

Business Ethics
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Lecture - 42
Sustainability and business relationship

Now, we are going to discuss about sustainability and the business relationships. As we were discussing in the last discussion, when we were talking of the fair trade practices so this is somewhat step towards sustainability issues or when we are talking towards like the ethical sourcing, it is the step towards the sustainability issues.

When we are talking of fair trade, it is the like the producers of everyday requirement things like tea, coffee, banana, maybe pulses and all these things do get a certificate of fair trade and certified by an independent body only when they follow certain sustainable practices, in the process of producing their goods in their own forms, and as if only they follow these practices then they get the they can use the logo of fair trade, and that is where they get the benefit of like getting and that gets evaluated by an independent body, audited by an independent body and after it only the certification is done and then they are entitled to certain benefits like at least of a minimum of a price that we discussed. The price that they get for taking care of the sustainability issues with respect to the environment, and maybe the social ways of how their employees have been taken care of.

So, under premium for developing oneself, and more opportunities for community development and maybe making their own corporate use and creating more employment a wider community development, and the making its like more and more encourage from the buyers for organizations for producers, who are following the fair trade practices. So, that it increases its domain also of how it is doing its business and getting in more customers. Could be the benefit for the producers who are following the fair trade practices, because then this could lead to signing of long term contacts for long term planning and sustainable production practices.

So, by the controlling organization of body which controls the fair trade practices, they can give some partial advance to these type to these producers also, who are following the fair trade practices so that they can develop and become more competent in following

these practices. So, fair trade practices to some extent and sure like the sustainability issues like taking care of the environment, and the social issues by treating its employees properly giving a fair wage, proper working conditions, and not there is no exploitation of labor, no child labor and all taking care of the minimum requirements of the employees involved in it, and taking care of the environmental issues like no pollution or depletion is done. So, these type of concerns have already been taken care of by the producers, and if they are taken care of it then only they get the certificate of this fair trade, and that make them eligible for the associated benefits for the fair trade practices.

Though this fair trade practice may have some like negative or ethical issues related to it also, like in order to get these benefits the focus of these producers could be more on the early part of the supply chain, where they have taken care of the methods of how to produce things, and of the social and the environmental issues related to producing things so that you can get the certificate of fair trade and associated benefits. But there are less of ethical issues or may be followed while it comes to like dealing with the retailers for the or for in the way that the marketing is done. So, that the later part of the supply chain may get neglected by the producers, who are who becomes members of these fair trade practices; because in order to get the certificate that would be the focus and ethical decisions regarding the latter part of the supply chain may get affected.

However this is one of the initial steps, when all ways in which we are talking of sustainability and the concept of sustainability where for getting some maybe economic focusing or into some economic prospective, to get some benefits in sustainability in that regard, it is essential that the social and the environmental part has to be taken care of only then in the economic prospective can be reached or fulfilled. So, in that way it is the one of the way, so we can tell like this fair trade is there for concerned with more than just the fairness of the exchange processes, where the people get at least minimum price for the products or some safety is ensured like whichever is the higher the minimum price, or the actual price in which the things get sold will be given to them.

But it is one of the type of exchanges it is definitely one of the concern, but it is not like the one concern only there also concerned about the social and the environmental part also. So, it is we will tell like it is just not just the economic consideration, but will need to that the other things need to be taken care of also. So, it is one of the primary waste

that the things are taken care of, but it is like concerned with small type of businesses who are connected to each other.

So, when we are talking of sustainability and. So, it is we can tell like these ethical sourcing, and this fair trade these are first stepping stones first steps towards the issues of how the business processes and the business relationships get involved in the sustainability issues, where this preserving resources for the future generations also this is involved; so that they can also use this resources for their own survival and benefit.

So, though this concept does not extend to that depth, but we can tell like the this is the first step towards that moment, because when we are talking of sustainability issues we are more focusing because when we are talking of sustainability issues, we are more focusing into the beyond how one firm is taking care of its business practices to of the environmental and the social practices as for the expectation of the fair trade.

We are also taking into concern the how the intra firm relationship of the different business processes are taken care of, all the inter firm relationship also. So, the there is a connectivity between the use of resources no wastages and maybe maximum utility of the resources. So, these types of concepts are taken care of in order to reach the sustainability which we are going to discuss in details now.

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From supply chains to supply loops

- Supply loops are product end-of-life management strategies that fulfil two criteria (Geyer and Jackson, 2004):
 - They divert end-of-life products from landfill or incineration by collecting them for economic value recovery
 - The reprocessing of these end-of-life products produces secondary resources that replace primary resources in forward supply chains
- To proponents, such closed loop supply chain models have are not only waste reducing, but eliminate the very concept of waste (Lovins, Lovins, and Hawken 1999).
- Also, important potential sources of value recovery

So, what actually here we are trying to focus on is the shift in concept from like supply chains to supply loops. So, when you are talking of supply loops, these are like product end of life management strategies that fulfill the two criteria: like the divert end of life products from landfill or incineration, by collecting them for economic value recovery; the reprocessing of these end of life products produces secondary resources that replace primary resources in forward supply chain. So, like if this if we can remember we discuss in the last discussions only, when we were talking of like ethical consumptions and the sustainability issue in consumption.

We focus towards like how there is a disposal management, and how there is a recycling of the products which can like its instead of a linear supply chain, we were looking into a cyclical supply chain, which are connected in terms of loops or cycle, where the end recovery is done at the end of the life to take care of the disposal issues, and it is recycled value added in a proper way.

So, that the economic value of it increases and it either supplies become supply for the some other organizations, where it can act as a input material or it be becomes like new product secondary product, and it gets its own soonest customers who are buying it in a price. And so the end when some products of and its end of life. So, how to give more worth to it economic value is recovered and value addition is done to it so it becomes gains it is like news life cycle.

So, that is the focus of this when you are talking of from supply chain to supply loops; along with this weight waste to reducing techniques because nothing is according to this concept, nothing is waste because the waste are reincarnated in a different way with the different value in addition, and it becomes input for another industry or it gains its own value which becomes an end product in itself, and which has an economic worth of itself.

So, this whole field has again as discussed earlier given rise to new whole sort of industry, which deals with waste management, producing of things from recycling things then backward supply chain. So, how to take how to collect these ends of life materials goods, end of life goods from the consumers and what is the backward supply chain. So, that it moves back to the original producers, who take care of these waste try to add value to it, and then it is getting as an input into a different organization or we soul as a secondary product.

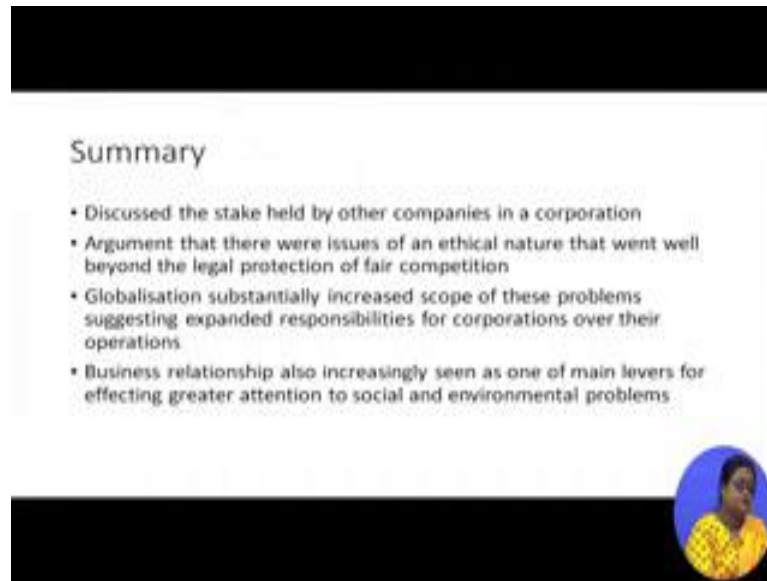
plant and the wastewater this uses the steam given out by the power plant, and the oil refinery gives out waste water for cooling, which is used again by the power plant.

So, we can see that there is a network of sharing of the like the outcome secondary type of things coming out as a result of producing you are main products, and these secondary things which we generally term as waste, and it involves cost and may have an environmental effect and social effect also in terms of the social cost and harm produced by people, to by the organization to people who maybe residing in that area or maybe in farthest locality, but because it gets maybe into the water or into the air, the people are also sharing social cost of the your waste; but if it is a planned activity then nothing gets stated as waste, because this becomes the input resource for the second type of industry for which this is actually required as an input. So, and if these industries are placed in close vicinity with each other, then the sharing of these resources will help of course, in wastage reduction because nothing remains as that of the waste.

It helps in energy saving it helps in the preservation of the resources, because we do not have to start a fresh to find out our resources and producing. If there we have to like use it or modify it into certain extent so that it acts as secondary resources also there is less depletion of the maybe nonrenewable resources, in that way it is getting preserved for the future generations who can use it. So, in this way we are talking of an industrial ecosystem, who takes care of how the one company becomes supplier for the other company, and they all are residing in a synergy with each other which is ultimately beneficial for both their own existence because the one is in the supplier is in my vicinity, and whatever they are producing as secondary products, which is not the primary focus is become an input for me.


The suppliers are also do not have to be get worried about where do I get my customers from because the business or the corporate who will be their customers are also residing in their vicinity, and they can enter into a mutuality of trust and like co dependence relationship and that is how this network of relationship developed between the industries, who can share their resources with each other develops and industrial eco system, which is beneficial for their survival as well as preserving resources for the future generation also thus taking care of the sustainability.

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Summary

- Discussed the stake held by other companies in a corporation
- Argument that there were issues of an ethical nature that went well beyond the legal protection of fair competition
- Globalisation substantially increased scope of these problems suggesting expanded responsibilities for corporations over their operations
- Business relationship also increasingly seen as one of main levers for effecting greater attention to social and environmental problems



We will summarize the discussions of today's module like what we have focused today; we have focused on the different the stake held by other companies in the corporation. So, in this discussion we were talking of business to business relationship as compared to other discussions done where we were talking of the business individual relationships, and two of the major relationships that we have discussed over here, that of the suppliers and the competitors with the corporation and their relative ethical issues that have been which will be there in the relationship of the supplier with the corporation or the competitors with the corporation.

So, we argued like the argument was also like there are issues of ethical nature, that went well we want the legal protection of like fair competition because when you are talking of fair competition, because of the differential powers of the different competitors is whether it is the scenario the environment the market environment the purchase environment, is actually a that even if there is a legal protection, but whether it actually functions in that way or not, but or in order to curve the competition to get like hold over the total market to get an hold over the customers.

So, what are the process like maybe steps taken tactics taken, in terms of maybe getting hold of information so that it will plead. So, that you can capture the market sort of thing; so these are there even if there are legal protections for fair competitions, but we can

understand like the even if it is expected the scenario is not always that of fair competition and ethical issues are there and we have dealt with the ethical issues.

We have understood like how these issues become more prominent in terms of like the anti-competitional or reducing the competitor strength in terms of or how to buy sort of thing suppliers loyalty, and whether it is required or not do we give a preferential treatment why do we go to a developing country. So, these issues have become prominent in case of globalization and business ethics also and.

So, where the scopes of the problems become increased and that is how the ex-what has become more important in these cases are the expanded responsibilities of the corporations over their operations, and also to their stakeholders. So, when you talked of these extended responsibilities we have tried to discuss about the ethical sourcing issues, and we have also tried to discuss the fair trade practices with respect to how do we take care of the indigenous schedules also some goods, and what are the practices that you extended responsibility, do you have towards the supplier of suppliers or to the suppliers. In that light also we have seen the political role of the corporate, and what power it can exercise to make the suppliers follow certain practices, ethical standards and practices through this processes of ethical sourcing, and fair trade where they are bound to follow certain practices.

If they want to enter into a business relationship with the MNCs; and we have discussed about practices like techniques taken that of disengagement and engagement, where you try to say the tell the suppliers like when all going to source from you, if you are not following this practices to an extended responsibility of trying to develop them educate them develop the competencies in them. So, that they are able to take care of these ethical standards practices and become competent enough to follow these practices. So, that talks again of the extended responsibility of the business to its like suppliers and maybe the suppliers of suppliers.

We have also discussed the extended the role of the business relationship of how it can take your of the social and environmental issues, in which we have discussed like this again ethical sourcing and the fair trade practices, which is where the companies are entering into business relationship, economic relationship, only when they have taken

care of the practices which are relevant for social and environmental taking care of the environmental and social issues.

From that the supply chain we have extended the concept to supply loop, where the all the business process are getting connected to each other for a particular organizations and we are talking of like end of life that management issues, how to take care of the wastages, how to give a new shape a new dimension to the waste, how to develop it in such way so the economic value of it is getting added, and how to think of the backward supply chain to collect these end of life products and what are the supply chain issues related to it and how to convert it so that it recycling of it how to convert it into products so that it gets its finds its utility maybe as a secondary resource as a raw material for another type of organization.

So, these are challenges that need to be answered and by the whole supply chain loop; and in that context also we have discussed about the industrial economy where the like industrial we have discussed about the industrial ecology, where we have talking of the relative placement of the industries in the environment business environment; where the like the secondary output of one gets introduced as the input of the other organization, and in that way it ensures co existence of each other, sustenance of each other, survival of each other and also correspondingly takes care of the wastages more of resource utility, less of depletion of resources less of pollution and all. And we like not social harm producing in terms of enforcing damages from letting this waste products being flowing into the or are getting absorbed by the environment.

So, this talks of taking care of the un forcing damages also un forcing harm also and preserving the resources for the requirement of the future generation, and hence towards the sustainability of the whole supply chain system.

Thank you.