes, Ongoing discussions prior to audit). • <i>“The findings would have been hard to swallow if they [NGOA] hadn’t been here”</i> (BA3, Day 3, Informal conversation with BA1 and BA7 after Post Audit Assessment Meeting). • <i>“The other good thing about it is, what we did today, we could say- this isn’t just us this is NGO A and us agreeing, and they are not us they are independent experts”</i> (BA1, Day 3, Informal conversation with BA3 and BA7 after Post Audit Assessment Meeting).
Buyer/Buyer Partnership	<ul style="list-style-type: none"> • <i>“There are not many factories in which we could influence policy without the support of other customers [...] The more leverage we have the more likely the supplier is to engage”.</i> (BA1, Day 1, Informal conversation with Buyer A Audit Team). • <i>“Buyer B have got a much wider sourcing network and they could feasibly and very quickly pull out, which wouldn’t do anyone any good. I</i>

	<p><i>think they need to be prepared to work with us” (BA2, Day 2. Journey from Supplier).</i></p> <ul style="list-style-type: none"> • <i>“I won’t disturb your process, just observe” (BB1, Day 2, Informal Conversation with Buyer A Audit Team at the Supplier).</i> • <i>“The supplier was quite defensive about Buyer 2 being involved. We could have handled it better, we don’t want to cause an issue [create panic] if anything is found, any issues are on our terms” (BA2, Day 1. Informal conversation with BA1 & BA7 after Pre-Assessment Meeting).</i> • <i>“The supplier wouldn’t have translated it all. BB1 was good and picked up on issues.” (BA1, Day 2, Journey from Supplier).</i> • <i>“We need to manage BB1 as together we are 80% of production and we don’t want to cause any commercial issue for supplier” (BA1, Day 1, Informal conversation with BA2 after Pre-Assessment Meeting).</i>
Audit Findings	<ul style="list-style-type: none"> • <i>“Current procedures for ensuring workers have legal documents are inadequate” (NGOA2, Day 3, Post Audit Assessment Meeting).</i> • <i>“If we go by the leading practices, the recruitment policy does not meet the standard” (NGOA1 Afternoon De Brief Day 2)</i> • <i>“So from the recruitment fee side we already have solid information from the management and you were able to establish the lack of policy so that is very important” (NGOA1, Day 2, Afternoon De Brief).</i> • <i>“The different fees that they [workers] pay are indicative of the lack of policy and procedures from the management”. (NGOA, Day 2 Afternoon De Brief).</i> • <i>“I think there is a risk of workers falling out of status [illegal immigrants] because of the way they are managing the documentation system” (NGOA2, Day 2, Afternoon De Brief).</i> • <i>There are just practices that don't make sense- why hold the bank books”(BA1, Day 2, Journey from Supplier)</i> • <i>“There is no consistency how agents recruit, select and pool workers” (BA1, Day 3, Post Audit Assessment Meeting).</i>

Table 4.4 Detection: Summary of Sample Empirical Evidence

Sub Theme	Sample evidence (from a variety of data sources)
Initial plan	<ul style="list-style-type: none"> • “We think you will get more out of this from working with us, you will get to input rather than us telling you – it’s your business”. (BA1, Closing Meeting Day 4). • “We will be looking at purchasing practices to improve how we work with you, that creates problems, last minute problems, changes and no forecasts. We understand that we are involved in this process”. (BA1, Closing Meeting Day 4). • “Moving forward we will set up a working group” (BA1, Closing Meeting Day 4). • Discussion of establishing a working group with members from the Supplier, Buyer A and Buyer B to work with the Supplier to resolve issues identified during targeted audit (Diary Notes, Closing Meeting, D). • “The working group is to work together on priorities rather than us telling you” (BA2, Closing Meeting Day 4). • “There are two priorities - recruitment fees [compensation to workers] and processes that allow things to be bypassed” (BA1, Closing Meeting Day 4).
Development	<ul style="list-style-type: none"> • “Supplier have agreed to collaborate with [NGO B], contract will be with Buyer A and we [Buyer A] will be funding” (Email communication between BA1 and NGO B during action research period). • “NGO B will help with developing supplier policy” (Meeting with BA1 during action research period). • “Any workers can call [NGO B] for advice and it won’t come back to us [Buyer A]” (Meeting with BA1 during action research period). • “First NGO B verify [any reported issues from the Smartphone application] with other workers and then they go to the supplier not us [Buyer A] and resolve” (Meeting with BA1 during action research period). • “If job seekers have knowledge about their legal rights, they can see when things [recruitment process] are not working properly” (Meeting with BA1 during action research period).
Future audit plans	<ul style="list-style-type: none"> • “Everyone [all companies] should do a targeted audit to verify risk” (Meeting with BA1 during action research period). • “Less is more [conducting fewer audits], you need to identify the big issues and go deeper” (Meeting with BA1 during action research period). • “[The targeted audit protocol] looks very thorough and will be extremely important to our [future auditing] process” (B1 email communication with Buyer A audit team during action research period). • Training to be conducted internally and is being developed using targeted audit findings (Telephone Meeting Notes with BA1 during action research period). • Printed pocket guide to be developed for people visiting suppliers (Telephone Meeting Notes with BA1 during action research period). • Ongoing development of printed pocket guide between BA3 and BA7 (Diary notes during action research period).

Table 4.5 Remediation: Summary of Sample Empirical Evidence

4.6.1 Detection

Audit Process

This section begins with an overview of the audit process and the findings are in terms of the role of those involved and the activities that took place. In 2016, Buyer A partnered with NGO A to conduct a modern slavery audit in South East Asia, at a Supplier identified as high risk due to it employing a large proportion of international migrant workers. The audit took place following a modern slavery training programme, again delivered by NGO A. NGO A is an experienced independent expert in this area and the audit was designed as a capability building exercise for Buyer A's CR team. The duration of the trip was five days and involved preparation, assessment, a closing meeting and reflection meeting. The audit was presented as a collaborative training exercise. As briefly outlined in Section 4.5.4, on Day 1, the management from Buyer A, NGO A and the Supplier met to outline the scope and provide an overview of the schedule, ensuring that all parties understood the process. The main audit assessment took place over Days 2 and 3 followed by a closing meeting on Day 4. Finally, Buyer A met on Day 5 to reflect on the audit.

The end-to-end recruitment process was investigated using a parallel structure to provide triangulation of results. Thus, the audit team members were grouped into sub-teams which were divided between three parallel sessions on Day 2 and two parallel sessions on Day 3, as outlined in Table 4.6.

Day 1
Pre-Assessment meeting with Audit Team Management & Supplier Management Ensured the Supplier were clear on the structure of the audit and plan for the week Pre-audit assessment questions
Audit Team Preparation Meeting Ensured the audit team were clear on the structure of the audit and plan for the week
Day 2
Team 1 Management Interviews Conducted a group interview with middle management focused on the following: <ol style="list-style-type: none"> 1. Recruitment, selection and hiring including the use of labour agencies 2. Corresponding documentation and worker files.
Team 2 Documents Review Reviewed the following: <ol style="list-style-type: none"> 1. Company policies 2. Employment contracts 3. Documentation and records 4. Any retained employee property
Team 3 Worker Interviews Interviewed a large sample of workers, skewed towards migrant employees focusing on the following: <ol style="list-style-type: none"> 1. How workers were recruited 2. Worker documentation 3. Working conditions 4. Social habits.
Day 3
Team 1 Management Interviews Conducted a group interview with middle management focused on confirming any open issues and requested any additional documentation to support the findings.
Team 2 Worker Interviews Interviewed additional workers. Particular focus was given to any open issues, or document irregularities that required clarification.
Day 4
Closing Meeting Presentation of audit findings (including any areas of good practice) to Supplier management team
Day 5
Buyer A Reflections Meeting Reflections of audit process

Table 4.6 Audit Summary

Comparison with a Standard Audit

The Supplier is audited throughout the year by multiple customers. However, Supplier's CEO acknowledged that this audit was more "*intense*" when compared to a 'standard audit'. Buyer A's Head of Ethical Trade explained that "*We have arrived with a big team and have focused on migrant workers whereas normally there is a small team and broader audit*". Although it was recognised that there was some crossover with a standard audit, this audit focused on the end-to-end recruitment process. Buyer A's CR Manager Asia explained that "*Usually we are focused on the code of conduct information and in terms of forced labour we look at the basics but we don't go through the details, the recruitment process in detail with the migrant workers*". Buyer A's Head of Ethical Trade added "*I think the big thing is the duration of this [targeted] audit has allowed more collection of evidence, verification through worker interviews, more talks with management and [going] back and forth. I think that slowly builds layers*". As a result of having a large team, a parallel structure could be used to triangulate information which meant that the team could quickly build a picture of current practices within the Supplier, several contradicting Buyer A's previous audit findings for the Supplier. Buyer A's Head of Sourcing argued "*I think this [audit] has highlighted the fragility of our one size fits all audit process, we have a standard audit that we go around a factory with and we should be focusing on where the risk is*".

Interview Approach

The targeted audit involved speaking to potentially vulnerable migrants and used an alternative interviewing technique. For example, there was a need to establish if the workers were being exploited through wages being withheld or from payment deductions and whether they had access to their money to spend at their disposal.

Buyer A's CR Manager Asia explained "[...] *the way of interviewing is a little different [when compared to a standard audit] with more concerns about dormitories, way of living, where do they spend their money. For local people we don't really care how they spend their money but for migrants we have additional concerns*". Buyer A's CR Officer Asia added "*Every worker provides their own story differently so what we used to do is we had a list of the questions and most likely we can fit [the answers] into the categories, but now each worker has a different story*". NGO A supported Buyer A during the interviewing process with NGO A's Capability Building Manager arguing "[...] *we have tried to use native speakers, if you only have 20 minutes, the barrier that you have to break if you are not even the same nationality, there will be more walls to break. That is why we always like to use native [speakers] and that is a constraint for internal auditors having that kind of resource*". It also became apparent that the audit team required more country and regional specific data such as laws, maps, and geographic information due to dealing with migration. This knowledge was, for example, required during interviews when interviewees discussed from which location they had obtained documentation. The members of the team from NGO A were able to assist during these instances.

Buyer/ Supplier Partnership

The findings reveal the partnership approach between Buyer A and Supplier. The audit was presented as a learning experience for both Buyer A and Supplier and a close relationship between the two firms was evident. Buyer A's Head of Sourcing explained to the Supplier that their "*long standing relationship, made them ideal to do the first targeted audit*". Buyer A had also stressed from the beginning of the process that there would be no commercial or negative impact as a result of any adverse findings and that business would not be terminated. Additionally, it was explained that

the audit would also help to inform policy. Buyer A's Head of Ethical Trade explained "*We don't want policy that suppliers find hard to align –we need your help, we are UK based and not manufacturers, so it is hard for us to make policy*". Although the Supplier's systems were not necessarily transparent, their management team was transparent by fully cooperating and providing full access to workers, which facilitated gathering of the required evidence.

Buyer/NGO Partnership

As previously outlined, Buyer A partnered with NGO A to conduct the audit and this was regarded as key to the audit's success. Buyer A's Head of Ethical Trade argued "*I think we shouldn't underestimate how hard we would have found it [conducting the audit] on our own*". The role of NGO A was to act as a facilitator and guide Buyer A through the audit process, allowing them to take the lead whilst providing support and expertise. For example, they were able to clarify anomalies and give advice during documentation review and management interviews. Additionally, they provided the audit team with documentation containing management and worker interview guides. Their role was also of particular importance during interviews with the workers as they provided translators who had local knowledge. The translators were able to brief Buyer A prior to the interviews and give guidance on suitable questions to ask. The CR Manager UK from Buyer A stated "*They [NGO A] let us get on with it and ask questions, this was definitely a better way of us learning*". They also knew when to stop asking questions or whether to probe further. Throughout the audit, NGO A provided reassurances when any issues were identified. Further, they could confirm the audit findings and give further clarification using their previous findings from investigations with other companies. Their knowledge and expertise was also used to confirm that the workers had not been coached prior to the interviews. Having an

impartial party present also helped provide additional leverage and credibility, particularly when the Supplier were defensive during the closing meeting when reviewing the audit findings. Following the audit, NGO A produced a detailed report with findings and recommendations, which has helped to develop an audit protocol and support the remediation process.

Buyer/Buyer Partnership

As previously outlined, Buyer A invited another of the supplier's key customers (Buyer B) to observe the audit process and add leverage. Buyer B did not want to contribute financially to the audit but it was agreed that they could observe the audit on the condition that they "*engaged [financially] in remediation*". Buyer B was represented by one of their local managers who advised Buyer A "I won't disturb your process, I will just observe". As the audit progressed, he did however take a more active role and provided translation during management interviews which was initially done by one of the Supplier's team. His local insight also enabled him to notice any anomalies and probe further, with the findings then openly discussed with Buyer A. As a result, Buyer A believed that they were able to uncover more issues than had they relied on one of the Supplier's team to translate. Despite this, there was concern when Buyer B started to challenge the Supplier as issues were uncovered. This concerned Buyer A as they had reassured Supplier prior to the audit that there would be no negative repercussions. Buyer B has a wider sourcing network and could pull out of the Supplier due to them being less dependent on them. Buyer A Head of Sourcing explained "*We don't want to cause an issue [create panic] if anything is found, any issues are on our terms*" Buyer A therefore monitored Buyer B closely as they were aware that between them, they were 80% of the factory's business and did not want to cause any commercial issues. Buyer A later reflected that if they were to

repeat the audit again *“I think we would need to agree in advance [with Buyer B] a lot more of the scope of it [the audit] and tell them exactly what approach was and what we thought we were going to find”*

Audit Findings

Through the triangulation of information, the audit team identified 15 indicators of modern slavery and human trafficking. These can be categorised into two key areas as show in table 4.7. The full list of indicators is not provided for confidentiality reasons.

Audit Findings	
Inadequate procedures to detect or avoid modern slavery	Evidence of modern slavery
7 indicators categorised into following <ul style="list-style-type: none"> • Recruitment Process and Policy (6) • Inadequate Grievance Procedures (1) 	8 indicators categorised into following <ul style="list-style-type: none"> • Payment of Recruitment Fees (1) • Human Trafficking (2) • Limited Freedom of Movement (4) • Restricted Access to Wages (1)

Table 4.7 Categorised Audit Findings

Evidence was found that the supplier’s current procedures for ensuring that there were no document discrepancies were inadequate. Buyer A’s Head of Ethical Trade confirmed that: *“Basic policies [are] in place and some procedures but procedures are inadequate and not operationalised”*. Further, there were issues concerning the overall transparency of the end-to-end recruitment process, particularly relating to the use of agents for recruiting migrant workers. Gaps in policy, documented processes, written procedures and their implementation were therefore deemed to result in a risk of forced labour and trafficking. Although there was no evidence of under-age workers on site, there was also concern that inadequate procedures were in place to screen out risks relating to child labour such as ensuring that all documentation supplied was authentic. Findings also revealed that workers paid recruitment fees in

excess of legal limits and procedures to verify the fees paid by workers (via recruitment agents) were inadequate.

The audit team were confident that the factory had not coached the workers prior to their interviews, as confirmed by NGO A's Capability Manager: *"based on the quality of information we gathered, there doesn't seem to be a deliberate attempt to coach [the workers], so that is a good thing- we got many leads from worker interviews"*. This also provided evidence that the workers did not feel threatened and were able to speak freely. As a result, findings revealed that although workers were in possession of their personal identity and travel documents, the supplier held onto the workers' bank books. It was reported by management that this was for *"safekeeping"* and to facilitate the process of closing bank accounts when workers leave. However, this can restrict workers ability to access wages and make bank transfers.

4.6.2 Remediation

Initial Remediation Plan

The remediation process began with a closing meeting on Day 4. This was an opportunity for management from the audit team (Buyer A, NGO A, and Buyer B) to present the findings to the supplier's management team and discuss the next steps. Again, a partnership approach was evident. Buyer A's Head of Sourcing explained: *"We are not accusing; we are learning and making you aware of the risk for you and us. You are our business partner, it is about working together, it is both our responsibility to do the right thing"*. The overall aim was to move away from a standard corrective action plan whereby a factory is left with a list of issues to correct that are then checked on at a later date. A collaborative working group was therefore formed consisting of members from Buyer A, Buyer B, and the supplier. The aim of

the group was to collectively agree the supplier policy and process for future migrant recruitment. Buyer A's Head of Ethical Trade explained to the supplier: "*We think you will get more out of this from working with us, you will get to input rather than us telling you – it's your business*". He also acknowledged the role that they had played, claiming: "*We will be looking at purchasing practices to improve how we work with you, that creates problems, last minute problems, changes and no forecasts. We understand that we are involved in this process*". This statement further emphasised the partnership approach that would be taken to make improvements.

Remediation Development Plan

Buyer A took the initiative to work with the supplier, and Buyer B did not engage as had initially been expected in the closing meeting. It became evident that Buyer B lags behind in its approach to sustainability as confirmed by Buyer A's Head of Ethical Trade: "[Buyer B] *is quite immature in terms of ethical trade*". As a result, the working group did not continue. Instead, in response to the audit findings, Buyer A took the following action:

- Introduced new policies and provided guidance, ensuring suppliers (including Supplier) are clear on their expectations for managing vulnerable and migrant workers;
- Further developed their internal training by introducing a 'Modern Slavery Toolkit' ensuring employees, particularly those that are supplier-facing, are able to 'spot the signs' of modern slavery;
- Partnered with a local South East Asia based NGO (NGO B) who has helped embed best practices in the supplier and within other suppliers that they source from in South East Asia;

- Ran a seminar introducing the new policies and NGO B that was attended by all of Buyer A's South East Asian suppliers;
- Improved the worker voice through NGO B, educating workers on their rights and enabling grievance reporting via the introduction of a smartphone (whistleblowing) application.

As a result, Supplier worked closely with Buyer A and NGO B to establish a plan and made significant improvements, such as:

- Compensating workers that had paid recruitment fees from an agreed time period;
- Ceasing to charge workers recruitment fees;
- Updating policies and internal practices relating to employment;
- Improving transparency with third party recruitment agencies; and,
- Listening to reports from workers via the smartphone application and responding accordingly in collaboration with NGO B.

The following subsection will discuss, in more detail, some of the key areas of the remediation plan.

Ongoing Detection and Remediation: Engagement with a Local NGO

Although Buyer A initially partnered with NGO A, a large multinational NGO for the targeted audit, a local response to remediation has been established to encourage a 'bottom up' approach. Partnering with NGO B has been one of the main progressions made by Buyer A. The Head of Ethical Trade argued that working with NGO B is helpful as: "*We don't have our own people on the ground*". For an annual fee, NGO B will cover their supply chain in South East Asia and improve practices by helping with policy development and implementation. To achieve this, they work closely with their

suppliers, workers, and third-party recruitment agencies on a daily basis without the involvement of Buyer A. Buyer A are sent a bi-annual report and are alerted if a supplier will not engage with the NGO. However, Buyer A is not informed if there is a non-compliance, instead NGO B works with the supplier to first resolve the matter together.

Time is being spent educating workers so that they understand their rights and are therefore able to recognise any issues themselves. Progress is monitored by giving workers a voice at all of Buyer A's suppliers in South East Asia. This is accomplished using NGO B's multi-lingual smartphone application, which allows workers to report any issues or ask for help at any time. Further, it can be used by prospective employees to learn about suppliers and recruitment agencies. NGO B combines this with conducting risk assessments at the suppliers and interviews with workers to build a picture of what is happening on a day-to-day basis in a supplier. The information is then shared with the supplier so that they can work together to resolve any problems.

Ongoing Detection and Remediation: Future Audit Plans

The key findings from the targeted audit are helping to shape future audits and establish an audit protocol (see Appendix). The protocol is a record of what took place during the audit and it means that Buyer A can use this information to replicate and adapt the audit to conduct targeted investigations in other suppliers and countries as required. Despite this, there is not an immediate plan to roll out the targeted audit across the supply chain. One of the main reasons for this is that it was resource intensive and costly. Buyer A's Head of CR stated that "*less is more*" and that it is important to "*identify the big issues and go deeper*" and the focus is now on remediating the issues found in South East Asia. He added: "*Everyone* [all

companies] *should do a targeted audit to verify risk*". The targeted audit verified their internal risk assessment and he argued that: "*The board [of directors] are confident that we [as a company/ CR team] understand risk*". He also argued that this has not only helped focus the business's efforts but has also led to more funds being made available as the board of directors are now confident that once issues have been found they can be remediated.

Additionally, the targeted audit has led to the development of a 'Modern Slavery Toolkit'. This focusses on ensuring that employees of Buyer A are able to recognise and report signs of modern slavery. This has involved using the audit findings to develop an internal training programme for all levels of employees in all departments. Supplier-facing employees are also provided with a printed pocket guide to help them 'spot the signs' of modern slavery during supplier visits, and this provides information on worker appearance, behaviour and supplier working conditions. It is anticipated that this will be particularly beneficial to designers and buyers who regularly visit factories but may not normally engage directly in their role with social compliance.

4.7 Discussion

This study advances our knowledge on both modern slavery detection and remediation. Firstly, in terms of detection, the findings of this study suggest that a targeted modern slavery audit can identify key indicators of modern slavery. Unlike a standard social audit assessing company codes of conduct, such as working conditions within a factory (Barrientos, 2008), a modern slavery investigation that focuses on the end-to-end recruitment process, including reviewing third party recruitment agency practices, migrant working conditions, and end of contract repatriation, can identify potential modern slavery risks. The audit identified some of the risks that are not

always highlighted during a standard social audit process and therefore, supporting New (2015), overcame the drawbacks of the ‘one size fits all’ approach of a more generic audit. The findings provide empirical evidence of the procedure followed, addressing the call to further understand the process for a targeted audit (Gold et al., 2015). Moreover, this has been used to form a protocol that enables Buyer A to replicate the audit.

The results have also highlighted the importance of collaboration with external parties (Buyer B, NGO A) during the detection process (Plambeck & Taylor, 2006; Gold et al., 2015), which has facilitated resource sharing, increased leverage, and influenced the supplier’s level of transparency and cooperation. In spite of the suitability of a targeted audit for detecting modern slavery, the findings also reveal the resource constraints impacting its scalability, which has led to Buyer A exploring other effective ways to detect and remediate modern slavery in the long-term.

Our study provides empirical evidence of modern slavery remediation to support and extend the findings from secondary data analysis presented by Stevenson & Cole (2018). Firstly, it is important to note that following the identification of key indicators of modern slavery, Buyer A did not terminate business with the supplier, which has been identified as a response to issues in the SSCM literature (Jiang, 2009; New, 2015). Supporting Gold et al. (2015), this was presumed to have a detrimental impact on the supplier, workers, and wider community. In fact, prior to the audit Buyer A stressed to the supplier that non-compliance would not result in the withdrawal of business. Further, Buyer A’s dependence on their supplier may arguably have impacted this approach (Awaysheh & Klassen, 2010), and removing this risk encouraged the supplier’s commitment and transparency during the audit.

The findings reveal the collaborative, partnership approach used to remediate modern slavery issues (Jiang, 2009; Gold et al., 2015). Buyer A's remediation plan involved initially a collaborative working group consisting of members of the supplier, Buyer A, and Buyer B, to operationalise a corrective action plan. However, a longer-term plan has been put in place involving a local NGO (NGO B) taking the lead to manage a 'bottom-up' day-to-day remediation process helping to implement policy through supplier development. This is an alternative solution to the standard 'improvement notice', which has been questioned for its suitability during modern slavery remediation by New (2015). This approach is a move away from the compliance model focused on monitoring that has been criticised in the literature for encouraging mock compliance (Jiang, 2009; Huq et al., 2014; Plambeck & Taylor 2015). Further, this replaces the 'follow-up audit' that has been identified in the prior literature as standard practice following the identification of non-compliance (Jiang, 2009; Stevenson & Cole, 2018). Involving a local NGO in supplier development can therefore be seen as an alternative measure to eliminate the need to re-audit and reduce audit fatigue (Awaysheh & Klassen, 2010; Marshall et al., 2016). The findings therefore also add to the limited research on collaboration with NGOs from a social sustainability perspective (Zorzini et al., 2015) and provide further examples of their involvement in both worker and supplier development thereby supporting Huq et al. (2016). This has involved working with suppliers to develop documentation systems, policies, and procedures. In particular, the findings reveal the importance of educating workers on their rights and whistleblowing achieved through the use of a smartphone application. This removes the risk of deception that can take place during audits if workers are coached or feel under threat from their employers if they raise concerns (Egels- Zandén, 2007; Plambeck & Taylor 2015). NGO B is also working closely with

recruitment agencies to develop an ethical recruitment process, which provides an example of how a company can tackle exploitative third-party recruitment agencies (Barrientos, 2013). As a result, NGO B is able to detect, mitigate, and remediate indicators of modern slavery on a daily basis through building close relationships with workers, suppliers, and recruitment agencies.

It should also be noted that investigating modern slavery is ‘new territory’ for both brands and suppliers. It is therefore anticipated that, in time, suppliers will understand which processes will be investigated, which could arguably lead to the falsification of documentation, and so on – leading to mock compliance and hiding violations, as evidence in the wider SSCM literature (e.g. Huq et al., 2014; Huq & Stevenson, 2018). Having a local NGO ‘on the ground’ could however prevent this through improving transparency, training workers, and developing suppliers/ recruitment agencies in sustainable practices.

Evidence also reveals action that has taken place to remediate the specific issues found during the audit relating to fees, such as paying compensation to workers. Further, the audit has led to Buyer A addressing their commercial power (Gereffi, 1999) by making internal changes to their purchasing practices (Barrientos, 2008; New, 2015) and improving company-wide modern slavery awareness through training and the development of a ‘Modern Slavery Toolkit’. Modern slavery awareness is therefore being embedded into the everyday practices (Pagell & Shevchenko, 2014). Further, the findings reveal that having an effective detection and remediation process can strengthen top management support for integrating modern slavery awareness within the business (Pagell & Wu, 2009). In this research, Buyer A demonstrated to their board of directors that, by conducting a targeted audit, they understand risk within their supply chain and can effectively remediate.

4.8 Conclusions

This paper started by asking ‘How can audits be improved to better detect modern slavery in the supply chain, and how can an appropriate remediation plan be established when modern slavery is discovered?’ Action research has been used within the textiles and fashion industry to understand modern slavery detection and the development of a remediation plan. This method has enabled the gathering of rich qualitative data concerning a sensitive high-profile issue, further advocating the use of innovative research methods for researching SSCM (Touboulic & Walker, 2015a).

To the best of our knowledge, this is the first empirical paper to consider how modern slavery can be investigated and remediated within a factory (Supplier). Whilst prior literature has highlighted the shortcomings of supply chain auditing and questioned the suitability of this approach for detecting modern slavery, this paper suggests that a more targeted audit can indeed identify key indicators of modern slavery. This type of audit includes investigating the end-to-end recruitment process by using a parallel structure of management and worker interviews and documentation review. This has also included the investigation of third-party recruitment agency practices. Further, the audit involved collaborating with another buyer and an NGO to add leverage, share resources and develop capabilities. Although the targeted audit is resource intensive and therefore the scalability of it has been questioned, it is argued that companies should initially engage in this level of investigation to develop their long-term plans for modern slavery detection and remediation.

The research also documents the evolving and ongoing remediation process, which has led to collaboration with a local NGO to support workers and develop suppliers. This provides an alternative approach to remediation that simultaneously provides

continual detection of the indicators of modern slavery by focusing on day-to-day collaboration with suppliers and workers, which in turn reduces reliance on resource-intensive audits.

4.8.1 Implications for Practice

This paper will be of benefit to managers, particularly, in the textiles and fashion industry, aiding the improvement of social sustainability in the context of recent modern slavery legislation. The research findings provide managers with a protocol in terms of how to design a modern slavery targeted audit and develop a remediation plan, which is argued to be different from practices that have been used to detect and remediate other social issues due to the hidden and criminal nature and the requirement to investigate the end-to-end recruitment process, including third party labour agencies. Conducting a targeted audit in a high-risk supplier is encouraged to help the business understand risk, which will in turn help develop a process to detect and remediate modern slavery.

A targeted audit can be facilitated by collaboration with other buyers or non-business actors such as NGOs to help provide leverage, share resources, and develop knowledge and expertise. Enlisting the help of NGOs who are experts in modern slavery investigation can prove beneficial during targeted audits. In particular, they can help to verify risks and provide country and regional specific data such as laws and geographic information, which is key when investigating migrant labour. Additionally, collaboration with local NGOs can facilitate ‘bottom up’ detection and remediation by providing day-to-day ‘on the ground’ support through developing workers and suppliers. Whistleblowing is encouraged by working closely with workers and educating them on their rights so that they are able to request advice or

report issues. This can be facilitated using an NGO-operated smartphone application, providing the NGO with the means to verify issues and resolve them with the supplier without alerting the buyer. Buyers are encouraged to focus on their internal processes and embed modern slavery awareness throughout their company by improving purchasing practices and providing internal training and resources to support employees at all levels of the business.

4.8.2 Limitations and Future research

This research has investigated modern slavery detection and remediation for Buyer A and one of their tier-one suppliers. Further investigation could therefore be conducted of product assembly that takes place outside of the factory walls and beyond the immediate first tier, such as homeworking. The research could also be extended to include materials and component suppliers. Investigating other actors within complex supply chains could potentially uncover new issues and challenges or require a different approach to the detection and remediation of modern slavery. This could also build on the literature that has considered how responsibility is delegated for managing sustainability amongst sub-suppliers in complex multi-tier supply chains (Wilhelm et al., 2016a; Wilhelm et al. 2016b; Grimm et al., 2018).

Additionally, research could validate and further develop the audit protocol presented. Future research could also continue to assess the remediation process, by for example, investigating the effectiveness of the smartphone application identified in this research.

Chapter 5 Conclusion

5.1 Introduction

This thesis focuses on two very current issues reshoring and modern slavery, which are attracting growing interest from both researchers and practitioners. The research contributes to the calls for more empirical work in these areas by conducting case study and action research in the textiles and fashion industry. This is presented in three papers and the following research questions (repeated below for ease of reference) have been addressed:

Paper 1 RQ1: Why do firms reshore, and how can the decision to reshore be operationalised?

Paper 1 RQ2: What contingency factors affect the decision to reshore and its implementation?

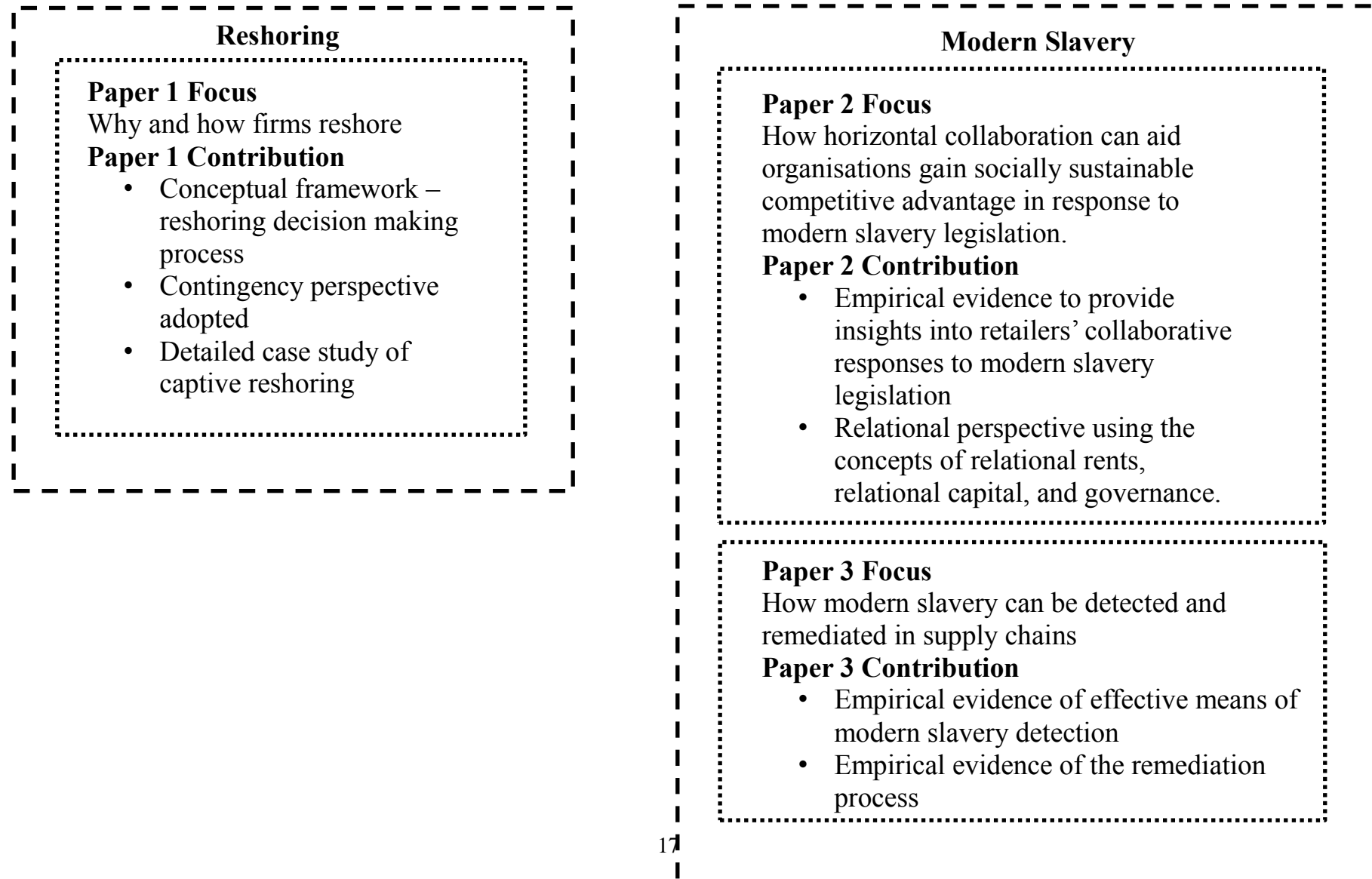
Paper 2 RQ: How can horizontal collaboration, including the involvement of non-business actors, aid organisations to gain competitive advantage in terms of social sustainability performance, in response to modern slavery legislation?

Paper 3 RQ: How can audits be improved to better detect modern slavery in the supply chain and how can an appropriate remediation plan be established when modern slavery is discovered?

Figure 5.1 provides a brief summary of each paper outlining the key contributions. This is discussed in more detail in the following sections. Firstly, an overview of the contribution of this thesis is provided before summarising the key contributions of

each paper. Following this, the managerial implications for each paper and then a reflection on the action research method used are presented. Finally the limitations and areas for future research are outlined.

Reshoring and Modern Slavery in the supply chain: Case study evidence and action research in the Textiles and Fashion Industry



5.2 Contribution to knowledge

Case study and action research has been used to provide a theoretical contribution to the literature. All papers have contributed to areas where there is limited yet growing research by providing empirical insights to compliment and extend previous studies. The research has incorporated two theories; a contingency perspective and relational view. Both are well known theories that have not previously been used in the context applied in this thesis. The following subsections briefly conclude the key contributions of each paper. For simplicity, the papers are referred to as follows: Paper 1 Reshoring, Paper 2 Modern Slavery and Horizontal Collaboration, Paper 3 Modern Slavery Detection and Remediation.

Paper 1 - Reshoring

The main contribution of this paper is extending the literature on reshoring that has largely focused on why firms reshore to provide greater understanding of how they can go about implementing the decision to reshore. Thus, it enlarges and complements past studies on offshoring/reshoring (e.g. Kinkel & Maloca, 2009; Ellram et al., 2013; Ancarani et al., 2015; Joubioux & Vanpoucke, 2016).

The research concentrates on captive reshoring which is argued to be distinctly different from outsourced reshoring decisions and therefore the complexity of this decision (and its implementation) means it deserves special attention. As presented in chapter 2, the research questions focus on: (i) why and how firms reshore, and, (ii) contingency factors affecting reshoring. To answer these, the paper uses a two-stage approach (systematic literature review and case study evidence) and presents a conceptual framework that provides a structure to consider not only the factors influencing the decision to reshore but also some of the considerations needed to

implement the reshoring decision. Further, a contingency perspective is adopted as several of the factors that affect the reshoring process, both in terms of whether a decision to reshore is taken and how implementation is approached, are context specific. To the best of the researcher's knowledge, this perspective has not been adopted before but has been encouraged by Bals et al. (2016). The adoption of a contingency perspective is a key contribution of the paper.

The paper provides a detailed case study of reshoring in the textiles industry, which is especially rare in the context of captive reshoring. Although many firms have brought their supply base closer to home, examples of firms that have reshored in-house operations are few and far between. The case is a novel exemplar of a firm that has successfully reshored its in-house operations.

The literature on the implementation process is limited and further work has been encouraged (Fratocchi et al., 2014; Ancarani et al., 2015; Barbieri & Stentoft, 2016; Wiesmann et al., 2017). This study therefore provides empirical evidence responding to the call to investigate this area further. Although reshoring in the context of sourcing decision making is widespread, captive reshoring is still relatively uncommon. The case has therefore been used to provide further insights into how firms can successfully reshore in the context of captive reshoring.

Paper 2 – Modern Slavery and Collaboration

In this paper, action research conducted in the textiles and fashion industry is used to understand how horizontal collaboration can aid organisations gain socially sustainable competitive advantage in response to modern slavery legislation.

Few prior studies have explored horizontal collaboration in the context of SSCM, with the majority of this limited attention being on environmental

sustainability. Meanwhile, research into modern slavery from a supply chain perspective is limited, with Gold et al. (2015) calling for more empirical work. Thus, this study has responded to this call.

The paper makes two novel contributions to the field. First, it uses empirical data to provide insights into retailers' collaborative responses to modern slavery legislation where an engaged action research method has facilitated an in-depth understanding of their actions. Second, it provides a theoretical contribution by adopting a relational perspective to further understand horizontal collaboration. This is an under-researched area, particularly in the context of SSCM, and can be argued to be distinctly different to the more commonly studied vertical collaboration. The study advances knowledge on the creation of socially sustainable competitive advantage (e.g. cost savings, knowledge sharing and enhanced reputation) through horizontal collaboration. Successful horizontal collaboration is dependent on both relational capital (e.g. trust and commitment) and effective (formal and informal) governance mechanisms (e.g. legislation and the involvement of non-governmental organisations and trade bodies). Further, both successful and unsuccessful collaborative initiatives are studied, providing insights into the factors that both hinder and enable horizontal collaboration.

The paper concludes with four propositions advancing knowledge using the relational perspective to interpret the findings that can be verified by future research. These are around horizontal collaboration, relational rents, relational capital, and governance. For ease of reference these are repeated below:

P1: Relational rents can be generated through horizontal collaboration in response to legislation and other external forces, thereby leading to competitive advantage for

the business actors involved. *In the case of modern slavery, new legislation is combined with media scrutiny and NGO pressure, leading to a collaborative response that generates relational rents in the form of cost savings, knowledge sharing, new capabilities, and enhanced reputation, thus achieving socially sustainable competitive advantage.*

P2: A successful horizontal collaboration is dependent upon building relational capital, underpinned by establishing trust and commitment between business actors. *In the case of modern slavery, for trust and commitment to be established it becomes important for competing business actors to decouple their commercial and social sustainability agendas.*

P3a: Informal governance mechanisms can be created by involving non-business actors that facilitate and support horizontal collaborations. *In the case of modern slavery, non-governmental organisations and trade bodies can play an important role in facilitating, mediating, and monitoring collaboration between business actors, including by sharing knowledge and resources.*

P3b: New legislation can create formal governance mechanisms that drive firms to make improvements. *In the case of modern slavery, publically released statements require boardroom level approval, and this prompts top management involvement that acts as an effective governance mechanism for improved standards and transparency within the supply chain.*

P4a: Horizontal collaborations that fail to meet a collective objective can still generate relational rents at the firm level. *In the case of modern slavery, the knowledge gained from an initial collaboration can be used to inform and enhance the response of individual business actors for improving standards and transparency within the supply chain.*

P4b: Horizontal collaborations can fracture over time, thereby eroding relational capital. *In the case of modern slavery, business actors that initially collaborated may work individually when their goals diverge, they seek to maintain individual competitive advantage, or to tailor the initiative to reflect their own specific business requirements and supply chain characteristics, undermining the trust that has been developed through their relationship.*

P4c: Horizontal collaborations can fail or be delayed when there is a lack of effective governance. *In the case of modern slavery, a lack of effective (informal and formal) governance can create power struggles and delays as business actors seek to meet their own targets for the collaboration and bring about change internally within their own organisations.*

Paper 3: Modern Slavery Detection and Remediation

Research into modern slavery from a supply chain perspective is limited, with authors calling for more empirical work to identify effective means of detection (e.g. Gold et al. 2015). To the best of the researcher's knowledge, this is the first empirical paper to consider how modern slavery can be investigated within a supplier.

This paper's main emphasis is the first implementation of an audit process targeted at modern slavery detection; inclusive of the initial preparation, through to the follow up at a high-risk supplier in South East Asia. This involved one of the researchers of the paper travelling to South East Asia with Fashion & Sports Co.'s (Buyer A) Corporate Responsibility (CR) team, studying modern slavery detection in 'real time'.

Prior literature has highlighted the shortcomings of supply chain auditing and questioned the suitability of this approach for detecting modern slavery. This paper suggests that a more targeted audit can identify key indicators of modern slavery by using a parallel structure of management and worker interviews and documentation review, to investigate the end-to-end recruitment process. An action research project was undertaken to develop this approach in conjunction with Fashion and Sports Co. (Buyer A), another of the supplier's key customers and a large multinational NGO.

The audit identified some of the risks that are not always highlighted during a standard social audit process and therefore supporting New (2015), overcame the drawbacks of a 'one size fits all' approach of a more generic audit. The findings provide empirical evidence of the procedure followed, addressing the call to further understand the process for a targeted audit (Gold et al., 2015).

The findings also provide empirical evidence of the ongoing remediation process involving collaboration with a local NGO which provides an alternative solution to the standard 'improvement notice', which has been questioned for its suitability during modern slavery remediation by New (2015).

5.3 Managerial implications

The following section provides a summary of the key managerial implications for each paper.

Paper 1 – Reshoring

In terms of practical contributions, this paper may be of particular interest to firms in the textiles and fashion industry and/or firms that have maintained a domestic production presence whilst offshoring. The framework provides a structure for operationalising the reshoring decision which should aid managers. The paper also highlights the importance of skills embeddedness and the potential government assistance required to close skills gaps in countries that have experienced extensive offshoring.

Paper 2- Modern Slavery and Collaboration

This paper provides managers with examples of how successful collaborative relationships can be formed in response to new legislation and may be of particular interest to firms in the textiles and fashion industry.

The study has shown how businesses can benefit in terms of socially sustainable competitive advantage (e.g., cost savings, knowledge sharing and enhanced reputation) through horizontal collaboration). Further, it details how successful horizontal collaboration is dependent on factors such as trust and commitment. Findings show that success relies on actors having a similar mind-set and being able to decouple the commercial and sustainability agendas, especially when direct competitors are involved. Consideration is also given to the impact of legislation and the involvement of non-governmental organisations and trade bodies.

Working with non-business actors for example can facilitate collaboration and provide knowledge and resources important for overcoming uncertainty when responding to new legislation.

Paper 3- Modern Slavery Detection and Remediation

In terms of practical contributions, this paper will be of benefit to industry (particularly the textiles and fashion industry) aiding managers to improve their social sustainability in the context of recent modern slavery legislation. The research findings provide managers with a protocol in terms of how to design a modern slavery targeted audit and develop a remediation plan, which is argued to be different from practices that have been used to detect and remediate other social issues. This is due to the hidden and criminal nature and the requirement to investigate the end-to-end recruitment process including third party labour agencies. Collaboration with NGOs is encouraged during both detection and remediation to help provide on the ground support, leverage, share resources, and develop knowledge and expertise. The research also highlights the need for organisations to embed modern slavery awareness throughout their company by improving purchasing practices and providing internal training and resources to support employees at all levels of the business.

5.4 Reflection on Action Research Method

The two modern slavery papers are based on an action research project. Innovative engaged research methods have been encouraged for investigating complex social issues such as modern slavery within the SSCM field (Touboulie & Walker, 2015; Stevenson and Cole, 2018). Adopting this research approach has enabled the gathering of rich data and access to privileged information. This was facilitated by previous relevant industry experience which enabled trust to be built quickly. It also meant that

there was the necessary level of expertise to enable the gathering of detailed information from the outset. It is therefore argued that action research has resulted in the access to sensitive information that would not have been achieved through an alternative method such as case study research or ethnography. This is due to the ability to participate in the action taken to tackle modern slavery within the focal company. This was demonstrated for example during a variety of scenarios such as the initiatives outlined in the papers, day to day activities and internal/external meetings. The level of trust gained and strength of the relationship formed also resulted in participating in the targeted modern slavery audit in South East Asia. Action research enabled the researcher to be fully immersed in the trip which also involved interviewing the migrant workers. This meant that the researcher had the same level of involvement as the company's employees which then led to in depth discussions due to a mutual understanding of the experience.

In terms of challenges, it was important for the research to develop with an open mind. Although the project was outlined at the beginning, there was a level of uncertainty with regards to how the company's action to modern slavery would unfold. It was therefore important for the researcher to gather all information and be adaptable as the project progressed. It was also essential that the researcher remained impartial, particularly as the relationship continued to strengthen. To prevent researcher bias, it was necessary to maintain regular meetings with the supervisory team and hold quarterly meetings with a key representative from the company. This also helped to ensure there was continual analysis between the data and the theory.

5.5 Limitations and future research

The specific limitations and areas for future research are detailed in each individual paper. This section provides an overview of the general limitations and areas for future research that can be concluded in this thesis.

The thesis focuses on retailers/ brands and Tier 1 product assembly. Papers 2 and 3 also involve a Trade Body and NGOs. If reshoring progresses and more companies reshore manufacturing, this will result in the growth of other tiers in the domestic location as the infrastructure develops to support Tier 1 manufacturers. There is therefore scope to research additional tiers and conduct a longitudinal study of this progression. Likewise, as retailers/ brands develop their response to modern slavery, detection will move beyond Tier 1 allowing for further empirical investigation.

As outlined in the introduction, this thesis has considered reshoring and modern slavery separately. However, the growing demand for fast fashion is encouraging retailers and brands to reduce their lead times whilst recent reports of exploitation in the UK is preventing them from increasing their domestic sourcing (Telegraph, 2017). Future research could therefore consider the impact that reshoring could have in terms of contributing to adverse working conditions in the home location and investigate the action that is being taken in light of the recent protocol (Gangmasters & Labour Abuse Authority, 2018) that retailers have signed to eradicate exploitation in UK supply chains.

Paper 1 adopts a contingency perspective. There is however the potential to use other theories such as the resource based view given the competitive priorities in the reshoring framework. The data presented in paper 1 provides an evolutionary story as Cushion Co. has transitioned between domestic and offshore locations. This has

however not been the focus of the paper and this was instead used to refine the conceptual framework, There is therefore an opportunity to expand on the decision making process and explore the key tipping points in more depth. This could therefore lend itself to a longitudinal study.

Paper 2 has focussed on using the relational perspective to the collaborative initiatives studied. There are however opportunities to further explore the dynamics at play during the collaborative process. For example, the development of a culture change at the supply chain level could be investigated. The findings also revealed issues of power structures and resource sharing which could be analysed in more depth. Additionally, future research could present the rhetoric story comparing the brands versus trade bodies versus NGOs. The paper also included an initiative that failed, this was however not the main focus of the paper and theoretical insights such as the resource based view could be used to further explore the failure of an initiative in its own right.

Paper 3 has focussed on the practical development of a modern slavery audit protocol and the remediation process. Future research could consider the social exchange perspective to consider how power is used during both the detection and remediation process amongst collaborating buyers, suppliers and NGOs. Additionally, the findings revealed that Brand A makes an annual payment to NGO for support in modern slavery detection and remediation. The impact of this could be researched in terms ownership structures of NGOs.

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Appendix 1: Paper 1 - Interview Protocol

Participant Information Sheet

November 2014

Understanding manufacturing location decisions within the global textile industry

My name is Amy Benstead and I am conducting this research as part of my PhD in the Management Science Department at Lancaster University Management School, Lancaster, United Kingdom.

What is the study about?

The purpose of this study is to explore the rationale behind manufacturing location decisions within the global textile industry.

Why have I been approached?

You have been approached because the study requires information from people who have an understanding of the global textile industry.

Do I have to take part?

No. It's completely up to you to decide whether or not you take part in this research.

What will I be asked to do if I take part?

If you decide you would like to take part, you would be asked to be interviewed by the research team. A summary of the interview questions is attached.

Will my data be confidential?

The information you provide is confidential. The data collected for this study, whether in a form of recorded tapes or hand-written notes, will be stored securely and only the researchers conducting this study will have access to this data. The data that will be extracted from the interview for use in any kind of publication will not contain your name.

What if I decide to withdraw from the study?

If you withdraw from the study within two weeks of your interview/participation, your data will be destroyed and not used. After this period, data will be included in the study.

What will happen to the results?

The results will be summarised and published in academic journals, executive reports, and the researcher's thesis/dissertation.

Are there any risks?

There are no risks anticipated with participating in this study.

Are there any benefits to taking part?

There are no direct benefits, but it is hoped that the discussion with the researchers will be both interesting and relevant, and may also generate some new ideas for implementation in practice.

Who has reviewed the project?

This study has been reviewed by the University Research Ethics Committee at Lancaster University.

Where can I obtain further information about the study if I need it?

If you have any questions about the study, please contact the main researcher:

Amy Benstead, Doctoral Researcher at Lancaster University
a.benstead@lancaster.ac.uk

Also you can contact the researcher's supervisors:
Linda Hendry, Professor of Operations Management at Lancaster University,
l.hendry@lancaster.ac.uk

Mark Stevenson, Senior Lecturer of Operations Management at Lancaster University,
m.stevenson@lancaster.ac.uk

Complaints

If you wish to make a complaint or raise concerns about any aspect of this study and do not want to speak to the researcher, you can contact:

Professor Konstantinos Zografos
PhD Research Director
Management Science Department
Email: k.zografos@lancaster.ac.uk
Tel: (01524) 592384
Lancaster University
Lancaster
LA1 4YX

Thank you for taking the time to read this information sheet.

Participant Identification Number:

CONSENT FORM Understanding manufacturing location decisions within the global textile industry

Name of Researchers: Amy Benstead, Doctoral Researcher at Lancaster University Management School;
Prof Linda Hendry & Dr Mark Stevenson, academic staff, Lancaster University Management School.

(Please put \checkmark for agreement and X for disagreement)

1. I confirm that I have read and understand the information sheet dated November 2014 for the above study. I have had the opportunity to consider the information, ask questions and have had these answered satisfactorily.
2. I understand that my participation is voluntary and that I am free to withdraw within two weeks of the interview/participation, without giving any reason. If I withdraw, I am aware that my data will be destroyed and not used. After this period, data will be included in the study.
3. I understand that any information given by me may be used in future reports, articles, researcher's thesis/dissertation or presentations by the research team.
4. I understand that my name will not appear in any published reports, articles or presentations, unless further consent is sought.
5. I agree that my interview with the researcher(s) will be tape recorded.
6. I agree to take part in the above study.

Name of Participant Date Signature

Researcher Date Signature

**When completed, please return in the envelope provided (if applicable). One copy will be given to the participant and the original to be kept in the file of the research team at:
Lancaster University Management School**

Paper 1: Sample questions for initial interview

What were the main factors influencing your decision to reshore? Have you been influenced by environmental and/or social sustainability issues?

What lessons have been learnt from the reshoring experience?

What are the main benefits and challenges of manufacturing in the UK?

What are the main benefits and challenges of manufacturing offshore?

Will the company continue to manufacture offshore and in the UK?

What do you think has been key to the survival of the company?

Have you considered (through investment or outsourcing) using a 'nearshore' location – a location offshore but which is closer to the UK?

Have you received support from the government to manufacture in the UK?

Do you think there are enough UK based raw material suppliers to support your UK business?

Paper 1: Sample Questions for follow up interviews

UK Domestic Location (prior to offshoring)

1. What were the company's core capabilities prior to offshoring?
2. What gave you a competitive advantage in the marketplace?

Offshoring

1. What was the process that the company went through to offshore, how long did this take and what were the critical success factors and challenges?
2. What resources have been committed to China?
3. For production carried out in China, were any modifications necessary in the product or manufacturing process to allow production to be carried out?
4. What are the benefits and challenges of manufacturing in China and how have these changed over time?
5. How did the company's capabilities change when production was offshored and how did you manage your offshore location to build a competitive advantage?

Reshoring

1. What was the process that the company went through to reshore, how long did this take and what were the critical success factors and challenges?

2. How much of your production has been reshored and were any modifications necessary in the product or manufacturing process to allow production to be carried out in the UK again?
3. How do you coordinate manufacturing in two locations?
4. What are the benefits and challenges of manufacturing in the UK?
5. Have any capabilities that have been developed offshore been transferred and developed onshore?
6. How have the company's capabilities changed now that production has been reshored?
7. What gives you a competitive advantage in the marketplace?
8. Who are the company's main competitors and how have these changed over time?
9. What are the company's goals for the next five years?

Purchasing and Supply

1. How has the supply base evolved throughout the offshoring and reshoring process?
2. How has the customer base changed throughout the offshoring and reshoring process?
3. Please can you describe how the company selects its suppliers?
4. How does the company monitor its suppliers?

Sustainability

1. Please can you outline the company's Corporate Social Responsibility (CSR)/ sustainability initiatives?

Company Performance Data

1. Number of employees (UK at present, UK prior to offshoring, China at present, China prior to reshoring)
2. What is your annual turnover?
3. What is the monthly capacity for- UK at present, UK prior to offshoring, China at present, China prior to reshoring?
4. How do you compare productivity between different locations

Appendix 2: Paper 1 - Primary and Secondary Data Summary

Category	Driver	I1	I2	I3	T1/2	T3	T4	T5	T6	N1	N2	N3	N4	N5	Explanation from the Case Study	
Efficiency Seeking Drivers	Supply chain disruption risk reduction														Not identified as a factor in this case	
	Cultural distance improvement	X	X		X					X					Bringing some activities back onshore to reduce the impact of cultural differences (between the UK and China)	
	Offshore legislation minimisation														Not identified as a factor in this case	
	Global economic conditions	X	X		X		X	X		X	X				Growing Chinese economy vs. downturn in the West increased costs offshore	
	Currency exchange rate and variability	X	X		X								X		Currency changes in China reducing incentives to produce offshore	
	Environmental issues reduction														Not identified as a factor in this case	
	Social issues reduction														Not identified as a factor in this case	
	Domestic social benefits	X	X		X	X						X		X	Reshoring to enable job creation/ retention in the UK	
	Coordination and monitoring costs reduction	X	X											X	X	To create internal efficiencies and enable working alongside customers in the UK
	Working capital/pipeline costs reduction															Not identified as a factor in this case

	Capacity utilisation improvement onshore		X												Using UK facilities to rebalance capacity utilisation between the UK and China
	Ability to meet minimum order size														Not identified as a factor in this case
Market Seeking Drivers	Customer proximity improvement	X	X												Reshoring to be close to the UK market
	Labour cost reduction	X	X		X	X	X			X	X	X	X		Rising Chinese labour costs disincentivise offshore activities
	Transportation cost reduction	X	X		X	X				X		X	X		Expensive to ship products from China to Western customers
	Energy price reduction														Not identified as a factor in this case
	Production cost (non labour) reduction														Not identified as a factor in this case (cost reductions already introduced in China)
	Government Incentives	X	X												To improve the local (domestic) economy and facilitate investment
	Bandwagon effects		X												Not identified as a factor in this case (but suggested that this could be relevant for those following Cushion Co.)
	Duty cost reduction	X	X		X	X	X			X		X			To reduce duty costs on finished goods, freight, packaging, profit on Chinese factory, etc.
Resource	Offshore														Not identified as a factor

Seeking Drivers	infrastructure issues														in this case (strong infrastructure in China)
	Raw material supply network issues offshore	X	X		X							X			Establishing a global supply network to support UK production
	Skilled human resource availability	X	X	X	X	X									To allow a skilled workforce to be retained in the UK
	Labour productivity improvements		X		X		X					X	X		Higher productivity in the UK compared to China
	Automation														Not identified as a factor in this case (not reliant on automation)
Strategic Asset Seeking Drivers	Flexibility improvement	X	X		X										Dual locations (in the UK and China) allow for reaction to market needs in both the East and West; considered strategically important
	Responsiveness	X	X		X					X					Reshoring to be close to the UK market allowing the firm to compete on speed
	Dependability	X	X		X			X		X					To enable shorter lead times for customers in the UK, allowing the firm to compete on speed
	Speed to market improvement for new products	X													To improve speed to market for the introduction of new products
	Innovation improvement		X												To enable co-location of design and production, enabling innovation

	Know-how retention		X	X	X											To retain skills and know-how in the UK
	Intellectual property protection		X													Perceived to be better protected in the UK from intellectual property infringements
	'Made in effect' advantages	X	X		X	X		X								Attractiveness of the 'Made in the UK' hallmark particularly to the Western market
	Quality improvements	X	X	X	X	X		X			X					To access the higher quality considered to be available in the UK, allowing the firm to compete on quality
Category	Implementation Consideration	I1	I2	I3	T1/2	T3	T4	T5	T6	N1	N2	N3	N4	N5	Explanation from the Case Study	
Location, Ownership and Timing	Entry and exit modes onshore and offshore	X	X	X	X	X									Consideration of how the firm will enter the domestic location and exit from the offshore location. For Cushion Co., exit from China was more straightforward from owned (captive) production facilities. The offshore premises were sold and the company moved to a smaller factory; entry into the UK enabled by owned production facilities.	
	Ownership onshore and offshore	X	X	X					X		X				Various ownership permutations available as firms move between	

															domestic and offshore locations. Case evidence of outsourcing, joint venture agreement, and captive offshoring in China. In-house production in the UK.
	Maintaining production in a domestic location	X	X	X			X			X					Understanding how maintaining production in a domestic location can facilitate the reshoring process. Cushion Co. previously maintained a down-sized operation in the UK whilst offshoring the majority of production to China resulting in retained UK staff, machinery, management, and systems.
	Partial reshoring	X	X	X	X	X	X						X		All production does not need to be transferred to the domestic location. Since reshoring, production has been partially retained in China to serve different markets.
	Tipping point for relocation	X	X	X	X	X	X			X			X		Awareness of when to trigger the reversal process. In Cushion Co. the case for reshoring began to build and could not be ignored; for example, the cost

															between offshore and onshore production became marginal.
	Incremental process	X	X	X	X	X									Understanding reshoring within the context of prior and future location decisions is important. Cushion Co. gradually offshored and subsequently gradually reshored.
Operations and Supply Chain Development	Government support	X			X							X			Apprenticeship support to help overcome skills shortage. Cushion Co are currently considering this option.
	In-house training		X		X	X	X			X					In-house training to help overcome skills shortage. Cushion Co are currently in the process of considering this option.
	Building strong relationships with suppliers, internal teams and customers	X			X										Developing strong relationships can aid reshoring. Case evidence demonstrated that this was important with internal teams and customers (not identified in the literature) and suppliers throughout the relocation process.
	Improving information sharing with suppliers,	X	X		X										Information sharing can aid reshoring. Case evidence demonstrated that this important with

	internal teams and customers														internal teams and customers (not identified in the literature) and suppliers throughout the relocation process.
	Market movement	X	X		X										Market movement may be necessary to facilitate reshoring. Cushion Co. moved up market onshore and developed relationships with customers purchasing higher value products. This helped to retain UK production whilst offshoring to China and it facilitated reshoring.
	Global supply chain development	X	X	X								X			Developing and maintaining a global supply network can provide flexibility. For Cushion Co., this has allowed them to support both their UK and China based production.
Category	Contingency Factor	I1	I2	I3	T1/2	T3	T4	T5	T6	N1	N2	N3	N4	N5	Explanation from the Case Study
Company (and industry) related factors	Size of the firm	X	X		X					X	X	X	X		The size of the firm can influence the importance given to the reshoring drivers as well as when and how a firm reshores. Cushion Co. provides an example of an SME that has offshored and

Appendix 3: Paper 2 - Collaboration Data Summary- Initiatives 1, 2, 3 and 5

Initiative 1 Trade Body Membership Meetings and Workshops (Sample Evidence from a Variety of Data Sources)	
Contribution to Relational Rents	
Resource Sharing	<ul style="list-style-type: none"> • Key themes were risk management, a general consensus that you can't audit everything and there shouldn't be an over reliance on audits (which do not highlight all issues particular those relating to modern slavery), plus limited resources and budget constraints particularly during tough trading were mentioned (Diary notes, Trade Body roundtable meeting April 2016). • <i>"Our approach is country wide risk assessment and working with companies to address collectively where their own leverage and resource can't achieve beyond managing risk in their own supply chain"</i> (Trade Body Manager, meeting with members, October 2016). • <i>"We need support, collaboration, particularly raw materials where there is less leverage, less visibility"</i> (Brand x, Trade Body roundtable meeting April 2016). • <i>"We [brands] can't take resource into all of the tiny factories [supply chains made up of small factories]"</i> (Brand x, CR Manager, Trade Body industry forum, April 2016).
Leverage	<ul style="list-style-type: none"> • <i>"Our approach is country wide risk assessment and working with companies to address collectively where their own leverage and resource can't achieve beyond managing risk in their own supply chain"</i> (Trade Body Manager, meeting with members, October 2016). • <i>"We need support, collaboration, particularly raw materials where there is less leverage, less visibility"</i> (Brand x, Trade Body roundtable meeting, April 2016). • <i>"MS risk assessment- we need to prioritise greatest risk/ greatest leverage"</i> (Trade Body Manager, Trade Body roundtable meeting, April 2016).
Risk Mitigation	<ul style="list-style-type: none"> • <i>"MS risk assessment- we need to prioritise greatest risk/ greatest leverage"</i> (Trade Body Manager, Trade Body roundtable meeting, April 2016). • Discussion regarding modern slavery and reputational risk (Trade Body Manager, Trade Body roundtable meeting, April 2016).
Knowledge Sharing & Expertise	<ul style="list-style-type: none"> • Exercise - everyone asked to discuss labour standard risks in each country- these were written on post it notes. (Diary notes, Trade Body industry forum, April 2016). • Trade Body provided a 'Human Rights Due Diligence Framework at a Glance' summarising steps to be taken and relates to MSA (Diary notes, Trade Body roundtable meeting, April 2016). • Discussion regarding there being the potential to share more information amongst Trade Body members (Diary notes,

	<p>Trade Body roundtable meeting, April 2016).</p> <ul style="list-style-type: none"> • One company showed videos of what has been happening in UK- <i>“We didn’t say India ranked 4 for slavery, we emphasised that this is a UK issue too”</i> (Brand x, Diary notes, Trade Body roundtable meeting, April 2016). • ‘Modern Slavery First Steps’ Presentation by Brand 36 about how they engaged with their Indian factories (leather and jewellery) by running a workshop on MS (Diary notes, Trade Body roundtable meeting, April 2016). • Sharing progress - One brand audited recruitment agency- this agency had worked with food suppliers (Diary notes, Trade Body, roundtable meeting, April 2016). • Sharing progress- One company had trained a recruitment agency in Bangladesh and plans to continue (Diary notes, Trade Body industry forum, April 2016). • Discussion regarding best way to share information - One person suggested <i>“Why not bring up in open forum- is anyone sourcing in Rwanda for example?”</i> (Brand x, Diary notes, Trade Body roundtable meeting, April 2016). • Discussion regarding best way to share information. Acknowledgement of current informal ways of sharing information such as speaking to one another- e.g. some brands said if they are in Bangladesh and go and see a mill they will call one another if there is an issue in a shared mill (Diary notes, Trade Body roundtable meeting Workshop, April 2016). • Information sharing- One company makes checks at their Distribution Centre as <i>“We got raided by customs and exile- it makes it an easy way to sell to the business that we need to do this [...] We ended up buying own refurbishing [plant]”</i> (Brand x, Trade Body roundtable meeting, April 2016).
Supply Chain Transparency	<ul style="list-style-type: none"> • Exercise everyone asked to discuss labour standard risks in each country- these were written on post it notes. (Diary notes, Trade Body industry forum, April 2016). • Discussion regarding best way to share information -One person suggested <i>“Why not bring up in open forum- is anyone sourcing in Rwanda for example?”</i> (Brand x, Diary notes, Trade Body roundtable meeting, April 2016). • Discussion regarding best way to share information. Acknowledgement of current informal ways of sharing information such as speaking to one another- e.g. some brands said if they are in Bangladesh and go and see a mill they will call one another if there is an issue in a shared mill (Diary notes, Trade Body roundtable meeting Workshop, April 2016).
Capability Building	<ul style="list-style-type: none"> • ‘Modern Slavery First Steps’ Presentation by Brand 36 about how they engaged with their Indian factories (leather and jewellery) by running a workshop on MS. (Diary notes, Trade Body roundtable meeting, April 2016). • One company showed videos of what has been happening in UK- <i>“We didn’t say India ranked 4 for slavery, we emphasised that this is a UK issue too”</i> (Brand x, Diary notes, Trade Body roundtable meeting, April 2016). • Exercise everyone asked to discuss labour standard risks in each country- these were written on post it notes. (Diary notes, Trade Body industry forum, April 2016).
Relational Capital	

Previous Collaboration	<ul style="list-style-type: none"> • “Due to pressure on the [Textiles and Fashion] industry, we are used to collaborating [with other Trade Body members]” (Brand 1, Head of Ethical Trade, telephone notes, January 2016). • “[Trade Body] Members work collectively over long periods of time” (Trade Body Manager, Meeting with members, October 2016). • “If you don’t join one working group they [Trade Body members] go off and create more so you can easily get left behind. It is therefore best to be in them all even if they are not completely relevant to your business” (Brand 1, CR Manager A, Trade Body industry forum, April 2016).
Mind-set	<ul style="list-style-type: none"> • “We [CSR teams] live and breathe it” (Brand x, Trade Body roundtable meeting, April 2016).
Non-competitiveness	<ul style="list-style-type: none"> • “[Trade Body] members have to put their competitiveness to one side, but competition law rarely comes into it. There is a lot of sharing and it is in everyone’s interest to share best practice” (Brand 1, Head of Ethical Trade, telephone notes, January 2016). • “You know when you go in there who they [the factory] supply” (Brand x, Trade Body industry forum, April 2016).
Shared Responsibility	<ul style="list-style-type: none"> • “I think we wait until someone gets a beating and then from a working group” (Brand x, Trade Body industry forum, April 2016).
Confidentiality Concern	<ul style="list-style-type: none"> • There was some concern with regards to collaboration, some execs [Brand’s board of directors] still concerned about confidentiality/ legal link (Brand x, Trade Body roundtable meeting, April 2016). • “Some members are reluctant to share supply chain information” (Brand x, Trade Body roundtable meeting, April 2016). • There was discussion about collaborating and mapping their supply chains always coming up but never happening (Diary notes, Trade Body industry forum, April 2016). • “Are we happy to share supply chain info?” (Brand x, Trade Body industry forum, April 2016). • “We need to bring the exec [Brand’s board of directors] up to speed on why we need to share” (Brand x, Trade Body industry forum, April 2016).
Trust	<ul style="list-style-type: none"> • The atmosphere was relaxed with people speaking freely (Diary notes, Trade Body industry forum and roundtable meeting, April 2016). • Information sharing- One company makes checks at their Distribution Centre as “We got raided by customs and exile- it makes it an easy way to sell to the business that we need to do this [...] We ended up buying own refurbishing [plant]” (Brand x, Trade Body roundtable meeting, April 2016). • Chatham house rules (Diary notes, Trade Body industry forum and roundtable meeting, April 2016).
Commitment	<ul style="list-style-type: none"> • “Members work collectively over long periods of time” (Trade Body Manager, Meeting with members, October 2016). • Full attendance from brands (Diary notes, Trade Body industry forum and roundtable meeting, April 2016).

	<ul style="list-style-type: none"> • There was discussion about collaborating and mapping their supply chains always coming up but never happening (Diary notes, Trade Body industry forum, April 2016). • <i>“If you don’t join one working group they [Trade Body members] go off and create more so you can easily get left behind. It is therefore best to be in them all even if they are not completely relevant to your business”</i> (Brand 1, CR Manager A, Trade Body industry forum, April 2016).
Communication	<ul style="list-style-type: none"> • The atmosphere was relaxed with people speaking freely (Diary notes, Trade Body industry forum and roundtable meeting, April 2016). • Discussion regarding best way to share information -One person suggested <i>“Why not bring up in open forum- is anyone sourcing in Rwanda for example?”</i> (Brand x, Diary notes, Trade Body roundtable meeting, April 2016). • Brands discussed how to communicate supply chain updates with one another and the maintenance of sharing information (Diary notes, Trade Body 1 industry meeting, April 2016). • Discussion regarding best way to share information. Acknowledgement of current Informal ways of sharing information such as speaking to one another- e.g. some brands said if they are in Bangladesh and go and see a mill they will call one another if there is an issue in a shared mill. (Diary notes, Trade Body roundtable meeting Workshop, April 2016).
Third Party Involvement	<ul style="list-style-type: none"> • Trade Body arranges meetings and facilitates (Diary notes, April 2016). • Trade Body provided resources and activities during meetings (Diary notes, Trade Body industry forum and roundtable meeting, April 2016).
Top Management Support	<ul style="list-style-type: none"> • <i>“They [executives] glaze over [on ethical trade issues] and don’t have time for training to be brought up to speed. They [executives] only have awareness of modern slavery due to the law and that’s due to the company secretary [panicking], only then do they start to pay attention.”</i> (Brand x, Trade Body Members Roundtable Workshop, April 2016). • <i>“There is some awareness and interest in MSA due to legal requirement generating attention”</i> (Brand x, Trade Body Members Roundtable Workshop, April 2016). • <i>“We need to bring the exec [Brand’s board of directors] up to speed on why we need to share”.</i> (Diary notes, Trade Body industry forum, April 2016).
Initiative 2 Purchasing Practices Project (Sample Evidence from a Variety of Data Sources)	
Contribution to Relational Rents	
Resource Sharing	<ul style="list-style-type: none"> • Brand 1 conducted a gap analysis of draft collective purchasing practices guidelines and a set of guidelines produced by a different industry initiative. This analysis was shared with all collaborating brands. (Brand 1 Gap analysis, diary notes, August 2016).
Leverage	<ul style="list-style-type: none"> • <i>“Brands & retailers are increasingly aware that raising wages of workers in the textile and garment supply chain to a</i>

	<i>‘living wage’ is something that cannot be achieved by retailers and brands alone” (Trade Body website).</i>
Risk Mitigation	<ul style="list-style-type: none"> • <i>“Margin and pressure on supplier labour costs is a definite link to modern slavery risk” (Brand 1, Head of Ethical Trade, telephone meeting notes, August 2016).</i> • The interviewees had a good understanding of how purchasing practices could impact factories. This is an area that the CR team has done little work on and it is suggested that this needs to be an ‘education piece’. (Diary notes, Interviews with managers from different departments, Brand 1, July 2016).
Knowledge Sharing & Expertise	<ul style="list-style-type: none"> • <i>“We are developing an interactive tool of purchasing guidelines collectively developed for industry wide action towards sustainable purchasing practices and a living wage for all” (Brand 1, Head of Ethical Trade, telephone meeting, August 2016).</i> • Guidelines produced covering six key areas including planning and forecasting, price quotation and negotiation, design and development, ordering and production, values and principles (Diary notes, analysis of guidelines and multiple telephone notes e.g. Brand 1, Head of Ethical Trade, August 2016). • Guidelines used for an initial assessment of practices, and ongoing assessments of purchasing practices as changes are implemented. (Diary notes, analysis of guidelines and multiple telephone notes e.g. Brand 1, Head of Ethical Trade, and August 2016).
Capability Building	<ul style="list-style-type: none"> • Shared guidelines to be used to help develop ethical buying/sourcing capabilities amongst brands buying teams (Diary notes, analysis of guidelines and multiple telephone notes e.g. Brand 1, Head of Ethical Trade 16th August 2016).
Relational Capital	
Previous Collaboration	<ul style="list-style-type: none"> • Many brands part of same trading body and have previously collaborated/ known to each other. (Diary notes, analysis of brands involved, November 2016).
Mind-set	<ul style="list-style-type: none"> • <i>“Brands that are members of [Trade Body] are dedicated to making an industry wide change” (Head of Ethical Trade, telephone meeting notes, August 2016).</i>
Non-competitiveness	<ul style="list-style-type: none"> • <i>“Competing brands are working together to make an industry-wide difference” (Head of Ethical Trade, telephone meeting notes, August 2016).</i> • <i>“We have to be careful about competition law and make sure we don’t discuss cost and margin. This is particularly the case for certain initiatives such as the work on purchasing practices. Whichever office holds the meeting we always ensure there is legal representation so someone from the host’s legal team will remind us about competition law and not to discuss margin and cost prices. They remind us to keep it general”. (Brand 1, Head of Ethical Trade, email communication, January 2017).</i> • <i>“We need to make sure we are not relating anything to cost prices, selling prices and that there is no collusion, price fixing with suppliers” (Brand 1, Head of Ethical Trade, email communication, January 2017).</i>

Shared Responsibility	<ul style="list-style-type: none"> • <i>“Brands are aware that they are all responsible for industry issues”</i> (Head of Ethical Trade, telephone meeting notes August 2016). • <i>“Most of our CR issues are created by us an industry - how on earth can a factory plan capacity”</i> (Brand 1, Head of Ethical Trade, diary notes, November 2016).
Trust	<ul style="list-style-type: none"> • Brands trust one another to share and challenge each other’s purchasing practices (Diary notes/ multiple telephone meeting notes with Brand 1, Head of Ethical Trade e.g. Aug 2016).
Commitment	<ul style="list-style-type: none"> • Brands committed to initiative but internal progress within each brand needed (Multiple telephone meeting notes e.g. Brand 1, Head of Ethical Trade Sept 2016).
Communication	<ul style="list-style-type: none"> • Open discussion needed to share and challenge each other’s purchasing practices. (Diary notes/ Telephone communication with Brand 1 Head of Ethical Trade August 2016).
Governance	
Third Party Involvement	<ul style="list-style-type: none"> • Trade Body closely engaged with initiative (Trade Body website information regarding initiative and diary notes from Trade Body industry forum, April 2016).
Top Management Support	<ul style="list-style-type: none"> • Working group established in 2016 with management support from each brand (Diary notes/ multiple telephone meeting notes with Brand 1, Head of Ethical Trade e.g. Aug 2016).

Initiative 3 Risk Matrix Project (Sample Evidence from a Variety of Data Sources)

Contribution to Relational Rents	
Resource Sharing	<ul style="list-style-type: none"> • <i>“The key is risk management- you [Brands] can’t audit everything due to limited resources”</i> Trade Body Manager, Trade Body roundtable meeting, April 2016). • <i>“We need to understand the risk and concentrate resources”</i> (Brand 1, Head of Ethical Trade, Meeting April 2016) • Brand 1 intend to share their own risk matrix with other brands <i>“I want us to be confident our risk matrix is fit for purpose & donate it to our peers for their free adoption”</i> (Brand 1, Head of Ethical Trade, email communication, November 2016).
Cost Reduction	<ul style="list-style-type: none"> • <i>“The cost would be divided by the number of those that receive the matrix”</i> (Email communication between Brand 1, NGO and Brands 3, 20, 24, 27, August 2016).
Risk Mitigation	<ul style="list-style-type: none"> • <i>“The key is risk management- you [Brands] can’t audit everything due to limited resources”</i> (Trade Body Manager, Trade Body roundtable meeting, April 2016). • <i>“MS risk assessment- we need to prioritise greatest risk/ greatest leverage”</i> (Trade Body Manager, Trade Body roundtable meeting, April 2016). • Discussion regarding the best way to share supplier information <i>“Strategy approach instead? Country level not factory</i>

	<p>level – <i>It’s not a magic solution but it would be a tool</i>” (Brand x, Trade Body industry forum, April 2016).</p> <ul style="list-style-type: none"> • <i>“The most it [risk matrix] is going to do is help you prioritise rather than mitigate risk, it will help to identify risk”</i> (NGO and Brand 1 email communication, September 2016). • <i>“We need to zone in on where the highest risk is”</i> (Brand 1, Head of Ethical Trade, Meeting Notes, April 2016).
Knowledge Sharing & Expertise	<ul style="list-style-type: none"> • <i>“Brand 24 invited NGO to a meeting with multiple brands to discuss how they could assess risk”</i> (Telephone meeting notes with Brand 1, Head of Ethical Trade, April 2016). • NGO 1 provided an example version of the risk matrix and sample information (Email communication between brands and NGO, August 2016). • <i>“Forced rankings can be misleading. For example Taiwan is a Tier 1 country on the US TiP report but is a major risk for any company sourcing from there. Same applies to other Tier 1 countries by the way”</i> (Example of advice during project development, email communication between Brand 1 and NGO, August 2016). • Interested brands attended NGO ‘Mapping & Risk Screening’ session in April 2016 (Diary notes, discussion with Brand 1, Head of Ethical Trade, May 2016).
Supply Chain Transparency	<ul style="list-style-type: none"> • NGO provided an example version of the risk matrix and sample information (Email communication between brands and NGO August 2016). • <i>“In terms of trends, it could be that we highlight changes or identify forward looking indicators”</i> (example of level of detail in risk matrix, email communication between Brand 1 and NGO, August 2016).
Capability Building	<ul style="list-style-type: none"> • Interested brands attended NGO ‘Mapping & Risk Screening’ session in April 2016 (Diary notes, discussion with Brand 1, Head of Ethical Trade, May 2016). • Discussion regarding how the risk matrix would work including level of detail such as patterns and trends (Brand 1 and NGO discussion, telephone meeting notes, August 2016). • <i>“Forced rankings can be misleading. For example Taiwan is a Tier 1 country on the US TiP report but is a major risk for any company sourcing from there. Same applies to other Tier 1 countries by the way”</i> (example of advice during project development, email communication between Brand 1 and NGO, August 2016). • <i>“In terms of empirical data, where we have solid datasets we would for example highlight and possibly rank order the most vulnerable worker populations”</i> (example of advice during project development, email communication between Brand 1 and NGO, August 2016).
Relational Capital	
Previous Collaboration	<ul style="list-style-type: none"> • Collaborating brands are Trade Body members; known to one another and have previously worked together (Brand 1, Head of Ethical Trade, telephone notes, May 2016).
Mind-set	<ul style="list-style-type: none"> • Initial meeting with multiple brands to discuss shared response to modern slavery legislation. Acknowledgement that

	<p>modern slavery is going on in all of their supply chains, and that they do not do enough about it (Diary notes, ‘Modern Slavery Act (MSA) (2015) – thinking about a joint industry response’ forum with multiple brands and NGO1, February 2016).</p> <ul style="list-style-type: none"> • Brand 1 intend to share their own risk matrix with other brands <i>“I want us to be confident our risk matrix is fit for purpose & donate it to our peers for their free adoption”</i> (Brand 1, Head of Ethical Trade, email communication, November 2016).
Non-competitiveness	<ul style="list-style-type: none"> • Competing brands collaborating. (Email communication between NGO Brands 1 3, 20, 24, 27, August 2016 and Telephone communication between Brand 1 and NGO Aug/Sep 2016).
Shared Responsibility	<ul style="list-style-type: none"> • Initial meeting with multiple brands to discuss shared response to modern slavery legislation. Acknowledgement that modern slavery is going on in all of their supply chains, and that they do not do enough about it (Diary notes, ‘Modern Slavery Act (MSA) (2015) – thinking about a joint industry response’ forum with multiple brands and NGO1, February 2016).
Trust	<ul style="list-style-type: none"> • Brands openly discussing sourcing locations (Email communication between NGO Brands 1 3, 20, 24, 27, August 2016 and Telephone communication between Brand 1 and NGO Aug/Sep 2016).
Commitment	<ul style="list-style-type: none"> • <i>“Not a sufficient level of response [from Brands] to finalize [the project]. It could be that it’s summer and people are away etc., or it could that enthusiasm for this is tapering off”</i> (NGO Manager, Email communication between Brand 1, NGO and Brands 3, 20, 24, 27, August 2016).
Communication	<ul style="list-style-type: none"> • <i>“Not a sufficient level of response [from Brands] to finalize [the project]. It could be that it’s summer and people are away etc., or it could that enthusiasm for this is tapering off”</i> (NGO Manager, Email communication between Brand 1, NGO and Brands 3, 20, 24, 27, August 2016). • Lack of communication including individual requirements resulted in slow progress. (Email communication between NGO Brands 1 3, 20, 24, 27, August 2016 and Telephone communication between Brand 1 and NGO Aug/Sep 2016).
Governance	
Third Party Involvement	<ul style="list-style-type: none"> • Meeting organised by Brand 24 with multiple brands and NGO (Diary notes ‘Modern Slavery Act (MSA) (2015) – thinking about a joint industry response’ forum with multiple brands and NGO1, February 2016). • Interested brands attended NGO ‘Mapping & Risk Screening’ session in April 2016 (Diary notes, discussion with Brand 1, Head of Ethical Trade, May 2016). • Brand 24 invited NGO to a meeting with multiple number of brands to discuss how they could assess risk (Telephone meeting notes with Brand 1, Head of Ethical Trade, April 2016). • Proposed risk matrix for multiple brands to be developed in conjunction with NGO (Diary notes, multiple telephone notes with Brand 1 Head of Ethical Trade/ CR Manager and email communication between NGO and Brands 1, 3, 20, 24, 27

	April- Sept 2016).
Top Management Support	<ul style="list-style-type: none"> Initial management support for risk matrix for multiple brands to be developed in conjunction with NGO (Diary notes, multiple telephone notes with Brand 1 Head of Ethical Trade/ CR Manager and email communication between NGO and Brands 1, 3, 20, 24, 27 April- Sept 2016).

Initiative 5 Targeted Modern Slavery Audit (Sample Evidence from a Variety of Data Sources)	
Contribution to Relational Rents	
Resource Sharing	<ul style="list-style-type: none"> <i>“We need your advice [NGO] how far we take our due diligence [modern slavery investigation], the further we go, the less resource we have for elsewhere”</i> (Brand 1, Head of Ethical Trade, Pre-audit meeting with NGO, November 2016). <i>“The representative from Brand 18 was good at translating”</i> (Brand 1, Head of Sourcing, diary notes, November 2016). <i>“The factory wouldn't have translated it all. [The representative from Brand 18] was good and picked up on issues.”</i> (Brand 1 Head of Ethical Trade, diary notes, November 2016). <i>“Lots of effort and resource thrown at this has made them [the factory] engage”</i> (Brand 1, Head of Ethical Trade, Diary notes, Nov 2016). Working group set up consisting of Brand 1, Brand 18 and factory to guide remediation (Diary notes, Nov 2016).
Cost Reduction	<ul style="list-style-type: none"> Brand 1 Head of Sourcing discussed cost sharing with Brand 18 (Diary notes, Oct 2016). Brand 1 agreed to let Brand 18 observe the audit on the condition that they <i>“engaged [financially] in remediation”</i>. (Diary notes- ongoing discussions prior to the audit with Brand 1, Head of Ethical Trade).
Leverage	<ul style="list-style-type: none"> <i>“Lots of factories wouldn't cave in [share information] so easy but we set as trail and that's why and lots of people”</i> (Brand 1, Head of Ethical Trade, Diary notes, November 2016). <i>“I wanted them [Brand 18] there for leverage”</i> (Brand 1, Head of Ethical Trade, Diary notes, November 2016). <i>“We also invited another of the factory's key brand customers to observe the audit process, and add leverage”</i> (Brand 1 internal communication regarding audit, December 2016). <i>“There are not many factories in which we could influence policy without the support of other customers [...] the more leverage we have the more likely the factory is to engage”</i> (Brand 1, Head of Ethical Trade, telephone meeting, October 2016). <i>“Given it is now their two biggest customers that are talking to them about this [modern slavery], us and Brand 18- there should be a certain amount of leverage”</i> (Head of Sourcing, diary notes, November 2016).
Risk Mitigation	<ul style="list-style-type: none"> The factory was identified by our Modern Slavery Risk Matrix as highest risk, and employs a high proportion of international migrant workers. Unlike a standard social audit, this investigation focussed on the end-to-end recruitment process, migrant working conditions and end of contract repatriation, to identify potential modern slavery risks (Brand 1,

	<p>internal communication regarding audit, December 2016).</p> <ul style="list-style-type: none"> • Audit taking place at highest risk factory due to employing a high proportion of international migrant workers (Diary notes, July 2016).
Knowledge Sharing & Expertise	<ul style="list-style-type: none"> • <i>“Both Brand 1 and NGO consider the audit a success. We see the findings as a positive step towards tackling modern slavery. We are now better informed about the risks in our supply chain which will allow us to investigate in other factories and provide remediation”</i> (Brand 1 internal communication regarding audit, November 2016). • Brand 1, Brand 18 and NGO all openly sharing knowledge and expertise throughout the audit (Diary notes, November 2016). • Representative from Brand 18 was experienced and based in Asia. He therefore had local insights and was able to use his expertise and knowledge to further probe the factory’s management. He also noticed anomalies and openly discussed these with Brand 1 (Diary notes, November 2016).
Supply Chain Transparency	<ul style="list-style-type: none"> • Discussion about the need to develop a modern slavery audit to tackle modern slavery in complex supply chains, particularly those involving migrant labour recruitment (Brand 1, Head of Ethical Trade, telephone meeting notes, July 2016). • <i>“At the end of the day there has been a high level of cooperation and transparency even if it was pushed , we have got the evidence more or less”</i> (Brand 1, Head of Ethical Trade, diary notes, November 2016). • Through the triangulation of information we have identified areas of concern which can be considered indicators of forced labour (Internal communication regarding audit, December 2016). • <i>“Both Brand 1 and NGO consider the audit a success. We see the findings as a positive step towards tackling modern slavery. We are now better informed about the risks in our supply chain which will allow us to investigate in other factories and provide remediation”</i> (Diary notes, November 2016).
Capability Building	<ul style="list-style-type: none"> • <i>“This pilot audit was designed as both a ‘live’ risk assessment and exercise for our ethical trading team, NGO provided direction, allowing our team to be ‘hands-on’ and take the lead. This approach has helped us to improve our expertise, build our capabilities and design our Modern Slavery audit protocol”</i> (Brand 1, External communication regarding audit, June 2017). • <i>“NGO have previously worked with other companies, but they have been contracted to conduct an audit. In contrast, this assignment was both a live risk assessment and training exercise”</i> (Head of Ethical Trade, Diary notes, November 2016). • <i>“We started the training programme by training our supply chain employees, Stage 1 took place in September, whilst training is fresh in their minds, time to put theory into practice”</i> (Brand 1, Head of Ethical Trade, Diary notes, Oct 2016).
Relational Capital	
Previous Collaboration	<ul style="list-style-type: none"> • Brand 1 and 18 have not previously collaborated (Diary notes, October 2016).

Mind-set	<ul style="list-style-type: none"> • <i>“We need to match capability to resource to remediate. There are not many factories we could influence policy without support of other customers, part of risk assessment is looking who else is in there [factory’s other customer’s] - if there are brands in there that looking at this [modern slavery]”</i> (Brand 1, Head of Ethical Trade, Telephone meeting, October 2016). • <i>“Brand 18 have got a much wider sourcing network and they could feasibly and very quickly pull out which wouldn’t do anyone any good. I think they need to be prepared to work with us.”</i> (Brand 1, Head of Sourcing, Diary notes, November 2016).
Non-competitiveness	<ul style="list-style-type: none"> • Competing brands working together focused on modern slavery identification and remediation (Diary notes, Nov 2016). • <i>“The representative from Brand 18 was good at translating”</i> (Brand 1, Head of Sourcing, Diary notes, Nov 2016). • <i>“The factory wouldn’t have translated it all. [The representative from Brand 18] was good and picked up on issues”</i> (Brand 1 Head of Ethical Trade, diary notes, November 2016). • <i>“I won’t disturb your process, just observe”</i> (Conversation between Brand 18 Representative and Brand 1, Diary notes, Nov 2016) Diary notes Nov 2016.
Shared Responsibility	<ul style="list-style-type: none"> • <i>“We have opened their eyes to it [modern slavery issues] and we have then got a joint responsibility to change, to fix”</i> (Brand 1, Head of Sourcing, Diary notes, Nov 2016). • <i>“Brand 18 need to fully endorse, which they are doing by sending a person, but we need them to collaborate on action and remediation They need to be prepared to work with us progressing all remediation, work that will be recommended by NGO”</i> (Brand 1, Head of Ethical Trade, Diary notes, Oct 2016).
Trust	<ul style="list-style-type: none"> • <i>“The representative from Brand 18 was good at translating”</i> (Brand 1, Head of Sourcing, Diary notes, Nov 2016). • <i>“The factory wouldn’t have translated it all [The representative from Brand 18] was good and picked up on issues.”</i> (Brand 1 Head of Ethical Trade, diary notes, November 2016). • Brand 1, Brand 18 and NGO all openly sharing knowledge and expertise throughout the audit (Diary notes November 2016).
Commitment	<ul style="list-style-type: none"> • <i>“Brand 18 needs to fully endorse, which they are doing by sending a person, but we need them to collaborate on action and remediation. They need to be prepared to work with us progressing all remediation, work that will be recommended by NGO”</i> (Brand 1, Head of Ethical Trade, Diary notes, Oct 2016). • Working group set up consisting of Brand 1, Brand 18 and factory to guide remediation. (Diary notes, Nov 2016) • <i>“Buyer B have got a much wider sourcing network and they could feasibly and very quickly pull out which wouldn’t do anyone any good. I think they need to be prepared to work with us.”</i> (Brand 1, Head of Sourcing, Diary notes, Nov 2016).

Communication	<ul style="list-style-type: none"> • <i>“I think yes [if we were to do the audit again we would invite Brand 18] but I think we would need to agree in advance a lot more of the scope of it [the audit] and tell them exactly what our approach was and what we thought we were going to find”</i> (Brand 1, Head of Sourcing, Diary notes, Nov 2016). • Series of debriefs throughout the audit allowing Brand 1, 18 and NGO to communicate findings and issues (Diary notes, Nov 2016). • <i>“I won’t disturb your process, just observe”</i> (Conversation between Brand 18 Representative and Brand 1, Diary notes, Nov 2016).
Governance	
Third Party Involvement	<ul style="list-style-type: none"> • <i>“I think NGO was really good, they’ve got loads of expertise and they were able to facilitate it [the audit] really well and give direction. I liked that they were hands off actually I think it was good for us and our development and using initiative as well and not just being told what to do mindlessly“</i> (Brand 1, CR Manager A, Diary notes, Nov 2016). • <i>“Where we need third party we should use to build our expertise”</i> (Brand 1, Head of Ethical Trade, Diary notes, Oct 2016). • <i>“I think we shouldn’t underestimate how hard we would have found it [the audit] on our own”</i> (Brand 1, Head of Ethical Trade, Diary notes, Nov 2016).
Top Management Support	<ul style="list-style-type: none"> • Head of Sourcing present during audit (commercial presence) (Diary notes, November 2016). • <i>“You have to connect CR with commercial if you don’t there is always a bit of a conflict”</i> (Brand 1, Head of Ethical Trade, diary notes, November 2016). • Resource heavy- large team and payment made by Brand 1 (Diary notes, October 2016).

Key: Brand x - During meetings with multiple brands, ‘Chatham House rules’ applied whereby participants discussed issues openly but their comments could not be attributed to them. Under these circumstances, quotes have not been recorded by brand or individual.

Appendix 4: Paper 3 - Buyer A Targeted Audit Protocol

Day 1: Audit Preparation

Pre-Assessment Meeting	
Location: Hotel	AM
Attendees: Buyer A: BA1, BA2, BA7, NGO A: NGOA1, Supplier: S1, S2, S3	
<ul style="list-style-type: none"> • Overview given of audit process/ schedule- focus on end to end recruitment process, employment cycle and robustness of Supplier system. • Presented as learning experience for both parties. • Information about legislation kept brief. • Advised audit would include identification of areas to mitigate risk. • Advised audit would help to form Buyer A policies. • NGO A clarified some details provided in pre-audit assessment form – brief discussion of recruitment process.. • Master list of employees and attendance list requested for next day. • Buyer A and NGOA asked Supplier if they had any concerns. 	

Buyer A Preparation Meeting	
Location: Hotel	PM
Attendees: Buyer A: BA1-7, NGO A: NGOA1	
<ul style="list-style-type: none"> • Overview given of audit process/ schedule. • Assigned roles/ tasks. • Explanation provided of some of the local legislation concerning migrant workers. • Overview given of key details from Pre- assessment meeting with Supplier. • Informed of key risks to investigate. • Advised to look for discrepancies during audit. 	

Day 2: Audit Assessment

Opening Meeting	
Location: Supplier	AM
Attendees: Buyer A: BA1-7, NGO A: NGOA1-6, Supplier: S1-S6, Buyer B: BB1	
<ul style="list-style-type: none"> • Introduced audit team. • Brief overview of schedule provided. 	

Supplier Tour	
Location: Supplier	AM
Attendees: Buyer A: All except BA2 & BA6, NGOA: NGOA2-6, Team and BB1	

Selection of workers for interviews / Document review	
Location: Supplier	AM
Attendees: Buyer A: BA6, BA2, NGO A: NGOA1	
<p>The migrant workers employed at Supplier were recruited and hired through two main channels</p> <ol style="list-style-type: none"> 1) “Walk In” - Local, direct hiring of migrant workers already in Thailand legalised through the Nationality Verification Process (NVP) 2) Memorandum of Understanding on Cooperation in the Employment of Workers (MoU) – Hiring in the sending countries. 	

<p>20 workers selected from master list and attendance list</p> <p>Selection criteria:</p> <ul style="list-style-type: none"> • 10 x MoU • 10 x Walk In • Position • Start Date <p>NB 3 additional workers selected and interviewed during audit</p> <p><i>Comments: Audit findings highlighted that Date of Birth (DOB) could be a useful addition to selection criteria</i></p>

Three Parallel Sessions		
Location: Supplier		All day
Management Interviews/ Documents Review	Documents Review (Plus Interview with 1 x Supplier Translator S6)	Worker Interviews
Audit Team Attendees: Buyer A : BA1- 4, BA7 NGO A: NGOA2 Buyer B: BB1 NB BBA1 moved between sessions	Audit Team Attendees: Buyer A: BA1, BA6 NGO A:NGOA1, NGOA3 NB BBA1 moved between sessions	Audit Team Attendees: Buyer A: BA7 NGO A: NGO4-6
Supplier Attendees: S2-S5	Supplier Attendees: S6	Supplier Attendees: (Selected Workers) S7-22

Management Interviews/Documents Review
<i>See NGO A 'Management Interview Guide' for guidance</i>
<p>Stage 1 Management Interviews (Group discussion)</p> <p>Key points covered:</p> <ul style="list-style-type: none"> • How Supplier recruits. • Clarification of number of workers and MoU/Walk In split. • MoU process. • Documents sent to local government. • Labour agency process and agreement. • Visits to labour agency conducted. • Recruitment and advertising. • How Supplier specifies number/ type of workers required. • Selection process. • Fees (breakdown and who pays). • Pay and terms. • Contracts of Employment. • Accommodation. • Work Permits. • Visas. • Termination of Employment. • Renewal of Employment. • Transport from worker's home country. • Worker's bank accounts.

Stage 2 Documents Review (Group discussion)

1. Worker Files – 10 x MoU, 10 x Walk In
 - Checked if anything is missing.
 - Application Form.
 - Work Permit- checked date is valid.
 - Visa- checked date is valid.
 - Passport- checked date is valid and DOB.
 - Checked all dates correlate.
 - Induction documentation.
 - Checked contract in two languages.
 - Checked probation period.
 - Checked if contract is detailed and provides all the required information
2. Agency Licence (employees also need to be registered)
3. MoU Government Agreement (includes supplier and labour agency details)
(Requested- given on Day 2)
4. Employee bank books (Supplier in procession)
5. Labour Agency contract

Documents Review

- Working hours and overtime.
- Annual Leave/ Holiday Request records.
- Wages.
- Policies – recruitment and migrant workers.
- Grievance Procedure.

Comments: Interview with Supplier Translator also took place

Worker Interviews

See NGO A Tool 4 ‘Conducting Interviews with Migrant Workers’ for guidance

Main Topics covered:

- Recruitment and Hiring.
- Recruitment Fees and Expenses.
- Contracts of Employment.
- Document retention.
- Deposits.
- Wages and Wage Reductions.
- Compulsory or involuntary overtime.
- Freedom of movement and personal freedom.
- Workplace discipline.
- Threat of violence and intimidation.
- Worker Communication and Grievance Procedure.
- Termination of Employment.

Key points covered during interviews:

- Date of Birth (DOB).
- Start date.
- Family background.
- Literacy.
- Passport, visa and work permit arrangements.
- Home leave.

<ul style="list-style-type: none"> • Bank books – possession and access. • Payment process. • Orientation/ induction. • Contracts- how many, when signed and where etc. • Contract renewal. • Transportation from home country. • Medical test (including pregnancy testing). • Methods for sending money from country of employment to home country. • Accommodation. • Training. • When the worker learnt to sew. • Injuries. • Personal Protective Equipment (PPE). • Pregnancy and maternity leave. • Workers asked if they had any questions.
<p>Documents Review</p> <ul style="list-style-type: none"> • Passport, visa and work permit checked during interview. • Worker file and holiday requests checked after interview.

Morning De-Brief	
Location: Supplier	PM
Attendees: BA1-7, NGOA1-6	
Discussion to highlight any issues requiring follow up during afternoon sessions: <ul style="list-style-type: none"> • Anomalies identified. • Risks/ Red flags identified. • Documented any concerns. • Key leads from management interviews identified. • Key leads from worker interviews identified. 	

Wrap up with Supplier	
Location: Supplier	PM
Attendees: Buyer A: BA1-7, NGO A: NGOA1-6, Buyer B: BB1	
<ul style="list-style-type: none"> • Thanked for cooperation. • Agenda for the following day provided. 	

Audit Team De-Brief	
Location: Hotel	PM
Attendees: Buyer A: BA1-7, NGO A: NGOA1-6	
<ul style="list-style-type: none"> • Overview of day - recruitment, selection and hiring, any gaps in policies and procedures- each area discussed in turn. • Cross referenced findings. • Red flags/key issues to follow up identified. 	

Day 3: Audit Assessment

Two Parallel Sessions	
Location: Supplier	AM
Management Interviews/Document Review	Worker Interviews

Audit Team Attendees Buyer A: BA1, BA2, BA4, BA5 NGO A: NGOA1-2 Buyer B: BB1 NB BBA1 moved between sessions	Audit Team Attendees Buyer A: BA1, BA3, BA6, BA7 NGO A: NGOA3-6 <i>NB BBA1 moved between sessions</i>
Supplier Attendees: S2-5	Supplier Attendees: (Selected Workers) S23-30

Management Interviews
<ul style="list-style-type: none"> As per Day 1 and based upon feedback/discussion from previous day's internal de brief

Worker Interviews
<ul style="list-style-type: none"> As per Day 1 and based upon feedback/discussion from previous day's internal de brief

Post Audit Assessment Meeting/ Closing Meeting Preparation	
Location: Hotel	PM
Attendees: Buyer A: BA1-7, NGO A: NGOA1-6	
<ul style="list-style-type: none"> Brief overview of modern slavery provided. Audit triangulation- is there enough evidence to call a non-compliance or is it just a risk as issue could not be validated? Consolidation of findings - key risks and findings from management interviews, document reviews and worker interviews. Agreed on findings to be communicated to Supplier in closing meeting and split into themes to present in PowerPoint presentation. Areas of good practice identified. Gaps in policies/ processes identified. Key learning points from team discussed. 	

Day 4 Closing Meeting

Closing Meeting	
Location: Supplier	AM
Attendees: Buyer A: BA1, BA2, BA4, BA7, NGO A: NGOA1-2, Supplier: S1-5, Buyer B: BB1	
<ul style="list-style-type: none"> Brief overview of modern slavery legislation, due diligence and audit triangulation provided. Areas of good practice highlighted. Areas of concern/ risks/ findings (separated by theme) provided. Going forward- next steps / priorities discussed. 	

Day 4 Reflections Meeting

Buyer A Reflections Meeting	
Location: Hotel	AM
Attendees: Buyer A Audit Team	
<ul style="list-style-type: none"> Reflected on audit process in group discussion. 	