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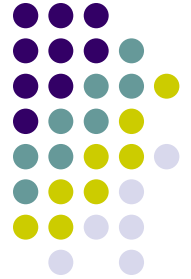
Professional Ethics in Science and Engineering

Presentation:

Ethics in Supply Chain Management (SCM)

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# Professional Ethics in Supply Chain Management



## Supply Chain Management

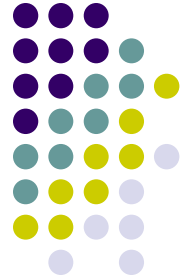
### Definition:

The network of retailers, distributors, transporters, storage facilities and suppliers that participate in the sale, delivery and production of a particular product.

In the simplest terms, Supply Chain Management (SCM) lets an organization get the right goods and services to the place they're needed at the right time, in the proper quantity and at an acceptable cost.

Efficiently managing this process involves overseeing relationships with suppliers and customers, controlling inventory, forecasting demand and getting constant feedback on what's happening at every link in the chain.

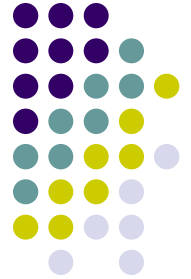
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## Roots of Ethics

Professional ethics is about managing relations which is a crucial part in SCM.

Successful companies use supply chains not only to reduce cost and complement the product but also to nurture long-term valued-added relationships.

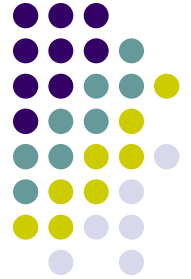


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Why society is concerned about ethics within SCM?

- Environmental Effects
  - Treatment plants for water, treatment of solid waste, gases
- Health and Safety
  - In Food Industry- uses of pesticides, hormone-treatment of animals
- Consumer Rights
  - Legislations about right to safety, right to choose, right to be heard.

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## Ethical Model/Process

Economic responsibilities: Supply Products and Services.

Legal Responsibilities: Obey Laws.

Ethical Responsibilities: Conduct business in a way that is morally consistent with the beliefs of society

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## Reasons for Increasing Concern about Ethics in Supply Chains

The pressure is coming from various sources. A wide range of stakeholders are interested in the social, ethical and environmental performance of the retail industry's supply chain.

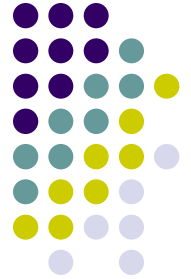
- **General Public**

Growing people's awareness of these issues and increasing expectations of companies' responsibilities.

- **Investors and rating agencies**

It is also coming from investors as socially responsible investment becomes more mainstream. Managing supply chain issues is seen as one indicator of how well a company is run.

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- **Media**

The media are also becoming more interested in stories about malpractice, as are campaigning groups as they target new sectors and become more skilled at harnessing public opinion.

- **Consumers**

More educated and discerning consumers.

- **Government and NGOs**

Public exposure of poor labour standards in some factories and other establishments, often located in developing countries, can inadvertently undermine progress on establishing ethical trade and good labour practices.



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## Examples

### Marks & Spencer

Ethical concerns about child labour, prison labour, discrimination and terms and condition of work environment.

### M&S Ethical Global Sourcing Strategy:

- Global Sourcing Principles
- Partnership with Suppliers
- Social Audit and Verification
- Continual Improvements and Sanctions





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## Nike

Labour involved in production of footballs.

Code of Conduct- Improve working conditions in factories.

Forced labor, Child Labor, Compensation, Benefits,  
Hours of work, Safety and health, Documentations and  
inspection.

## Reebok

Sourcing Procedure- Supplier list based on “Fair Factories Clearing House”  
evaluation.

Zero Tolerance Strategy

## GAP

Apparel Outsourcing- Social Responsibility

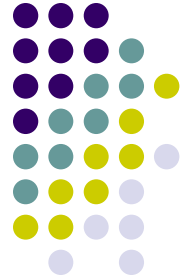


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## Addressing Ethical Issues in Supply Chain

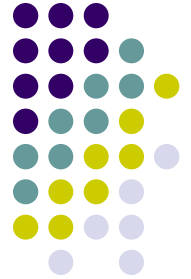
- Role of Certifications  
Example:  
World Responsible Apparel Production (WRAP)  
WRAP is an independent, non-profit organization dedicated to the certification of lawful, humane and ethical manufacturing throughout the world.
- Other Regulations  
International Labour Organisation (ILO) Conventions  
United Nations (UN) Universal Declaration of Human Rights.
- Recent issues with SCM Research  
Trust in Supply Chains
- Ethical Supply Chain  
Ethical supply chain should communicate ethical behaviours and fair treatment to all its stake holders.  
Supply chains must satisfy societal expectations

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## Discussions

- Child work can be seen as important in developing responsibility and independence as well as contributing to household economy.
- Should the societies be let isolated by not giving orders to already poor communities? Engagement or Disengagement strategy?



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## Five Myths about Business Ethics

1. Ethics is personal
2. Business and ethics don't mix
3. Business ethics is relative
4. Good business means good ethics
5. Information is neutral and amoral