

CAUGHT IN THE CORPORATE SOCIAL RESPONSIBILITY CUL-DE-SAC: LABORVOICES SEEKS A PATH FORWARD FOR SUPPLY CHAIN LABOR RIGHTS TRANSPARENCY

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LaborVoices was a small business Kohl Gill, founder and CEO, started in 2010 to provide a new solution for gaining labor and human rights transparency in supply chains. LaborVoices achieved several major contracts with global brands, exposed evidence of human rights abuses in multiple countries, and helped inspire accountability in the darker recesses of global supply chains. By 2017, LaborVoices found itself to be rather stuck—pilot projects had not grown into larger and longer-term commitments; there was constant shifting of the labor issues to address; and the realities of corporate social responsibility (CSR) prevented the company from growing revenue despite good performance. Amidst this backdrop, Gill was presented an opportunity with the United States Federal Government to study working conditions in Bangladesh. The potential contract was much larger than any contract LaborVoices had executed before and would enable the data collection for which Gill had always hoped. However, accepting the contract would mean focusing almost all of the company's efforts on it, leading to the wind down of LaborVoices' existing private business contracts.

INTRODUCTION

Forced labor. Sexual violence. Child labor. It had been seven years since Kohl Gill started his labor transparency in supply chains business called LaborVoices and the issues related to worker rights in global supply chains were still as pressing. LaborVoices' mission of "*providing a means for companies to assure human rights in their supply chains while creating transparency to foster public accountability and guide workers to safe and fair jobs*" had been bogged down by multiple forces. Gill lamented, "When we started LaborVoices, we thought we could study labor conditions in any supply chain anywhere in the world, and we could do that better than the existing products. We figured we would find our customers and build a

solution around them—find a place to land and expand from there. The problem is we landed squarely in corporate social responsibility (CSR). We secure some customers and pilot contracts and then we hit ceilings and momentum stops. We are in a cul-de-sac.”

In late 2017, Gill was considering ways to move LaborVoices toward a more sustainable business model when the company was presented a surprising opportunity. Gill shared, “We stumbled into a situation with the United States Federal Government that will allow us to build the infrastructure to create the products we always wanted to offer. The issue is if we accept the contract, we will have to let go some of the things we’ve done so far—and we are very proud of those things.” As Gill reflected upon his company’s achievements and how it helped pioneer the emerging market of worker-sourced data for supply chains, he was conflicted about the path forward.

LABOR RIGHTS ABUSES IN GLOBAL SUPPLY CHAINS

The architecture of most industries’ supply chains was global and complex, linking thousands of companies, both large and small. Firms bought goods and services from a multitude of businesses in countries that varied substantially in international business experience and commitment to issues such as working conditions. In fact, developing countries’ low wages and weak regulations were among the reasons companies constructed these chains. Even relatively small firms could have hundreds of direct suppliers in multiple countries with distinct regulations and cultural views, and often in countries with histories of corruption, dysfunction, and poverty. Furthermore, supply chains often possessed “long tails” as companies specialized in one aspect of production, meaning a purchase included many tiers of suppliers prior to the vendor with which the buyer had a direct relationship. Thus, supply chains were long and dispersed, with relatively little transparency throughout. This global supply chain architecture met objectives such as reducing costs, but businesses lacked the ability to ensure ethical practices along their chains (The Economist Intelligence Unit, 2017).

One of the most serious ethical concerns involved human labor violations (Arnseth, 2016). Rights and abuses of workers were ongoing issues, despite lengthy attention in the United States and the European Union. Gill reflected, “Labor rights in apparel supply chains are relatively mature. After all, the Nike sweatshop scandal was in the 1990s so for years, companies in shoes and sportswear have tried different programs and initiatives.” Yet, global supply chains remained rife with unethical human treatments, such as refugee exploitation in the Turkish apparel industry, lack of proper safety equipment in the Bangladeshi tanning industry, child labor in the Ivory Coast cocoa industry, and forced labor in China’s textile industry (e.g. Barros, Campos, & Griffin, 2018; O’Keefe, 2016; Rosenblatt, 2017; Xiao, Willis, Koettle,

Reneau, & Jordan, 2020). As an example, it was nearly impossible to assure consumers of smartphones that no children had dug, crushed, or washed the cobalt contained in the product—and that was for just cobalt, one material of many (Walt, 2018).

Businesses operating in developed countries reported increased acceptance of responsibility for supply chains. However, while most executives believed their supply chains were responsibly managed, there was only modest progress except for areas where there was a direct financial return or a clear threat to brand image, and there was considerable neglect of issues such as child labor. Even workplace safety in supply chains, the topic that had the highest share of firms addressing it, was only being addressed by 60% of companies (The Economist Intelligence Unit, 2017). Thousands of small factories in Bangladesh alone remained in serious violation of safety codes and acceptable worker rights (Hindustan Times, 2018). Some 150 million children were engaged in unethical labor practices across the world. Globally, about forty million people were enslaved, and slavery was expected to grow (UN News, 2019). Bluntly, labor rights violations in supply chains were not the exception and had not disappeared despite decades of efforts (The Economist Intelligence Unit, 2017). Bringing light and transparency to these dark and opaque issues was LaborVoices' vision.

SOLUTIONS AND INITIATIVES FOR LABOR RIGHTS

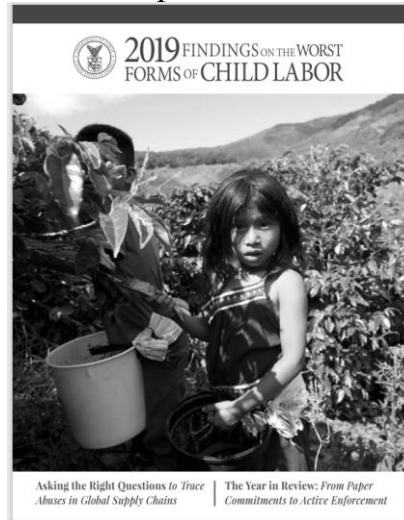
Upholding labor rights in supply chain decisions involved ensuring labor standards acceptable in advanced economies were applied throughout dispersed supply chains. Validating these labor standards were met by supply chain partners involved tiers of diligence, ranging from the simplest and least intrusive to active programs and stringent mechanisms (McBride, 2020). Gill shared a few of the prominent programs and his experiences with them.

First, some companies published labor codes of conduct that they expected suppliers to follow. Firms used penalties for underperforming suppliers and/or incentives to encourage attainment and improvement. As an example, Puma, the sports apparel firm, rewarded suppliers that achieved Puma's code of conduct with improved access to financing. Some companies even offered support to help suppliers progress toward labor rights targets. While these practices were growing in popularity and had shown results, there were limitations such as a majority of firms applied their labor standards only to their direct suppliers and did not cascade them through their supply chain (The Economist Intelligence Unit, 2017). Further, suppliers were often selling to multiple customers, each with distinct labor codes rather than working toward industry-wide or world-wide standards.

A second approach was to screen suppliers against various lists of red-flag countries, suppliers, and products. Multiple entities maintained lists such as the U.S. Bureau of International Labor Affairs' report of goods potentially made by child and forced labor (see Figure 1; Department of Labor, 2019). Prior to committing to a purchase of say, embellished textiles from Nepal, a purchaser cross referencing the list would realize that particular Nepalese industry had a record of child labor, so additional scrutiny was warranted. Several technology tools were developed to link supply chain information systems with such lists and databases to automate this process, but the systems were largely incomplete, outdated, or only tracked a subset of suppliers.

FIGURE 1

U.S. Department of Labor's 2019 Report on Child Labor.



More demanding diligence involved visits to suppliers, either by the buyer or by independent third parties. Gill stated, “The dominant approach to labor rights issues is the same as it was a decade ago. Inspectors go to factories to check safety equipment and investigate working conditions.” Thousands of facilities had been audited and yet incidents of non-compliance were still prevalent (The Economist Intelligence Unit, 2017). Possible reasons included inspectors missing labor abuses during their visit, workers being afraid to speak honestly about practices, lack of reputable auditors in the places where labor violations were most prevalent, and audited suppliers subcontracting work to factories that had not been audited. Gill elaborated on another issue, “Audit results are owned by the company that paid for them, so it does not lead to public scrutiny or to a marketplace for companies to compete on treatment of workers or for workers to find out about worker treatment.” Further, this opacity meant that the audit firms were completely unaccountable. There was no way of checking whether they ‘got it right’ or not.

Basically, these audit firms did not compete on accuracy, they competed with each other on price.

Other methods of tracking labor rights in supply chains involved various forms of technology. These included blockchain applications to trace products to reduce sourcing from noncompliant suppliers, and applications that scraped social media to extract relevant data on worker conditions. An example technology application was Tiffany & Co. trying to bring labor rights transparency to the notoriously opaque jewelry industry with individually registered stones and full tracing from the ground to the jewelry case (Bhasin, 2020). There were also tools such as Sourcemap for companies to trace their supply chains, measure risk, publish information about their partners, and communicate their supply chains to consumers (Sourcemap, 2020). Technology promised to make supply chain mapping and risk assessment easier to accomplish on a larger scale, but was “not a substitute for boots on the ground” (The Economist Intelligence Unit, 2017).

Gill also discussed multi-stakeholder initiatives (MSIs), which were increasingly the default mechanism for dealing with supply chain human rights (Baumann-Pauly, Nolan, van Heerden, & Samway, 2016). MSIs included best-practice sharing platforms such as the United Nations Global Compact, certification bodies such as Worldwide Responsible Accredited Production (WRAP), and groups targeting governance gaps such as the Fair Labor Association and the Responsible Cobalt Initiative. MSIs were thought to have a greater potential impact because organizations working together could leverage scale to bring about meaningful change. As an example, ten of the largest chocolate companies invested more than \$500 million in CocoaAction to train farmers in Ivory Coast and Ghana about cocoa farming methods, believing better methods would lead to healthier economics for farmers. Over the long run, this program would reduce child labor not through rules disallowing it and efforts to catch it, but by changing the underlying circumstances that create it. CocoaAction was in addition to the individual initiatives chocolate makers had already created, including promises to purchase cocoa from certified ethical producers (O’Keefe, 2016).

Although MSIs achieved successes, Gill reminded that labor rights abuses were still prevalent around the world due in large part to the difficulties and complexities of the issue. In child labor in cocoa, for example, progress had been slow and by some indications had actually gotten worse despite the chocolate makers’ efforts. Considering the need to train over 300,000 farmers and the nature of systemic poverty, short-term results would probably be mixed (O’Keefe, 2016). As another example, WRAP certified apparel factories that prohibited forced labor and child labor, allowed employees freedom of association, and achieved other worker rights principles. Yet, WRAP acknowledged that “supply chains for garments and

footwear are long and complex, making it very difficult to tag any one of them as being made fully in WRAP-certified facilities” (WRAP, 2020).

Overall, about 50% of firms performed regular, onsite audits of their suppliers, while 46% of companies reviewed third-party databases and 42% used certification schemes. An even smaller percentage engaged in cooperative initiatives with competitor firms (23%) or non-competitor firms (27%) (The Economist Intelligence Unit, 2017). Gill’s own experience matched these underwhelming findings: “The traditional models are pretty broken.”

Recognizing these shortcomings, some governments tried to ensure minimum acceptable treatment of workers in supply chains by writing standards of human rights into their trade agreements with other countries. In fact, that is how Gill became interested in labor rights. He was sent to Bangladesh while working at the U.S. Department of State as part of a delegation for trade agreements to investigate accusations that workers were not being treated properly. He said, “We have labor provisions in our trade agreements, and we have to adjudicate whether things are going right or not.” Having the standards was a good start; assuring 100% compliance was more problematic given the tools available and issues involved. Some governments went even further to eliminate products with dubious origins (Arnseth, 2016). For example, the United Kingdom created the Modern Slavery Act 2015 to require companies of a certain size to release annual statements on their actions regarding slavery and human trafficking in their supply chains. Other examples were the United States’ rules on conflict minerals in the Dodd-Frank Act and California’s Transparency in Supply Chains Act of 2010. Although the number of businesses completing the requirements for these laws increased, Gill was lukewarm on the results of such regulations. He found, “After passage of the laws, companies consulted their lawyers to ask what they needed to report and what they needed to know for the reports. It was ‘what is the minimum level that we have to do’ for many companies. There were some saying, ‘this is an opportunity for us to make our supply chains better,’ but, they didn’t necessarily have more money to put towards a solution and so the bare bones response often won.”

Another means to motivate greater labor rights was creating competition via fully transparent supply chains so consumers could make informed decisions. Companies such as Patagonia and Method Products attempted this level of transparency, but very few, if any, were able to achieve absolute and timely transparency. Gill admired “trying to convert what is essentially a compliance role into a competitive role, trying to make corporate social responsibility a competitive differentiator. Having a glass-walled supply chain is not easy though. Some companies were trying to do it, but then were slammed for not being perfect at it.” Several MSIs tried to motivate more companies to take this approach via reporting

mechanisms and published ratings. For example, the Fashion Revolution's Transparency Index ranked global fashion brands on, among other things, their public disclosure of social policies, practices, and impact. Companies that ranked lower disclosed almost nothing at all, while those that ranked higher published detailed supplier lists, assessments, and efforts to address issues such as the gender pay gap (Fashion Revolution, 2018). Gill thought initiatives like these that "aggregate the data, the factory lists, and the audit reports have real value and encourage firms to disclose and compete. It is a useful piece to break off but it's not the end of the road."

One final approach tried to tap into the growing market of consumers who cared about how their products were made (Nielsen, 2018). Several models were developed that encouraged consumers to direct their purchases toward more ethically-produced products. Fairtrade, for example, educated consumers about fairness in supply chains and certified ethical products with a Fairtrade brand to help consumers make purchasing choices. The GoodGuide app allowed consumers to scan a label and receive data about how the product was made. Gill believed these ideas were promising, but efforts had not matured. He stated, "organics and non-toxics for food and the home have generated large margins and competitive businesses because there is a direct tie-in to people's health. We simply haven't seen the same kind of traction in the labor rights space—it is still rare for consumers to think about labor issues."

LABORVOICES

Gill started LaborVoices as a for-profit enterprise in 2010 with the mission to provide a means for companies to assure human rights in their supply chains while creating transparency to foster public accountability and guide workers to safe and fair jobs. By 2017, the startup employed 17 full-time employees and contractors. Gill's inspiration stemmed from his work in the human rights bureau within the U.S. Department of State where he first gained interest in applying technology tools to worker rights transparency. Gill recalled, "I realized there was an incredible amount of value that workers individually had that they couldn't realize. We were at the beginning of the crowdsourcing movement and when I looked at the labor abuse problem, I said what is stopping us from doing this? These bottom-of-the-pyramid workers were constantly thinking about their circumstances. I figured we could empower workers through their knowledge and we could create a mechanism for companies to pay for it. After all, companies were paying to get much worse quality data on labor issues in their chains. They could pay us for more genuine, real-time data and we could use the platform to help workers accelerate their opportunities and create real competition among labor markets."

Gill built LaborVoices' CSR-based business model on this idea. LaborVoices focused on creating value for companies that wanted or needed valid insights into working conditions in their supply chains, and for workers who contributed the necessary data on their working conditions. LaborVoices delivered its proposition by gaining the trust of workers and then using mobile technology, which was pervasive in even the poorest countries, to crowdsource intelligence about labor conditions in real time. Workers responded anonymously to call-in surveys and reported issues such as sexual harassment or child labor in their factories. LaborVoices aggregated the data into reports and informed the companies who purchased from those factories. LaborVoices also fed the aggregated information back to workers to help them make more informed job decisions. Value was captured by having companies that needed worker rights intelligence in their supply chains contract for a specific factory investigation or subscribe to a subscription service for ongoing intelligence.

LaborVoices proved its concept by running initial experiments in South India, a country where Gill had extensive experience. After gathering data from workers and developing a prototype, LaborVoices sold its findings to companies that took labor abuses and CSR seriously. Gill shared, "I was going to conferences and presenting every chance I had. I spoke with everybody and their brother about this model and how we could improve on the status quo. Finding companies that cared about this was one of the easiest things we did. I knew which companies were asking for help from my time at the U.S. Department of State, and because companies coalesced into industry groups on labor rights, that presented us with a sales list of sorts. Apparel, electronics, toys, and mining were our target industries." LaborVoices set out to replace the traditional audit initially. Gill remembered, "We got a few initial consulting contracts and a little bit of seed investment. We figured we would replace the audit first and then grow from there, but we didn't land anything major until Rana Plaza."

The Rana Plaza catastrophe (Figure 2) occurred in April 2013 in Bangladesh, when a garment factory collapsed due to issues later identified as substandard building materials and disregard for construction codes. The collapse killed 1,134 workers, making it the deadliest disaster in garment industry history (Mustafa, 2013). In its aftermath, there was considerable global attention on the unsafe working conditions in Bangladesh, the world's second leading clothing exporter with over 5,000 garment factories (Yardley, 2013). The Rana Plaza collapse mobilized interest in supply chain transparency in a way LaborVoices had not seen. Gill recalled, "Companies started coming to us! Walmart was the first big company. They said, 'this is serious. You've been talking to us about this for several years. Now we desperately need something in Bangladesh.'"

FIGURE 2

Rana Plaza Building Collapse.



Source: Yardley, 2013

LaborVoices contracted with Walmart for a one-year partnership to provide visibility into working conditions in Bangladesh through real-time, anonymized worker feedback at 279 supplier factories (Elks, 2013). Critical to the contract from Gill's perspective, LaborVoices retained the right to share the information it learned on behalf of Walmart with the public rather than having Walmart own the information. Gill insisted, "This broader approach to data ownership—gathering data in an unencumbered fashion, so we could release it publicly and reuse it for benchmarks, advocacy, and industry products—was necessary to bring sector-wide accountability and help us achieve our mission. Ultimately, retaining data ownership will help us move in the direction of our guiding star, predictive analytics. We want to generate the ability to inform companies of potential issues before they occur based on our worker-sourced data."

The partnership with Walmart created considerable publicity on labor abuses in supply chains and the role LaborVoices played in helping address them. Media outlets such as Forbes Magazine and the Wall Street Journal reported about LaborVoices and recognized it for helping tackle human rights violations (Newlands, 2017). Other major brands such as Adidas, Gap, and Nike soon contracted with LaborVoices for pilots to ferret out labor abuses in their supply chains (see Figure 3). Gill boasted, "small businesses would kill for the list of contracts we had with major recognizable brands."

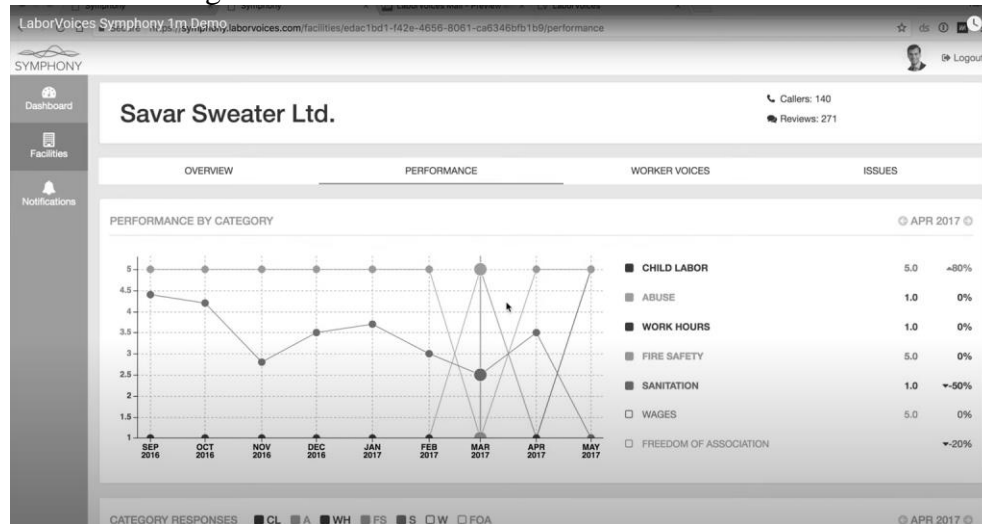
FIGURE 3

LaborVoices Facebook Page Post.



LaborVoices parlayed these pilot contracts with major firms and a host of other, smaller contracts with private companies, foundations, and government agencies into labor abuse studies in over 15 languages in 12 countries on 4 continents. The company demonstrated that gathering worker-reported data in large quantities was doable and valuable. It discovered multiple instances of abuses, including infant deaths in Indian factory childcare facilities, human trafficking in Bangladeshi apparel factories, and Syrian refugees in Turkish sweatshops. It created an audio-based product for workers to learn about better and safer job opportunities. LaborVoices delivered country-wide, multi-year compliance solutions in the Turkish apparel and Argentinian agriculture industries. It launched a subscription-based dashboard for companies to track issues such as child labor, work hours, and fire safety in their supply chains (see Figure 4). Finally, the company published industry-wide benchmarks on Bangladesh and Turkey, ranking factories by name on metrics such as sexual harassment. Gill was emphatic about these benchmarks, “We had been preaching that the way to move forward is through independent data sources in the public domain to put pressure on factories and the brands that buy from them to improve working conditions. This was a risk in many ways and I know it embarrassed some companies and MSIs that basically got called out for how many of their factories were not abiding by the things they promised they were doing.”

FIGURE 4
Online Worker Rights Dashboard.



EXPERIENCES IN CSR

In terms of achieving its social mission, LaborVoices' CSR-based model performed very well. LaborVoices helped companies comply with labor rights standards and encouraged some competition on social metrics among suppliers. The impact on workers was even higher. Gill beamed when recalling that "Workers love what we are doing. They can vote with their feet for better working conditions. We hear stories of thanks all the time. I remember a minimum wage worker in Argentina who wouldn't accept payment for some help he provided us because he said 'I see what you are doing and it is for my people.' We have brought some transparency to markets for workers. Those markets are so opaque that just a little bit of transparency can have outsized effects on individual workers avoiding harassment and making their families better off."

Unfortunately, predictable revenue and investment were harder to generate with the CSR-based model. Over the course of 7 years, LaborVoices secured only several million dollars in revenue and raised about a million in investment—not nearly the scale or speed needed to build the infrastructure for industry-wide data gathering and predictive analytics, the products LaborVoices really wanted to offer. Although LaborVoices was able to secure promising projects with major brands, those projects rarely went beyond the pilot phase. Gill confided, "We landed in CSR and hoped to expand from there, but we are stuck with pilots. It is very difficult for others in the enterprise to see CSR as anything more than a group that nags them about who they can't buy from. And, even when companies claim to care about labor abuses, they don't necessarily have lots of money and effort to put into it. Even if they have the data, do they have the capacity to act on it? Although the

individuals in the CSR offices are very dedicated and we get our foot in the door because they have a budget to put towards these things, starting in CSR puts limits on what we can do. Even the biggest companies have limited CSR budgets and the CSR employees have fairly limited influence in their companies. There are ceilings on how much you can grow—the projects won't grow on their own because budgets aren't going to grow tenfold. That is also clear to our investors. We need to get more capital to move beyond descriptive products and into predictive analytics, a capability that will be much more valuable to companies."

Further, CSR efforts continually shifted. Gill exasperatedly stated, "this year it may be forced labor in the Malaysian palm oil industry. Then it is migrant workers in the Thai fishing industry. Then it is safety conditions in Bangladeshi apparel. Companies are moving their geographic and sectoral focuses over and over again. There is volatility and it isn't productive to be building solutions for moving targets."

Gill also believed broader factors limited growth opportunities selling to CSR. He shared, "Labor rights are intangible. They are not tied to the product itself. A consumer can't compare the products directly like they can for other dimensions such as quality and so companies don't compete viciously with each other over labor rights in a race to the top. Instead, we get more of a low bar and everyone falls to the standard. It is nothing more than a compliance issue for most companies." Also, companies that did try to raise the bar and publish their efforts were subject to criticism when they fell short of the ideal or risked having their efforts sniped by others. Gill gave an example, "Let's say a brand builds capacity with a supplier and the supplier becomes really good with worker issues. The more public that capacity is, the easier it is for another company to free ride on that capacity development. In principle, that's great, but at the same time that means the brand has less incentive to build the capacity. There is a gravitational pull towards secrecy."

Gill also believed CSR fell short because so much was done in a pre-competitive space, through cooperation. He explained, "The original sin of CSR is that it is well meaning. Companies come together to deal with issues cooperatively—that has been the death of initiatives. Industry groups only push as hard as the least aggressive company in the group is pushing. Those less aggressive companies typically don't have the pressure on them because they aren't high profile cases. And, companies are hesitant to participate when other high-profile firms are involved because those firms are the ones that get the publicity. Even the brands that do take CSR seriously aren't willing to call out their competitors who don't take it seriously. It just isn't done."

Gill was also disappointed to learn that for a high proportion of companies, “It is about showing what you’re doing versus actually doing it. Companies will sponsor a pilot project to give them cover but taking that pilot to scale becomes more burdensome. It is easier to join a coalition, pay the dues, and send somebody to meetings. They’ll put that on the list of things they are doing even if it doesn’t really deliver a better supply chain.” Companies were also hesitant to seek out data on labor rights if they believed they would not be able to do anything if they found abuses. In those cases, not knowing was preferable to knowing but being unable or unwilling to act.

Finally, Gill thought CSR was likely to become less impactful in the future due to shifts in the global marketplace as countries such as China, Russia, and Brazil increased market power. He explained, “As those customers and investors start to dominate the global market, we’ll see a values-shift away from U.S.-E.U. human rights priorities. Those countries don’t share the same values. Efforts to monitor labor rights abuses will be minimized and companies like ours will find their customer base drying up.”

EXPLORATION OF NEW AVENUES

Gill knew continuing with the CSR-based business model was no longer a viable option on its own. He needed to find other avenues into businesses. As hard as it was to admit given LaborVoices’ social accomplishments, jumping from one pilot project to another was simply not achieving the financial means needed to keep LaborVoices afloat. Gill confessed, “We can’t keep putting time into chasing more pilots. Focusing on developing products for CSR offices wasn’t the right route.” Gill was most excited about expanding the company’s crowdsourced worker rights platform into predictive analytics for supply chain management more broadly. LaborVoices could then use this more successful product to fund efforts for labor rights. Gill figured, “We could do the opposite of what we have been doing because targeting pilot projects with companies that care about labor rights never grows into larger scale. Instead, we could build products for managing supply chains to generate intelligence that is valuable regardless of whether the customer cares about worker rights. This secular value, such as legal requirements, operational efficiencies, disruptions, on-time deliveries, is more likely to scale. It is a much, much bigger market than anything CSR can do. We can piggyback worker rights onto this infrastructure.”

Gill believed LaborVoices was on the cusp of providing this predictive analytics product and knew they could easily target potential customers with it. “When you can predict an issue before it happens, that is super valuable and we have formed a patent application around that. If we built the predictive tools on our worker-

sourced data, we would have a must-have product for supply chain managers, investors, and supply chain insurers.”

LaborVoices had completed some work to prove the predictive analytics concept in an analysis of its worker data in Bangladesh. Having data across a number of factories in a particular coverage area during a time when major strikes and riots were occurring at some factories but not others provided a natural experiment. Gill shared, “We were able to identify early indicators of potential disruptions. There were some very promising things we learned about where we could go with predictive tools. Achieving the scale and density of data necessary to create a compelling product to pitch to investors or customers will be difficult, but it is where we need to go.”

At the same time Gill was considering how to move to predictive analytics and broader supply chain issues, LaborVoices was surprised with an opportunity with a U.S. Federal Government Agency. LaborVoices had an ongoing stream of government contracts, but the contracts were small, milestone based, and fairly flexible. Gill stated, “We had a small pipeline of government business and private business at the same time. We didn’t put a lot of bandwidth towards trying to secure government contracts, but they were useful because there were little pots of money dedicated to labor rights. Then, despite that low bandwidth and our limited experience with government contracts, we landed the biggest opportunity we ever had.”

The proposal was for a \$2 million contract, nearly 4 times larger than any prior contract, to be executed over two years in Bangladesh, a country in which LaborVoices already had an extensive network. Gill believed a contract of that size could be the source of capital LaborVoices needed to build the data infrastructure for better worker rights analysis and reporting capabilities. Further, Gill received strong signals from the U.S. Government about other contract opportunities down the road.

As tempting as it was to accept the contract, there were several reasons for hesitation. For one, the contract was different than LaborVoices’ prior government contracts. The contract proposal was a cooperative agreement, a form that maximized the agency’s ability to change direction during the contract. Second, rather than getting paid when it reached milestones like it was used to, LaborVoices would submit budgets and could only spend against the budget when it was approved by the agency. Further, budgets would be line-item oriented, with only a small portion dedicated to overhead. Gill believed if LaborVoices accepted the contract, it would “force the wind down of our private sector business. The contract will eat up almost all of headquarters time so we’ll have to scrap the private sector

business. We'll be in a situation where essentially all of our revenues will be coming from one source."

THE PATH FORWARD

After investing so much effort and resources in LaborVoices to bring transparency to worker rights, Gill realized that despite the company's achievements, the CSR-based business model was just a cul-de-sac that was no longer attractive on its own. Gill needed to find a way forward for LaborVoices and the worker rights the company helped improve. Should LaborVoices accept the U.S. Government Agency contract and abandon the company's core private business? Should LaborVoices reinvent itself as a worker-sourced supply chain diagnostics and predictive analytics company? Is there another path Gill had not thought of?

Gill was extremely proud that his company helped pioneer the emerging market of worker-sourced data for supply chains and created better and safer opportunities for bottom-of-the-supply-chain workers. He looked forward to a future of even greater impact, but to achieve it he needed a path out of the cul-de-sac. He had to find a path to generate lasting momentum for LaborVoices.

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