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# Sustainable Supply Chain Management: The Missing Link of Social Sustainability

Dafne Oliveira C. de Moraes

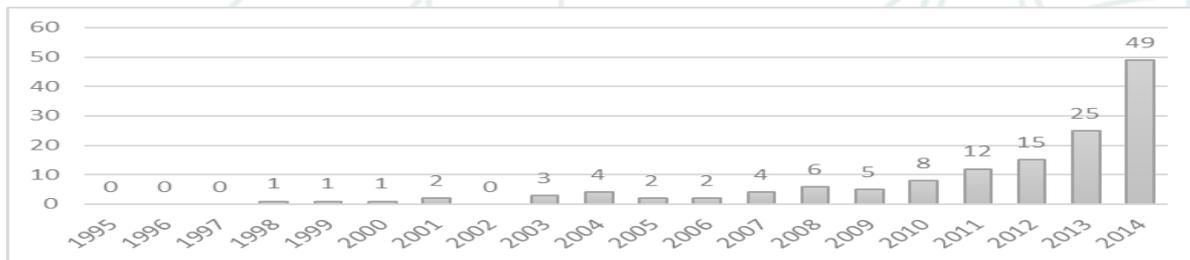
Fundação Getúlio Vargas – FGV/EAESP, São Paulo, Brazil

Bruno S. Silvestre

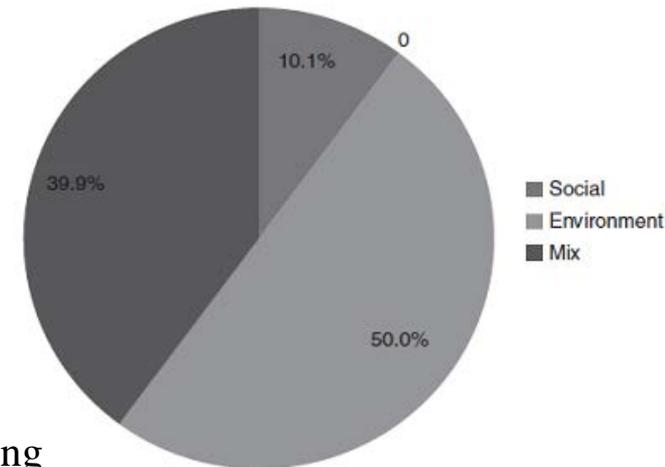
*Asper School of Business, University of Manitoba, Winnipeg, Canada*

**Academic Work**

## Sustainable Supply Chain Management Growth & Social Sustainability Gap



SSCM literature increased **ten times between 2005 and 2014**  
(BESKE; JOHNSON; SCHALTEGGER, 2015), with **emphasis** on the last **5 years**  
(DUBEY et al., 2016).



308 papers, in 15 journals,  
from 1995 to 2013  
Touboulie e Walker (2015)

42 of 49 papers focusing  
on the **social dimension** were  
published in the last **5 years**  
Beske, Johnson & Schaltegger, (2015)

94,6%  
economic

87,2%  
environment

34,9%  
social

Research question

How focal companies implement and manage social sustainability into their supply chains?

## Supply chain social sustainability

Address **social issues** along the supply chain, that is, **upstream and downstream of the focal company**, going beyond internal operations, to suppliers and stakeholders, such as local community, society and consumers (Mani et al., 2015).

Understanding social issues, however, is a complex challenge and a **variety of definitions have emerged** as Klassen and Vereecke (2012), Chardine-Baumann and Botta-Genoulaz (2011), Jorgensen (2008) and Gomes et al., (2014)

Mani et al. (2016) developed and validated categories of initiatives related to social sustainability in supply chains, focused on **emerging economies** and validated in supply chains operating in India.

Category	Description	Authors
<b>Philanthropy</b>	It includes practices such as: donations to religious organizations, encouragement for employees to volunteer in charitable units and to donate to NGOs that develop society, encourage suppliers in philanthropic activities, conduct community-building related activities for communities affected somehow by a supply chain	Carter and Jennings (2002); Mani et al. (2016)
<b>Health, Safety and Well-being</b>	It includes physical and mental health that is directly related to safety and hygiene at work within the supply chain. It also considers hazardous materials and dangerous work conditions across the supply chain that could leave long-term effects on workers' health and safety.	Carter and Jennings (2002); Jorgensen and Knudsen (2006); Hutchins and Sutherland (2008); Ciliberti et al. (2009); Klassen and Vereecke (2012); Gomes et al., (2014); Dubey et al. (2016); Mani et al. (2016)
<b>Equity</b>	It includes the assurance of diversity and tolerance across supply chains, including compliance with non-discriminatory policies.	Carter and Jennings (2002); Hutchins and Sutherland (2008); Gomes et al., (2014); Mani et al. (2016)
<b>Ethics</b>	It includes ethical compliance across the supply chain by respecting codes of ethical conduct transparency.	Carter and Jennings (2002); Dubey et al. (2016); Mani et al. (2016)
<b>Human rights</b>	It includes the assurance of rights inherent to all human beings, regardless of nationality, place of residence, gender, ethnic origin, color, religion or language.	Carter and Jennings (2002), Jorgensen (2008), Mena et al. (2010); Preuss and Brown (2012); Gomes et al., (2014); Dubey, et al. (2016); Mani et al. (2016)

## A Typology for Supply Chain Social Sustainability: SC Engagement and Motivation

**Engagement:** the extent to which the focal company gets involved with other supply chain players to address social issues or launch social initiatives (Vereecke; Muylle, 2006).

**information exchange:** simply exchange information such as sharing inventory data, demand forecasts

**structural collaboration:** higher degree of commitment and interaction, where the interaction becomes embedded in business practices and oriented toward integration (Vereecke; Muylle, 2006).

**Motivations:** factors that impel organizations to implement social sustainability or start a social initiative within the supply chain (Gimenez; Tachiawa, 2012).

**Intrinsic:** focused on ethical considerations and values of the decision maker (i.e., it is the right thing to do) (Muller; Kolk, 2010).

**Extrinsic:** focused on gaining financial benefits (e.g., competitive advantage, market share). Related to the idea that “it pays to be ethical” (Burke and Logsdon, 1996), are associated with risk-avoidance and/or opportunity-seeking behaviors (Silvestre, 2016).

## A Typology for Supply Chain Social Sustainability: SC Engagement and Motivation

Drivers	Description	Studies
<b>Extrinsic Motivated (i.e., direct or indirect financial rewards) Initiatives</b>		
<b>Competition</b>	Competitors undertaking sustainable initiatives is the primary motivation for organizations to enhance their SC sustainability	Sarkis et al., (2010); Grosvold et al. (2014); Dubey et al. (2016)
<b>Market</b>	Pressure from customers willing to buy sustainable goods and services is the primary motivation for organizations to enhance their SC sustainability	Lee and Kim (2009); Awaysheh and Klassen (2010); Hassini et al. (2012); Klassen and Vereecke (2012); Varsei et al. (2014); Marshall et al. (2015); Meixell and Luoma (2015); Dubey et al. (2016); Sancha et al. (2016)
<b>Regulations</b>	Law and regulations from Governments, agencies, associations and financial institutions is the primary motivation for organizations to enhance their SC sustainability	Linton et al. (2007); Lee and Kim (2009); Hassini et al. (2012); Marshall et al. (2015); Dubey et al. (2016); Sancha et al. (2016)
<b>Reputation and competitive advantage</b>	Enhanced reputation through marketing campaigns and the search for competitive advantage is the primary motivation for organizations to enhance their SC sustainability	Awaysheh and Klassen (2010); Linton et al. (2007); Gold et al. (2010); Klassen and Vereecke (2012); Grosvold et al. (2014); Luzzini et al. (2015); Silvestre (2015b);
<b>Secondary Stakeholders</b>	Pressure from media and NGO activism is the primary motivation for organizations to enhance their SC sustainability	Awaysheh and Klassen (2010); Hall and Matos (2010); Klassen and Vereecke (2012); Matos and Silvestre (2013); Meixell and Luoma (2015); Yawar and Seuring (2015); Sancha et al. (2016)
<b>Intrinsic Motivated (i.e., ethical considerations and values) Initiatives</b>		
<b>Ethics and Values</b>	Decision-makers' ethics and/or organizational values are the primary motivations for organizations to enhance their SC sustainability	Hall et al. (2012); Beske and Seuring (2014); Varsei et al. (2014); Meixell and Luoma (2015); Silvestre (2015a); Dubey et al. (2016)

## A Typology for Supply Chain Social Sustainability: SC Engagement and Motivation

		Extrinsic	Motivation	Intrinsic
SC Engagement	Structural Collaboration	<p>Social initiative that is initiated by a SC focal company based on <b>extrinsic motivations</b> (e.g., gain competitive advantage, increase market share, improve reputation, etc). Focal company's engagement with the rest of its SC is based on <b>structural collaboration</b> to achieve the desirable goal (i.e., internal resources to the organization are not enough).</p>		<p>Social initiative that is initiated by a SC focal company primarily based on <b>intrinsic motivations</b> (e.g., ethical considerations, satisfaction because this was the right thing to do, etc). Focal company's engagement with the rest of its SC is based on <b>structural collaboration</b> to achieve the desirable goal (i.e., internal resources to the organization are not enough).</p>
	Information Exchange	<p>Social initiative that is initiated by a SC focal company based on <b>extrinsic motivations</b> (e.g., gain competitive advantage, increase market share, improve reputation, etc). Focal company's engagement with the rest of its SC is based on <b>information exchange</b> only because the organization can achieve the desirable goal with existing internal resources.</p>		<p>Social initiative that is initiated by a SC focal company primarily based on <b>intrinsic motivations</b> (e.g., ethical considerations, satisfaction because this was the right thing to do, etc). Focal company's engagement with the rest of its SC is based on <b>information exchange</b> only because the organization can achieve the desirable goal with existing internal resources.</p>

Figure 1 – Framework for managing social sustainability into supply chains

## Methodology

The research seeks to describe the phenomena of interest and identify plausible relationships that shape the phenomenon (Yin, 1994).

### Case studies

- Highly **recommended** to develop conceptual models for social factors in SCM (Seuring, 2008b; Brandenburg et al., 2014)
- Context of **emerging economies** seems to be particularly important in the **scenario of outsourcing** of suppliers, with a superior demand for elements in SSCM (Busse, 2016).
- **4 preliminary cases** based on **social initiatives developed by focal companies** from supply chains operating in Brazil to shed additional light on the dynamics behind the implementation and management of social sustainability in supply chains.
- Data collection strategy in **two phases**.
  - 1) Based on **secondary data** collection and analyses: researchers analyzed companies' sustainability **reports, mass media news, industry reports** and other relevant documents. This phase was executed in January/February 2017;
  - 2) Based on **primary data**: researchers are **interviewing multiple key-informants** from different stakeholder groups connected to these social initiatives. This phase is planned to be executed in June/Jul/Aug 2017.

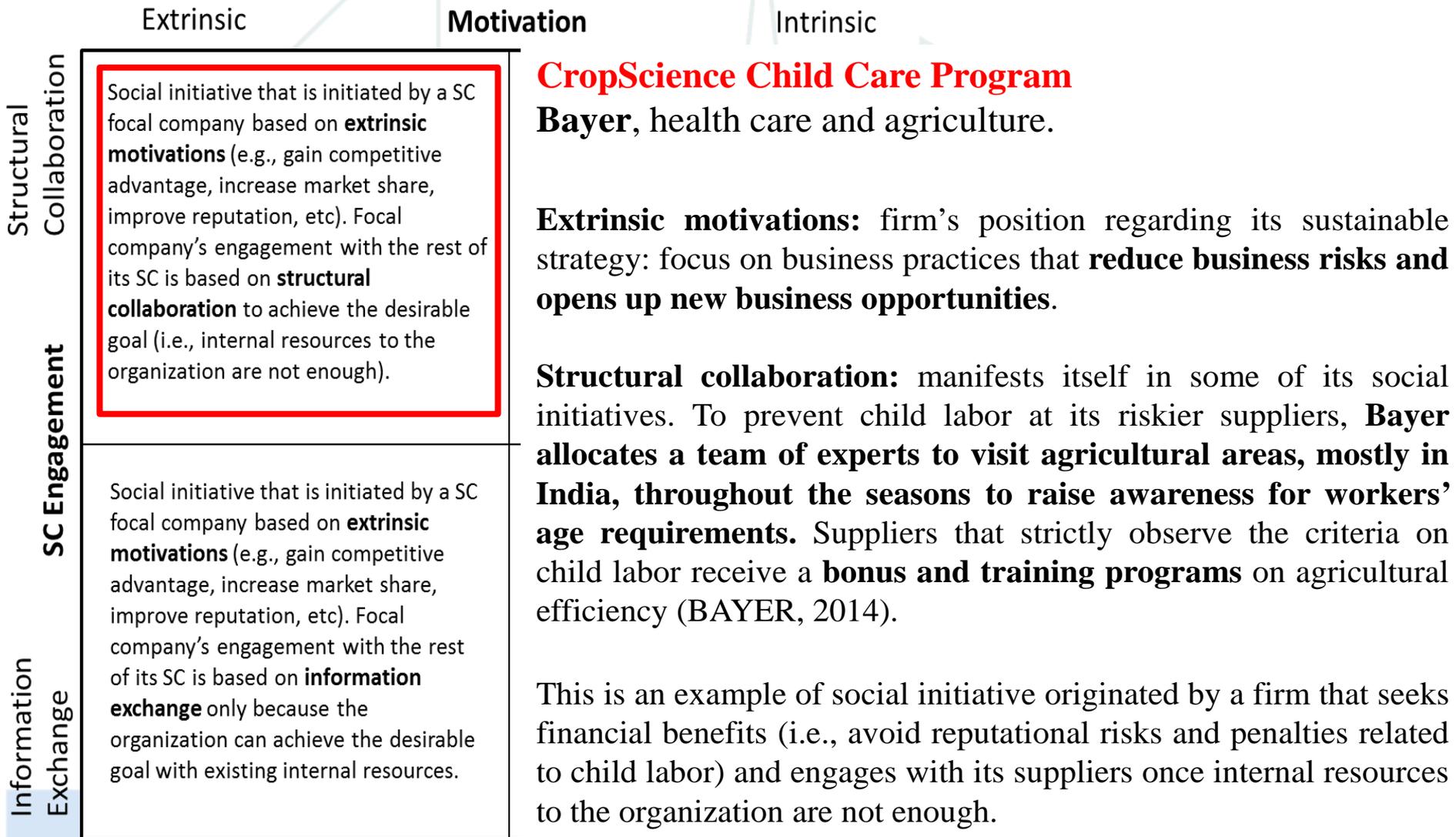


Figure 1 – Framework for managing social sustainability into supply chains

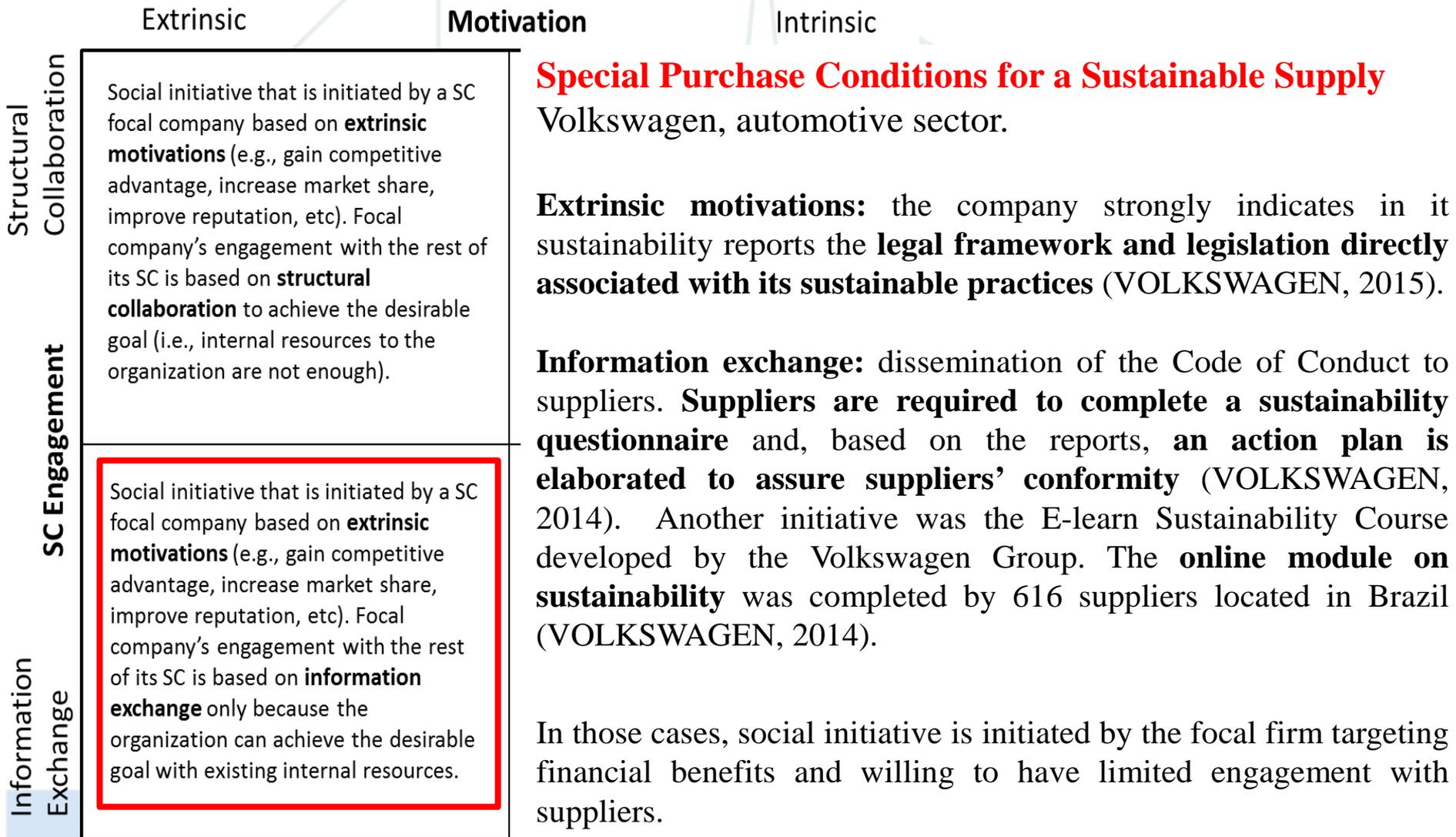


Figure 1 – Framework for managing social sustainability into supply chains

Extrinsic	Motivation	Intrinsic
<p><b>Danone Ecosystem Fund</b> Danone, food sector.</p> <p><b>Intrinsic motivations:</b> sustainability reports filled with quotes and <b>personnel perspectives from its founder and CEO</b> on sustainable issues; the <b>original purpose of creating the company is reported as a sustainable initiative</b>. Social business started by the Danone's CEO with <b>Muhammad Yunus</b>.</p>	<p>Social initiative that is initiated by a SC focal company primarily based on <b>intrinsic motivations</b> (e.g., ethical considerations, satisfaction because this was the right thing to do, etc). Focal company's engagement with the rest of its SC is based on <b>structural collaboration</b> to achieve the desirable goal (i.e., internal resources to the organization are not enough).</p>	<p>Social initiative that is initiated by a SC focal company primarily based on <b>intrinsic motivations</b> (e.g., ethical considerations, satisfaction because this was the right thing to do, etc). Focal company's engagement with the rest of its SC is based on <b>information exchange</b> only because the organization can achieve the desirable goal with existing internal resources.</p>
<p><b>Structural collaboration:</b> Social initiatives connected to distant sections of the supply chain. Development of the Danone Ecosystem Fund, a fund that provides <b>training for small-scale farmers and micro-distributors</b> (DANONE, 2016); and the Kiteiras Initiative, a new selling business model that <b>enforces direct selling with focus on the female entrepreneurship</b>.</p>		
<p>In this case, social initiatives are based on primarily intrinsic motivation, mostly attached to ethics, values and the belief that it is the "right thing to do" and with a focus on the entire SC.</p>		

Figure 1 – Framework for managing social sustainability into supply chains

Extrinsic

Motivation

Intrinsic

## Let's Plant initiative

Unilever

**Intrinsic motivations:** Unilever CEO was interviewed by Fortune Magazine because of his ambitions on sustainable goals for Unilever (FORTUNE, 2017), and his own **personal actions were understood as having a strong connection to the firm's current sustainability approach and sustainability vision.**

**Information exchange:** The firm ensures that its tomatoes suppliers for the Hellmann's Ketchup adopt cultivation practices by taking into consideration the social, economic and environmental aspects. Unilever developed an **online platform, whereby consumers can interact, in real time, with local producers.** The action enables Unilever to **bring knowledge to the final customer regarding social responsibility in the SC,** certification and quality assurance of its products (UNILEVER, 2014).

In this case, social initiative is based on primarily intrinsic motivation, attached to values/beliefs, but with limited engagement with suppliers.

Social initiative that is initiated by a SC focal company primarily based on **intrinsic motivations** (e.g., ethical considerations, satisfaction because this was the right thing to do, etc). Focal company's engagement with the rest of its SC is based on **structural collaboration** to achieve the desirable goal (i.e., internal resources to the organization are not enough).

Social initiative that is initiated by a SC focal company primarily based on **intrinsic motivations** (e.g., ethical considerations, satisfaction because this was the right thing to do, etc). Focal company's engagement with the rest of its SC is based on **information exchange** only because the organization can achieve the desirable goal with existing internal resources.

Figure 1 – Framework for managing social sustainability into supply chains

## Some Considerations

- **Social sustainability can be implemented into supply chains through different approaches**, that are context-sensitive (e.g., with more or less internal resources and with different motivational natures) and **might have diverse impact on SC sustainability performance in the long-term.**
- We suggest that **integrating social sustainability through intrinsic motivations seem to implement initiatives less focused on short-term or specific issues.**
- The literature on SSCM may benefit from analyzing social and sustainable issues along the supply chain according to such approaches to **identify which one(s) lead to better results in term of overall SC sustainability performance.**
- A deeper understanding **may explain why (or why not) firms that are intrinsically sustainable tend to find more creative and broader ways to extend social/sustainable initiatives and have more permanent results.**
- This study also contributes to the practice of SCM by reinforcing the case for SSCM and arguing that genuine management actions may leading to more robust and rooted results on sustainability.

**Thank you**

Contact: [dafne\\_oliveira@hotmail.com](mailto:dafne_oliveira@hotmail.com)  
[b.silvestre@umanitoba.ca](mailto:b.silvestre@umanitoba.ca)