**////Title: Exploring the Hershey Company’s Child Labour Case**

**////Standfirst:**

The Hershey Company, one of the largest chocolate manufacturers in the world, produces and distributes millions of sweet treats every year. In 2019, an article on the *Washington Post* accused the company of failing to uproot child labour from its cocoa supply chain. Dr Bertrand Guillotin, an Associate Professor at Temple University’s Fox School of Business, recently published a case study that closely explores these child labour allegations against the Hershey Company.

**////Main text:**

The Hershey Company is a US-based multinational company that manufactures some of the most renowned sweets in the world, including KitKat bars, Whoppers, Peanut Butter Cups, Hershey Kisses, and many more. The company was founded by Milton Hershey in 1894, in Derry Township, Pennsylvania.

In 2017, Michele Buck became Hershey’s first female president and CEO. While the company’s new CEO made history, the Hershey Company has faced significant challenges under Buck’s lead.

In 2019, Hershey ranked fourth on Green America’s Chocolate Company Scorecard, after its competitors: Mars, Nestlé, and Lindt & Sprüngli. One of the reasons for this is that it allegedly failed to fulfil a pledge made in 2001 to eradicate child labour from its supply chain.

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Child labour is one of the most pressing human rights challenges worldwide. One of the Sustainable Development Goals outlined by the United Nations is to eradicate child labour in all its forms by 2025. This has led to the introduction of numerous legislations worldwide, including the Slave-Free Business Certification Act, introduced to US Congress in 2020.

Following allegations that it had failed to uproot child labour in its cocoa supply chain, the Hershey company was involved in a federal class-action lawsuit in 2021, filed by the International Rights Advocates on behalf of eight children from Mali, who were trafficked and forced to harvest cocoa in the Ivory Coast.

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Dr Bertrand Guillotin, an Associate Professor at Temple University’s Fox School of Business, has been conducting extensive research focusing on international businesses and strategic management. Recently, he wrote a paper focusing on the Hershey Company’s class-action lawsuit and on its failure to fulfil its promise of abolishing child labour. This paper was used as a course material, helping him to initiate discussions about business ethics during his classes.

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In his case study, Dr Guillotin first explores the origins of the Hershey company, summarising its expansion and development over time.

By the early 1900s, Hershey owned the largest chocolate manufacturing facility in the world. After the death of its founder, the company kept growing, acquiring many other manufacturers of sweets and other foods. The rise of new competitors in the 1970s, particularly Mars, ultimately forced the company to start advertising its products and seek out new strategies to increase profits.

Dr Guillotin also takes a closer look at the company’s founder and his values, highlighting his continuous efforts to ensure that his workers and their families lived with dignity. In addition to his entrepreneurial work, Milton Hershey was involved in several philanthropic projects, including the foundation of the Milton Hershey School and the Hershey cemetery.

Today, the company still promotes its founder’s values, priding itself of operating with integrity, and caring for people and the planet. While its primary market remains the United States, Hershey chocolate bars and other sweet treats are sold in approximately 70 countries worldwide.

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In his paper, Dr Guillotin also outlines how the chocolate manufacturer’s marketing strategy and financial performance evolved over time. He then goes on to introduce Buck, the current CEO, emphasising her desire, from her early days at Hershey, to retain the company’s good reputation while also implementing an aggressive business plan.

Dr Guillotin explores the adverse effects of this ‘aggressive business plan’ on Hershey’s reputation, explaining when and how the allegations about child labour first arose.

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In 2016, the US congress introduced new legislation that made it illegal to buy products made by slaves, and the European Union introduced similar laws aimed at protecting human rights.

Despite this legislation, in 2018 Hershey, Mars and Mondelez International, three of the top chocolate manufacturers in the world, imported large amounts of cocoa beans from the Ivory Coast and Ghana, which were collectively worth hundreds of millions of dollars. These beans were grown by farmers that earned approximately 1 US dollar per day, some of whom exploited child labour.

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In his paper, Dr Guillotin highlights how, given the high number of farmers in both the Ivory Coast and Ghana, it is very difficult to determine which of them exploits child labour. As a result, the Food Empowerment Project and other organisations have recently started encouraging people not to buy chocolate that is sourced from Western Africa.

After 2018, Hershey became more secretive about the origins of its cocoa beans, perhaps also to avoid paying the Living Income Differential, an additional fee that chocolate companies need to pay when purchasing cocoa beans from West African farmers, which is aimed at alleviating poverty in the region.

In 2019, Hershey dropped towards the bottom of Green America’s Chocolate Company Scorecard, primarily due to the reported issues with labour certification. Then in 2020, the company did not make the top-50 list of best companies for environmental, social, and corporate governance initiatives.

That same year, some Ivorian and Ghanaian cocoa regulators claimed that Hershey was being unethical, as despite its advertised sustainability efforts, it was not contributing to the eradication of child labour. The following year, Hershey was among seven companies to receive a class-action lawsuit filed by the International Rights Advocates on behalf of eight children from Mali.

Even if it eventually agreed to start paying the Living Income Differential when purchasing beans from West Africa, Hershey’s reputation was significantly damaged, and the company lost the trust of many consumers.

Dr Guillotin ends his paper pondering on the possible actions that Buck and her colleagues could implement to demonstrate that they are truly committed to change and to protecting the lives of children in West Africa. This question is further discussed and explored during his classes.

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This SciPod is a summary of the case ‘The Hershey Company: Broken pledge to stop using child labour’, published by IVEY Publishing and distributed by Harvard Publishing.

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