

## Impact case study (REF3)

<b>Institution:</b> University of Essex		
<b>Unit of Assessment:</b> 17		
<b>Title of case study:</b> Improving the procurement and employment practices of businesses in Europe, South America and Africa		
<b>Period when the underpinning research was undertaken:</b> 2015-2018		
<b>Details of staff conducting the underpinning research from the submitting unit:</b>		
<b>Name(s):</b>	<b>Role(s) (e.g. job title):</b>	<b>Period(s) employed by submitting HEI:</b>
Geoffrey Wood	Dean and Professor of International Business, Essex Business School	April 2015-July 2019
<b>Period when the claimed impact occurred:</b> 2016-2019		
<b>Is this case study continued from a case study submitted in 2014?</b> N		
<b>1. Summary of the impact</b>		
<p>Essex research has changed how businesses approach their procurement and employment strategies across sectors and countries through a free diagnostic toolkit, co-developed by the multi-institutional Supply Chain Accounting and Employment Practices (SCA-Emp) team. The toolkit enables users to assess employment standards down the supply chain using objective measures, in order to improve them. This has led to the adoption of new or enhanced management practices. It is used by a diverse range of organisations in Brazil, Ethiopia and South Africa as well as by a large local authority in England as a central part of its ethical procurement strategy.</p>		
<b>2. Underpinning research</b>		
<p>Professor Wood is the Co-Investigator for the SCA-Emp project team, his research interests centre on the relationship between national institutional setting, corporate governance, firm finance, and firm level work and employment relations.</p> <p>The research explored how automotive, clothing and textile firms in South Africa and Brazil used employment practices and accounting down through supply chains, and whether they monitored suppliers and promoted labour standards. The research involved a detailed survey of over 100 automotive and textile firms and 150 in-depth interviews with organisational stakeholders, employer bodies, government officials, non-governmental organisations (NGOs), and trade unions. Wood set up and personally administered interviews in Sao Paulo (Brazil), and the Eastern and Western Cape (South Africa). In terms of accounting, companies shared information with suppliers on manufacturing processes, but less on employment. In both sectors, knowledge of suppliers' employment practices rapidly diminished down through supply chains, having serious implications for sustaining local industrial districts and decent work, whilst opening up a myriad of ethical issues [R1, R2, R3]. Many clothing and textiles jobs were precarious with weak employment conditions and health and safety, not unionised, lacked worker voice and informal in rural areas. A general crisis of competitiveness had resulted from cheap imports from China and South Asia, facilitated by opacity in supply chains.</p> <p>Findings revealed that, in terms of accounting, companies shared information with suppliers on manufacturing processes, but less on employment. In terms of employment practices, there were differences between employment policies and lived practices, for example in relation to diversity.</p> <p>The toolkit was developed through co-production with professional and employer bodies including: Chartered Institute of Management Accountants (CIMA), Chartered Institute of Personnel and Development (CIPD), Federacao das Industrias do Estado de Pernambuco (FIEPE), Associacao Brasileira de Recursos Humanos (ABRH), South Africa Board for People Practices (SABPP) and</p>		

practitioners attending early workshops in UK, South Africa and Brazil.

The toolkit [R4] combines human resources (HR), accounting and supply chain management into a strategy planner. It helps organisations achieve socially responsible, ethical business practices and financially sustainable supply chains while ensuring organisations follow the best employment practices. Research is distilled into 27 good practice statements that form the Evidence Base Booklet [R5]. The Evidence Base Booklet addresses; Supply chain relationships [R1, R2], accounting, supply chain accounting [R1], employment practices, HR in supply chains, Integrated reporting and internal functions and relationships.

The toolkit has been adopted by organisations to tackle several performance issues, they have used the toolkit to:

- Increase employee productivity and profits;
- Improve communication with employees and relationships with customers and suppliers;
- Enhance their focus on ethics and quality;
- Improve knowledge of the supply chain and work toward better integration of departments within the organisation; and
- Embed forms of best practice throughout the organisation.

### 3. References to the research [available on request from HEI]

[R1] Dibben, P., Meira, J., Linhares, C., Bruce, R. & Wood, G. (2016). Vanishing value chains, industrial districts and HRM in the Brazilian automotive industry. *International Journal of HRM*, Vol 31, No. 2, pp254-271. <http://doi.org/10.1080/09585192.2016.1233446>

[R2] Dibben, P., Meira, J. & Wood, G. (2016). Knowledge transfer within strategic partnerships: the case of HRM in the Brazilian motor industry supply chain. *International Journal of HRM*, Vol 27, Issue 20, pp2398-2414. <http://doi.org/10.1080/09585192.2016.1221841>

[R3] Dibben, P., Johnson, P., Wood, G., et al (2018). Reconfiguration and regulation of supply chains and HRM in times of economic crisis. *Human Resource Management: A Critical Approach*. Edited by D. Collings, G. Wood and L. Szamosi. London: Routledge. Chapter 8. <https://doi.org/10.4324/9781315299556>

[R4] Online SCA-Emp Diagnostic Toolkit <https://sca-emp.com/>

[R5] SCA-Emp Diagnostic Toolkit. Evidence base booklet. 2018 <https://sca-emp.com/wp-content/uploads/SCA-Emp-Evidence-Booklet.pdf>

#### Grants:

[G1] Wood, G. Supply chain accounting and employment practices in the rising economies: global commodity chains, cost effectiveness, competitiveness. ESRC August 2013 - July 2016. £214,801 (£13,990.36 to Essex).

### 4. Details of the impact

Essex research [R1, R2, R3] undertaken as part of the SCA-Emp research team resulted in a free online diagnostic toolkit which has been adopted by companies and professional bodies changing professional standards and methods. A wide range of organizations, including a major UK local authority, consultancies, textile and automotive firms in Brazil, Ethiopia and South Africa have adopted the SCA-Emp diagnostic toolkit [R4] for use in the delivery of their supply chain and procurement strategies.

The SCA-Emp toolkit [R4] is used to justify the choice of supply chain partners in a transparent way. The toolkit has been accessed by users in Australia, Brazil, Ethiopia, Germany, Italy, Japan, Myanmar, Oman, Pakistan, South Africa, Uganda, UK, and the US.

### Adoption and embedding the SCA-Emp diagnostic toolkit in the UK

Essex research [R1, R2, R3] and the SCA-Emp diagnostic toolkit [R4] is a central part of Sheffield City Council's (SCC) ethical procurement strategy, launched in October 2018 [S1]. SCC is the fourth largest unitary authority in the UK, with a budget of over GBP 1,100,000,000 per annum with cGBP 700,000,000 spent with 3<sup>rd</sup> parties [S2].

Head of Procurement and Supply Chain at SCC states:

*'The SCA-Emp diagnostic toolkit has facilitated external accreditation of SCC by the Real Living Wage Foundation. SCC recently updated the Real Living Wage Foundation on progress with the Ethical Procurement Policy implementation and the Living Wage Foundation were particularly impressed with SCC's use of the SCA-Emp diagnostic toolkit, which includes the ability to monitor and measure the progress of supplier interventions.'* [S3].

A unique version of the toolkit was co-produced by the SCA-Emp research team and practitioners from Sheffield City Council and was supported by professional bodies including CIMA and the CIPD. Following the launch of SCC's ethical procurement strategy, the online toolkit was rolled out to its supplier base from 29 March 2019 [S4]. The toolkit is used by managers in accounting, HR and supply chain management. Since the launch of the ethical procurement strategy and diagnostic toolkit in October 2018 SCC was awarded with an accreditation by the Real Living Wage Foundation [S2]. The council has seen 80% of its supply chain paying Real Living Wage [S5], 50% of contracts awarded to local suppliers with savings of GBP 547,000, and the introduction of a Pay Plus scheme improving supplier relationships [S6].

### Adoption in South America

In Brazil the toolkit [R4] has been adopted by companies in sectors across engineering, automotive and clothing industries, Government backed social organisations and the Brazilian Association for Human Resources (ABRH). As a result, the companies have reported improvements to performance through the introduction of new management practices.

The Brazilian Association for Human Resources state:

*'[the toolkit led to the] Implementation of the entire internal meeting process using SCRUM methodology, which led to a considerable increase in productivity, integration, communication and tasks' distribution. The level of engagement has also increased. People were not aware of others' duties'* [S7].

The Director of the Nucelo Gestor de Cadeia Textile de Confecoes (NTCPE) in Pernambuco, which implements strategies to improve the business environment in the textile and clothing sector states:

*'All of the activity of the [business] incubator has been influenced by the toolkit such as the training, consultancy and setting up new projects...the toolkit helped the organisation to have a more complete vision, and grow the mission and vision, working more collaboratively. Developments included setting up a collaborative shop in Sao Paulo, involving 20 companies and a project to certify companies to be suppliers of ABVTEX [The Brazilian Association of Textile Retail]'* [S7].

Within the engineering and automotive industry, feedback on the adoption of the toolkit indicates: increased profits and increased productivity; reinforced organisational rules and regulation within the area of HR; improved relationships between the managers and employees; welfare benefits and free training for employees and middle managers have been reinstated alongside improved communication and performance appraisal processes [S7].

Magnetron, a manufacturer of electrical parts for home appliances in Brazil, comments that the toolkit led to:

*'an increase in the interaction amongst employees and management. For example, we became much more organised in the way we plan/allocate our working hours, particularly before main holidays... [the toolkit] certainly led to an increase in the motivation of our employees... Toolkit helped us to improve the number of partnerships with suppliers.'* [S7].

A large automotive company who used the toolkit increased productivity by around 7% between 2016-2017 and the amount of new business increased by around 5% over the same period through visits to customers, which they believe has increased their competitiveness [S7].

### **Adoption in Africa**

In Africa, the toolkit [R4] has been adopted by companies in a diverse range of industries including vegetation management, technology consultancies, gas and engineering companies and wine makers and distributors, improving stakeholder relations and returns.

The HR Director for a wine company in Ethiopia states: *'The toolkit was very instrumental in taking the full inventory of our policies, processes and systems in place, what we have and where our gaps are as well as to draw an action plan to bridge the gaps'* [S8].

One company in South Africa now keeps accounts with suppliers, and has enough cash flow to run the company, which enabled them to create a position for a procurement officer enabling them to monitor expenses and saving time for other departments.

A South African vegetation management company LNL Group state: *'After doing the toolkit we learnt it will be best for us to create at least 30 day accounts...We now have enough cashflow for everyday running of the company...A position for a Procurement Officer was created and all orders now go through procurement instead of different people from different departments making orders for themselves...We now also do relevant professional development across all departments.'* [S8].

The adoption of the toolkit has also empowered the same company to screen suppliers and to select those with business practices and policies that are aligned with their own strategic goals and sustainability targets [S9].

### **5. Sources to corroborate the impact**

[S1] Sheffield City Council Ethical Procurement Policy

[S2] Screenshot of the accreditation on Real Living Wage Foundation

[S3] Testimonial Sheffield City Council

[S4] Sheffield City Council Report to Overview and Scrutiny Committee (pages 6, 9)

[S5] Living Wage Foundation: Living Wage Local Authority Toolkit

[S6] Associated media on the ethical procurement policy since its launch

[S7] Testimonials from companies, employer bodies and NGOs linking their use of SCA-Emp toolkit or research to improvements in policies, practices, productivity and competitiveness in Brazil

[S8] Testimonials from companies, employer bodies and NGOs linking their use of SCA-Emp toolkit or research to improvements in policies, practices, productivity and competitiveness in South Africa and Ethiopia

[S9] Sustainability Report 2017, LNL Group South Africa (pages 12, 15)