

Study finds global supply chains for multinational corporations fail to detect serious abuses

January 15 2016

Incidents such as the collapse of the Rana Plaza factory in Bangladesh in April 2013 and the exposé of slavery and human trafficking in the Thai shrimp industry in 2014 have focused attention on the supply chains of global corporations. A major new report from the University of Sheffield says despite increased 'audits' and inspections, labour abuses, poor working conditions and environmental degradation within global supply chains remain widespread.

To investigate corporate supply chains, researchers from the Sheffield Political Economy Research Institute (SPERI) interviewed supply chain auditors, business executives, non-governmental organisations and manufacturers in North America, the United Kingdom and China, as well as visiting factories in the Pearl River Delta region of China.

Dr Genevieve LeBaron, co-author of the report and Senior Lecturer in Politics at the University of Sheffield and a current visiting professor at Yale University in the USA, said: "Recent disasters such as the Rana Plaza factory collapse in Bangladesh have put the spotlight on supply chains, but what has been less reported is that labour, safety and environmental abuses often take place within 'certified' and audited supply chains. Our interviews reveal how corporations have designed an inspection and auditing system for global supply chains that is 'working' for them, but badly failing workers and the planet."

The report presents the key findings and exclusive quotes from the interviews and visits and concludes that:

- Corporations have designed a system of self-regulation that allows their suppliers to cover-up abuses and easily cheat a weak inspection system.
- Supply chain audits are ineffective tools for detecting, reporting, or correcting environmental and labour problems. They reinforce existing business models and preserve the global production status quo.
- The audit system, with the involvement and support of NGOs, is increasingly reducing the role of states in regulating corporate behaviour and global corporate governance is being reshaped towards the interests of private business and away from the public interest and social goods.
- The auditing system put in place by corporations gives the impression of detecting and correcting abuses but reinforces the labour and environmental problems that civil society NGOs strive to improve.

Dr LeBaron said: "Arguably it is the unsustainable business models of large corporations, which are reliant on cheap labour and [environmental degradation](#), that drive abuses within supply chains. Yet corporations, by working with a growing audit industry, are presenting themselves as the solution to the abuses."

She added: "The report should be a wake-up call for governments, international organisations and non-governmental organisations. It raises serious questions about the effectiveness, legitimacy and accountability of a system of [supply chain](#) monitoring that is increasingly being designed, implemented and reported on by corporations themselves. Unless concerted effort is taken to strengthen non-corporate led inspections it seems highly likely we will continue to have serious abuses

within the supply chains of major global brands."

Today's publication is co-authored by Genevieve LeBaron and Jane Lister and is the first publication in a new series of SPERI Global Political Economy Briefs.

Through this series SPERI will present the expertise of its academic researchers and enable SPERI to influence and contribute to public debates on major contemporary [global political economy](#) issues.

More information: Ethical Audits and the Supply Chains of Global Corporations. [speri.dept.shef.ac.uk/wp-content ... bal-Corporations.pdf](https://speri.dept.shef.ac.uk/wp-content/uploads/2016/01/Ethical-Audits-and-the-Supply-Chains-of-Global-Corporations.pdf)

Provided by University of Sheffield

Citation: Study finds global supply chains for multinational corporations fail to detect serious abuses (2016, January 15) retrieved 24 April 2024 from <https://phys.org/news/2016-01-global-chains-multinational-corporations-abuses.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
