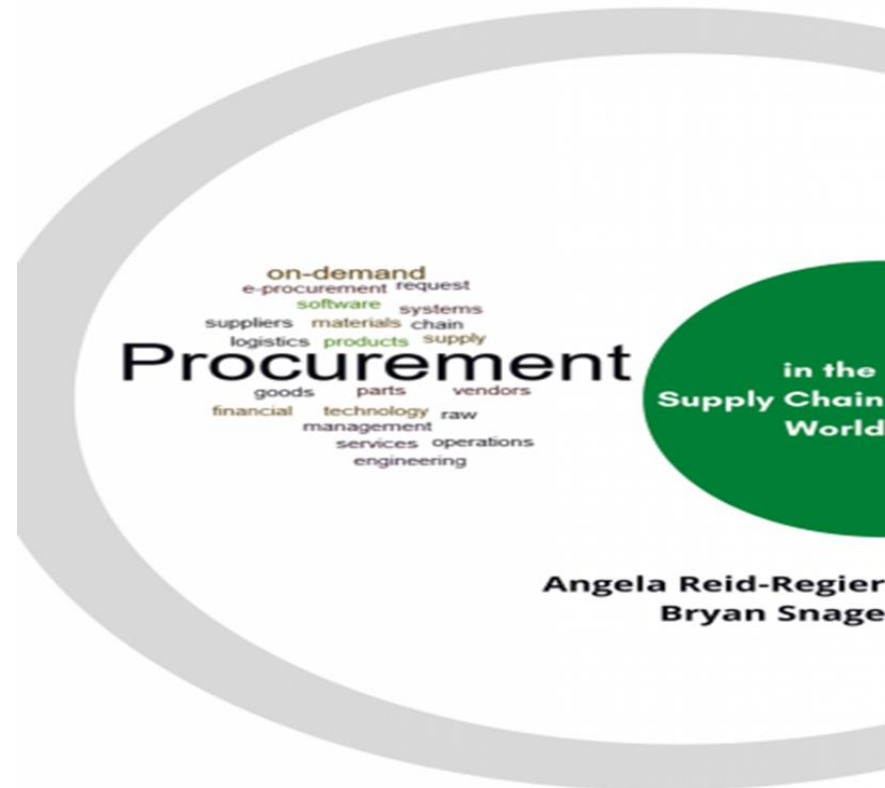


Procurement in a Supply Chain World

Chapter 8: Ethics, Social Responsibility and Sustainability



Accessibility Statement

- This PowerPoint is compatible with assistive technology
- Images have alternative-tags applied
- Complex images have long descriptions and are available in the notes section of each slide
- We welcome your feedback if you notice an area not addressed, please contact the authors listed here

Learning Objectives

Learning Objectives:

- Understand what ethics are and how they apply to procurement.
- Compare the risks to individuals and organizations of unethical behaviour.
- Analyze different types of unethical behaviour in purchasing.
- Evaluate how to promote ethical behaviour in the workforce.
- Establish corporate social responsibility and sustainable procurement practices.

Introduction

Ethical behaviour plays a significant role in procurement because procurement influences and controls significant financial resources by awarding purchase contracts. This may result in unscrupulous sellers trying to gain an unfair advantage with buyers by offering kickbacks or other financial incentives.

One of the challenges surrounding ethics is that no international agreement exists about what constitutes ethical behaviour on a global scale.

Types of Unethical Behaviours

Types of Unethical Behaviour in Purchasing:

- Personal Buying
- Accepting Supplier Favours
- Sharp Practices
- Reciprocity

Supporting Ethical Behaviour or Practices

- Means of Supporting Ethical Behaviour in Purchasing
 - Establish cultures that reinforces ethical behaviours.
 - Management must lead by example.
 - Take disciplinary action against employees who act unethical.
 - Develop corporate and supplier codes of conduct.
 - Have mandatory corporate compliance programs.
 - Rotate procurement personnel.
 - Designate a corporate ombudsman.
- Professional Principles and Standards of Ethical Conduct

Social Responsibility

Social responsibility and business ethics are usually regarded as the same concepts. However, social responsibility is one aspect of business ethics. The social responsibility awareness began with the increased public consciousness about the role of businesses and their ethical practices in society.

McWilliams (2015)

Sustainable Procurement

The ultimate goal of public procurement is serving the public's needs, so it's good news that governments have been leaders in the field of sustainable procurement, which emphasizes goods and services that minimize environmental impacts while also taking into account social considerations, such as eradicating poverty, reducing hazardous wastes, and protecting human rights

Kjöllström (2008)

Key Takeaways

- Ethical behaviour is important in all aspects of procurement
- It is important to achieve fairness and equity between buyers and sellers
- Negative publicity hurts businesses
- Procurement professionals must understand codes of ethics pertaining to their businesses and that information is communicated to supplier networks
- Sustainable procurement must also be practiced to minimize environmental impacts while also taking social considerations into account.

References

Kjöllerström, M. (2008, August). Public procurement as a tool for promoting more sustainable consumption and production patterns. *Sustainable Development Innovation Briefs*, (5). <https://sustainabledevelopment.un.org/content/documents/no5.pdf>

McWilliams, A. (2015). *Corporate social responsibility. Strategic Management*, 12:1–4.

<https://doi.org/10.1002/9781118785317.weom120001>