SOCIAL RESPONSIBILITY IN THE SUPPLY CHAIN

Interview with
CRAIG R. CARTER

“What do we need to do to be in business not just one year from now, or even three years or five years, but rather in 50 years or 100 years?”

Craig R. Carter is professor of supply chain management at the University of Nevada’s College of Business Administration, at Arizona State University. His research focuses foremost on the sustainable management of the supply chain, encompassing ethical issues in buyer-supplier relationships, environmental supply management, diversity sourcing, and the broader, integrative concepts of social responsibility and sustainability.

Dr. Carter has published extensively in the top logistics and supply chain management journals, such as, the Journal of Supply Chain Management, and has authored or co-authored focus studies and white papers for CAPS Research. He is Co-Editor-In-Chief of the Journal of Supply Chain Management and member of review boards for several Journals.

Question: In your research you investigate the existence of a relationship between environmental, social and economic performance within a supply chain context. This is the base of the argumentation of for applying social responsibility; can you explain briefly your findings?

Craig Carter: The 30,000 foot level concept of sustainability is companies must answer one question: “What do we need to do to be in business not just one year from now, or even three years or five years, but rather in 50 years or 100 years?” The answer to this question is that companies must maximize their long term economic viability – their economic bottom line. To do this, companies must engage in environmental and social initiatives that improve their bottom line. One of the problems with the idea of corporate social responsibility (CSR) is that many executives and managers viewed CSR as exactly that – a responsibility – actions that they had to engage in due to stakeholder pressures – but activities that did not improve their competitiveness and their economic bottom line.

Sustainability suggests that companies will maximize their economic bottom line at the intersection of economic, environmental, and social performance, and that this
intersection is actually quite large: many environmental and social initiatives actually improve an organization’s long-term economic performance and viability.

**Question:** The research on social responsibility generally focuses on the role of the buyer companies and the risks and benefits for them. Considering the other parts of the supply chain, what does it entail for a supplier to be part of a sustainable supply chain, what are the risks and the possibilities?

**CC:** Of course whenever companies adopt a new strategy or paradigm, there will be changes to the supply base – with some suppliers as winners and some losers. However, sustainability entails taking a longer term perspective, which could be beneficial for existing suppliers. And, suppliers that are asked by a buying organization to engage in sustainability can find that this improves their competitiveness and marketability to other customers.

**Question:** Often the attention given to the issue of social responsibility and sustainability in supply chains focuses on the multinational firms; however, there are several medium and large companies facing the same topic. What possibilities do they have to approach the issue?

**CC:** Sustainability offers any company the opportunity to improve its economic bottom line. In fact, there are numerous examples of small companies that are very competitive suppliers to organizations such as Whole Foods, based on their environmental and social sustainability. Some of these companies, such as Earth’s Best become medium and then large size, publicly traded organizations.

**Question:** The public attention given to the issue of social responsibility in the supply chain has been focused mostly on companies within the sector of apparel and agriculture. Are there differences across the sectors regarding how their work with the topic of social responsibility in supply chains? Can you give us an example of the approach applied by one sector?

**CC:** While food and apparel are common examples (I just used one in my answer to Question 3!), social sustainability extends far beyond these two industries. Consider the conflict diamonds from Africa (a lack of social responsibility) or the Electronics Industry Code of Conduct (EICC) which includes both environmental and social issues such as labor, health and safety, and ethics.
Question: What recommendations would you give to a manager of a company when approaching the issue of the company's responsibility in the supply chain?

CC: First, don’t try to reinvent the wheel. Many of the same drivers, barriers, and workarounds that other managers have encountered in implementing and managing other social and environmental sustainability initiatives will apply to what you are doing. Second, understand what influence tactics are most effective in gaining the buy-in of others in your organization and supply chain (see Gattiker and Carter 2010, Journal of Operations Management for a description of how to best gain the buy-in of others). And third, try to develop, map, and understand the social network of actors – other managers and key stakeholders – who will be a part of the sustainability initiatives that you will oversee (see Carter, Ellram, and Tate 2007, Journal of Business Logistics for an example of mapping such a social network).

Question: Looking ahead, what will be the next step regarding social responsibility in supply chains?

CC: Carbon mapping is one area that is top of mind for many managers, even in today’s recessed economy and even with some recent evidence of “gatekeeping” by journal editors and scholars concerning the science behind global climate change. However, carbon should only be one metric on an organization’s dashboard. Even in the case of carbon mapping, organizations must map the inputs (materials, energy, and labor for example) to their organization along with the outputs (not just the carbon and other waste including solid wastes such as packaging, but also the products which can add value to society). This is the only way to effectively gauge productivity – the ratio of outputs to inputs – in mapping carbon output.