

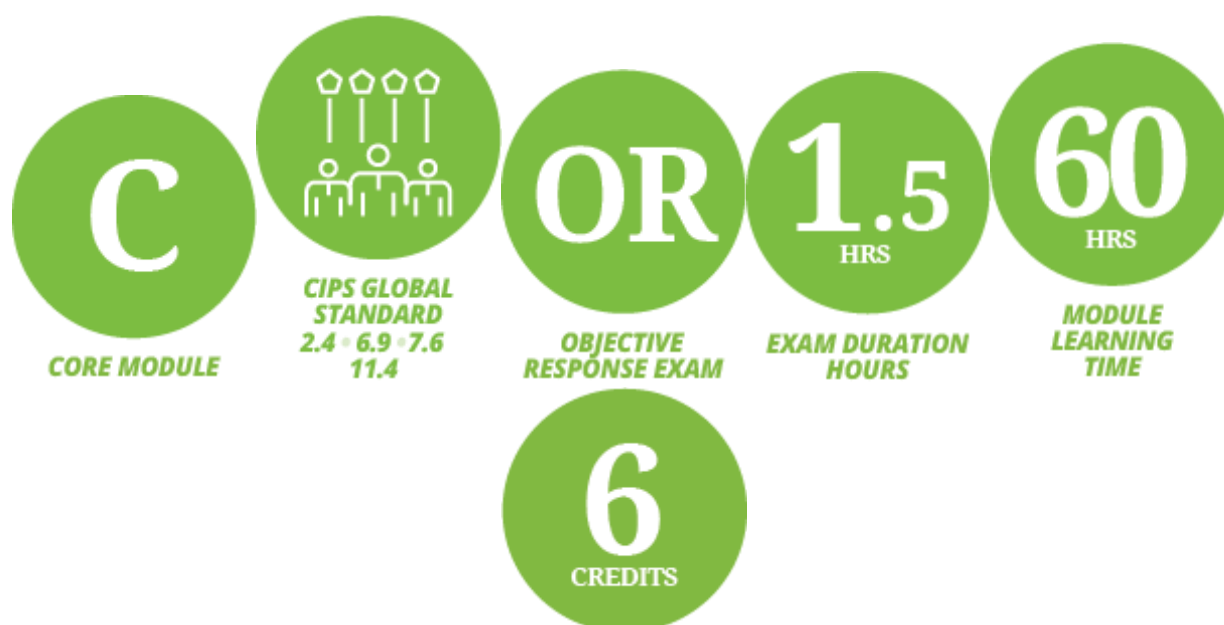
Managing Ethical Procurement and Supply (L5M5)

Module purpose

On completion of this module, learners will be able to explain the impact of and initiatives to improve, sustainability and the managerial approaches to promote ethical practices in procurement and supply.

Module aim(s)

The global economy and the associated advantages of sourcing from a global base of suppliers requires organisations to be prepared to address the ethical challenges that such approaches may present to their procurement and supply activity. Similarly, the concept of sustainability and its impact on the supply chain should not be underestimated as organisations strive to be seen to play their part in the global agenda. This module is designed to give those who have managerial responsibility for the procurement and supply function an understanding of the impact of ethics and sustainability on the supply chain, and the opportunity to analyse initiatives to improve practice and ensure organisational compliance with international standards in respect of ethical and sustainable procurement and supply chain management



Learning outcomes

1.0 Understand the impact of ethics and sustainability in supply chains

1.1 Analyse the implications of ethics and sustainability in supply chains

- Definitions of aspects of sustainability such as corporate social responsibility, responsible procurement and environmental purchasing
- The reasons for the focus on sustainability
- The risks and rewards of sustainability
- The development of sustainable procurement policies
- The implications of ethics for the supply chain
- Equality, modern slavery, bribery, corruption, fraud, human rights
- Breaches of codes, reputational and brand damage

1.2 Contrast the drivers of globalisation in supply chains

- Use of STEEPLED analysis to explain the drivers of globalisation
- Competitive advantage through global sourcing
- Globalisation and low cost country sourcing

1.3 Differentiate between the cultural and social issues in supply chains

- Language and cultural barriers
- Labour standards and forced working practices
- Wages and social security payments
- Inequalities of workers
- Health and safety standards

1.4 Contrast the potential conflicts that may arise between the needs of stakeholders in supply chains

- The profit motive and the search for low cost sourcing
- Demand management and the need for urgent orders
- Short term commercial gains versus long term availability of supplies

2.0 Understand the importance of compliance with standards to achieve ethical and sustainable supply chains

2.1 Contrast levels of complexity in supply chains and how they impact on compliance with standards for ethics and sustainability

- Mapping supply chains

- The use of sub-contractors by suppliers
- Portfolio analysis that measures sustainability risk and the importance to the organisation
- Portfolio analysis that measures sustainability risk and scope for improvement

2.2 Evaluate how contractual terms can support compliance with standards for sustainability in supply chains

- Monitoring performance
- Feedback from suppliers that help achieve compliance to standards for sustainability
- Subjecting sourcing strategies to independent review
- Accountability for achieving social, ethical and environmental standards

2.3 Evaluate the use of third party organisations to promote compliance with standards for sustainability in supply chains

- Sourcing third parties for auditing services
- Assessing the competences of third party organisations for the provision of audit services
- The difficulties with duplications of codes and audits

2.4 Critically assess how relationships with suppliers should deal with infringements of standards for sustainability

- Raising awareness of standards
- Involving workers in workplace matters
- Creating corrective action plans and supplier development programmes
- Escalating problems and exit arrangements

3.0 Understand initiatives and standards to improve ethical and sustainable practices in procurement and supply

3.1 Assess how the use of labour codes can help achieve ethical and sustainable supply chains

- Standards set by the United Nations (UN) and the International Labour Organisation (ILO)
- The role of the UN and ILO in pursuing improved sustainability
- Labour codes of conduct such as the Ethical Trading Initiative (ETI) and the Agricultural Ethical Trading Initiative (AETI), Social Accountability International's standard SA8000
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3.2 Analyse how the standards on environmental purchasing can help to achieve ethical and sustainable supply chains

- The role of the International Organisation for Standardisation (ISO) and the environmental standard ISO 14001
- The European Union's Eco-Management and Audit Scheme (EMAS)
- Other standards for environmental purchasing produced by standards organisations
- Industry standards and standards set by organisations

3.3 Analyse how standards can achieve improved fairtrade

- The World Fair Trade Organisation (WFTO) and its principles and charter of fair trade
- Fairtrade Labelling Organisations International (FLO) and global fair-trade organisations
- Fair trade standards that effect the workplace and producers

3.4 Examine approaches to achieve responsible procurement and help promote ethical and sustainable management

Approaches such as:

- The implications of responsible procurement
- The responsible use of power in supply chains
- Managing conflicting priorities
- Reducing operational financial and reputational risks