

UK's Modern Slavery Act challenging for universities

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The UK's universities are struggling to live up to the spirit and ambition of the Modern Slavery Act, hampered by poor oversight of their supply chains, a lack of skills and resource in supply chain management, a focus on reducing costs, and lackluster engagement from many in senior management, a new study from the University of Bath shows.

The UK Modern Slavery Act 2015 (MSA) obliges organizations to report on the actions they are taking to protect individuals in their organizations and supply chains from [slavery](#)—widely defined as 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 the purpose of service provision or production.

The study interviewed key personnel at 33 UK universities who were responsible for managing and reporting on modern slavery in supply chains. It showed that universities were struggling to engage with the Act, resorting to a rudimentary level of compliance, and failing to seize an opportunity for leadership in an area which is

increasingly identified as a risk to organizational reputation and sustainability.

"The MSA had aimed to create a culture of continuous improvement, where organizations developed new and better ways of addressing modern slavery and shared those innovations with others for the greater good. What we found, however, was that organizations have been reduced to a box-ticking approach to basic compliance, which in many ways reflects the scale of the challenge," Michael Rogerson, researcher at the University's School of Management, said.

Rogerson said around a quarter of UK universities were fully compliant with the Act. The study revealed several major obstacles: pressure to keep costs down and make best use of taxpayer funds meant universities purchased through consortia, which meant they do not have clear view of the supply chains to conduct effective due diligence. Essentially, the university end of the chain was simple procurement, meaning they did not have effective in-house supply chain management skills and were reliant on the guarantees of third-party suppliers.

"The historical focus of procurement was cost—the higher education sector has used its collective consumption, through regional purchasing consortia, to negotiate lower prices for high-volume, repeat goods from IT equipment, stationery and furniture to laboratory chemicals. MSA however requires a depth of knowledge about, and active management of, supply chains which our study suggests is incompatible with this structure," Rogerson said.

In turn, the study found procurement teams were hampered by a lack of focus, and engagement, from senior university management. Rogerson found that procurement was not treated as a strategic function at board level, and that resources and time allocated to complying with MSA were not

sufficient to be effective.

Rogerson said the resourcing issue had actually led universities to collaborate but not in the spirit of the original Act by sharing innovation and competition. Rather, they were helping each other to achieve a minimum level of compliance, often by sharing templated mission statements, or knowledge to help struggling organizations achieve a basic level of pro-forma compliance. Several universities have near-identical statements, he said.

"There is a desire to do the right thing, help others in the sector, and demonstrate organizational responsibility—the failure to engage is not necessarily intentional. But the lack of supply chain management skills has led to the adoption of a rudimentary level of assurance—one example would be updating the terms of contracts to reflect the need for modern slavery statements. But more has to be done," Rogerson said.

Rogerson said the desire to live up to the MSA was not universal across university departments and there was a perception that tackling modern slavery was too big a challenge in a sector fighting on many fronts simultaneously.

"Executive focus is so poor that some procurement teams have had trouble complying even when they've done the work. Cases include a marketing department refusing to put the statement on the website's homepage (one of three actions required for full compliance) because 'there's too much stuff on there already'. At several universities, no executive wanted to sign the document (another of the three requirements)," he said.

Rogerson said universities should work more closely with their private sector suppliers to learn about supply chain processes and share supply chain data with other educational institutions. He said universities should look to the management accounting profession to find a way forward and ensure they live up to the ambitions of the Modern Slavery Act.

"Modern slavery is a serious reputational challenge for universities with international profiles. With proliferating demands for reporting and disclosure

on social management practices in the higher education sector, it urgently needs to address its reporting and disclosure issues in such a way as to inspire confidence in their practices. Management accountants are well placed to help in this regard," he said.

More information: Michael Rogerson et al, Organisational responses to mandatory modern slavery disclosure legislation: a failure of experimentalist governance?, *Accounting, Auditing & Accountability Journal* (2020). [DOI: 10.1108/AAAJ-12-2019-4297](https://doi.org/10.1108/AAAJ-12-2019-4297)

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