

Compliance vs. Delivery: A balancing act for Supply Chain?

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Abstract

The influence of regulatory compliance on the adoption of sustainable procurement practices by organisations, whilst examining whether decision makers in supply chains have the capacity to balance compliance and the interests of various stakeholders in supply chain management decision-making processes.

Research study submits that supply chains play a significant role in ensuring that the contribution towards sustainability goals is enhanced, using the lens of stakeholder theory, institutional theory and the PESTEL framework.

Session Objective

The aim of this session is to answer the following topical question: -

Are organisations able to comply to set rules, policies and regulations while delivering on sustainable development targets?

Supply Chain – why it matters

- Supply Chain is a key business function and an imperative driver for financial performance. This function has direct cost implications on the bottom line and improving business output and customer service.
- Supply Chain considerations have a long-term impact on the social, environmental and economic facets of sustainable development
- Supply Chain is inherently instrumental in the delivery of large strategic projects and dynamic services across various industries and sectors
- There is an opportunity for organisations to leverage on the strategic value add and potential that is inherent in Supply Chain
- Sustainable supply chains are those that operate within an economically viable environmental context that is able to create and transfer value for its society while reducing the negative impacts on the natural environment.

PESTEL Framework

- It is imperative to understand business context and stakeholder influence on Supply Chain
- PESTEL framework may be used to understand the drivers that influence sustainability practices within organisations.
- The framework demonstrates that it is important to consider the context within which the organisation is situated in order to understand the influences by Political, Economic, Social, Technological, Environmental and Legal (PESTEL) factors that may affect the organisation

- It is necessary to recognise the connection and the interdependence that may exist amongst these factors

To Comply or Not to Comply?

- Supply Chain is often associated with a disposition to focus on stringent rules and red tape
- Rules and regulations that guide organisational practices can inhibit the engagement of Sustainable procurement
- An enabling environment can foster inclusive business approaches, promote economic development and support broader inter-organisational relationships
- Introducing sustainability in Supply Chain decision-making has shifted the traditional focus of selecting suppliers based on lowest price to a comprehensive approach that considers social, economic and environmental factors.

The relationship between Sustainability and Supply Chain Compliance in South Africa

- Published research study based on empirical evidence
- Supply Chain professionals based in South African private and public sectors
- 51% private sector and 49% public sector participants
- Various roles within organisations; Executives, professionals and practitioners
- Objective of research to test association between a highly regulated procurement environment and the successful adoption of sustainable procurement
- While both the public and the private sector are guided by internal policies, it was assumed that a highly regulated environment would be subject to both internal and external regulation

Research Results

- Based on scientific evidence, relationship between regulatory compliance and sustainability is significant
- Regulation has a positive influence on the adoption of sustainable procurement by organisations. Regulatory standards are a means to balance the interest of various stakeholders.
- Compliance to regulatory standards promotes the achievement of sustainability objectives and the introduction of flexible procurement models that promote innovation.
- Internal organisational policy has a greater impact on sustainable procurement, which can be attributed to the fact that internal policy, which may derived from external regulation, is aligned to the context of an organisation.
- Thus rules and guidelines which are aligned, interpreted and are in accordance with the norms, goals and business models of a specific organisation and are able to resonate with the organisation.

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- Are organisations able to balance competing interests in decision-making?
- Research suggests that compliance to regulations allows for the use of flexible procurement strategies. Such business models should be inclusive in a manner, which can advance innovation and support procurement from small enterprises towards the advancement of sustainability objectives.
- Decision-making processes within the procurement domain are best supported by procurement specific skills and knowledge
- Both private and public sector have a role to play in addressing societal problems. Organisations should be concerned with creating shared value through collaboration between business and society

Summary of Delegate Take Aways

- The impact of regulation on supply chain decisions
- How to survive and thrive beyond the compliance lens
- Balancing competing interests in supply chain

SPEAKER/S PROFILE/S + PHOTOGRAPH

Dr. Faith Mashela is a seasoned and experienced Chartered Procurement and Supply professional (MCIPS). Her dynamic work experience spans various private and public sector supply chain roles.

Dr. Faith recently took office as the Tshwane University of Technology (TUT)'s new Financial Director of Expenditure. She is a Doctor of Philosophy (PhD) graduate from Wits University. Her research interests are Sustainable Procurement and Inclusive Business.

She also holds a Master of Business Administration (MBA) degree from GIBS, an Hons B Com Degree in Financial Accounting from UNISA and a B Com degree from WITS University.

Her accolades include leading the team that successfully achieved the award for Most Empowered State Owned Enterprise in terms with B-BBEE in 2015 and 2016 respectively. This reflects her commitment to sustainable development and driving transformation through procurement and supply. Dr. Faith enjoys reading and loves to travel.

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References

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