

Institution: University of Sheffield		
Unit of Assessment: C-17 Business and Management Studies		
Title of case study: Achieving ethical human resource and procurement practices and transparency through the supply chain in advanced and emerging economies		
Period when the underpinning research was undertaken: 2006–2020		
Details of staff conducting the underpinning research from the submitting unit:		
Name(s):	Role(s) (e.g. job title):	Period(s) employed by submitting HEI:
Pauline Dibben	Professor of Employment Relations	2006–present
John Cullen	Professor of Management Accounting	2005–2020
Juliana Matos De Meira	Lecturer in Accounting & Financial Management	2014–present
Gareth Crockett	Postdoctoral Research Associate	2017–present
Period when the claimed impact occurred: 2014–2020		
Is this case study continued from a case study submitted in 2014? N		
<p>1. Summary of the impact (indicative maximum 100 words)</p> <p>The Supply Chain Accounting and Employment Practices (SCA-EMP) study showed that firms in emerging economies knew little about the labour standards or HR practices of their suppliers or how to improve them. The SCA-Emp team at Sheffield developed a diagnostic toolkit, co-produced with practitioners, and implemented by employer bodies and organisations in the UK, Brazil, South Africa, and Ethiopia to self-assess HR, accounting, and procurement practices. The use of the toolkit led to increased transparency and knowledge transfer across supply chains. This knowledge resulted in improvements in competitiveness, productivity, and profits, and most importantly, better labour standards for companies and their suppliers. Since its launch, the toolkit has been used by over 450 companies in 80 countries generating substantial ethical, economic, commercial, and organisational impacts.</p>		
<p>2. Underpinning research (indicative maximum 500 words)</p> <p>The ESRC-funded research investigated supply chain accounting and employment practices in automotive, clothing and textile firms in South Africa and Brazil. It aimed to address gaps in evidence of transparency through the supply chain, knowledge transfer between firms, and whether firms themselves used ethical HR practices and promoted them in their supplier firms. The SCA-Emp research team and advisory board included academics and practitioners from the UK, South Africa, and Brazil. The research involved a detailed survey of over 100 automotive and textile firms and 150 in-depth interviews with organisational stakeholders including senior managers, employer bodies, government officials, NGOs and trade unions. It was necessary as there was a lack of connectivity between the literature on supply chain accounting [R1] and employment relations [R2]. This was particularly important since firms needed a new mechanism for monitoring their suppliers' HR practices due to commercial and ethical concerns – to improve profits and reduce risk to brands, and prevent harm to workers.</p> <p>Brazil and South Africa were partnered with due to the challenging contexts of significant development and investment but enduring high levels of poverty. The findings revealed how,</p>		

against the background of the 2008 economic crisis, there had been reconfiguration and regulation of supply chains [R3], and a weakening of the union role [R4] which had implications for how workers' rights were protected both within companies and down the supply chain.

Within companies, there were differences between employment policies, and the practices actually used. For example, although companies often had diversity policies, this did not prevent discrimination against disabled workers [R5]. Furthermore, although there were pockets of good practice where firms had embraced job security and diversity while remaining competitive, the findings confirmed that many clothing and textiles jobs were precarious with weak employment conditions and health and safety provision, not unionised and informal in rural areas and that unions struggled to effect change. Across the supply chain, there was a lack of transparency, with limited sharing of accounting information or use of open book accounting, and a lack of knowledge transfer around HR practices [R6]. This was an important gap given lead firms' potential ability to influence and practically support suppliers' HR practices. Moreover, awareness of suppliers' employment policies and practices rapidly diminished down supply chains leaving firms more vulnerable to reputational damage [R5]. The above findings and previous research undertaken by the research team led to the development of the SCA-Emp practitioner toolkit, co-produced with professional bodies in HR and accounting, which aimed to improve practices within companies and increase transparency down the supply chain.

3. References to the research (indicative maximum of six references)

- R1.** Coad, A. F., & Cullen, J. (2006). Inter-organisational cost management: Towards an evolutionary perspective. *Management Accounting Research*, 17(4), 342–369.
<https://doi.org/10.1016/j.mar.2006.02.003>
- R2.** Dibben, P., Klerck, G. and Wood, G. (2011). *Employment Relations: A Critical and International Approach*. Chartered Institute of Personnel and Development. Available by request. (On the CIPD required reading list).
- R3.** Johnson, P., Wood, G., Dibben, P, Crockett, G. et al (2018). 'Reconfiguration and regulation of supply chains and HRM in times of economic crisis' in Collings, D., Wood, G. and Szamosi, L. (eds.) *Human Resource Management: A Critical Approach*. Routledge.
https://eprints.whiterose.ac.uk/139323/2/ReconfiguringSupplyChainsHRM_sent_27May17.pdf
- R4.** Dibben, P. and Wood, G. (2018). 'Employment Relations in Africa' in Wilkinson, A., Dundon, T., Donaghey, J. and Colvin, A. (eds.) *The Routledge Companion to Employment Relations*. Routledge. Available by request.
- R5.** Dibben, P., Meira, J., Linhares, C., Bruce, R., & Wood, G. (2016). Vanishing value chains, industrial districts and HRM in the Brazilian automotive industry. *The International Journal of Human Resource Management*, 31(2), 254–271.
<https://doi.org/10.1080/09585192.2016.1233446>
- R6.** Wood, G., Dibben, P., & Meira, J. (2016). Knowledge transfer within strategic partnerships: the case of HRM in the Brazilian motor industry supply chain. *The International Journal of Human Resource Management*, 27(20), 2398–2414.
<https://doi.org/10.1080/09585192.2016.1221841>

4. Details of the impact (indicative maximum 750 words)

Given the ineffectiveness of legislation around improving labour practices in global supply chains, the SCA-Emp team intervened directly with firms using a diagnostic toolkit to highlight good practice and tackle the lack of transparency. The toolkit, which is directly derived from the research undertaken at Sheffield, contains sections on HR, accounting and supply chain management practices and the monitoring of suppliers. Aware of companies' overriding commercial concerns, the toolkit was branded as a way to achieve sustainable and ethical practices within organisations and across the supply chain while 'balancing people with profit'.

Over 450 companies from over 80 countries with a combined workforce of almost 500,000 employees and turnover of £74bn have accessed the toolkit. Companies with a combined turnover of over £31bn have self-assessed their HR and supply chain practices resulting in more ethical HR practices within firms and their suppliers.

Influence on professional practice through professional bodies

Co-production was essential in developing the toolkit since it enhanced relevance and helped to ensure implementation. The Chartered Institute of Management Accountants (CIMA), the Chartered Institute for Personnel and Development (CIPD), Employer Federations and the lead bodies for HR in Brazil (ABRH) and South Africa (SABPP) were involved in the design and evaluation. Subsequently utilising the toolkit to develop products for their >250,000 member companies.

For example, the ABRH (lead HR professional body for Brazil with 9,000 members) requested an 'Olympics' (gold, silver, bronze) as well as 'traffic light' (red, amber, green) version of the toolkit since self-assessing as red could potentially impact on HR managers' job security. The ABRH changed their overall strategy and HR and accounting policies and practices, resulting in the creation of seven new HR training products between 2016 and 2018 [S1]. The development of the products enabled them to obtain better relationships with employees, customers, and suppliers, and increase competitiveness, productivity, and profits. The President of ABRH drew lessons from the toolkit and affirmed that they *"benefited from engaging with the SCA-Emp project and the University of Sheffield, which was a great inspiration for developing new products with better content which can better serve our associates and HR professionals across all of Brazil"* [S1].

Improved competitiveness, productivity, profits, and labour standards

More than 250 people from over 100 large companies, NGOs and employer federations attended workshops in the UK, South Africa, Brazil and Ethiopia, from 2014-19, to develop the toolkit and to promote its use. We also provided tailored interventional guidance to 21 companies. The toolkit is available via the SCA-Emp website (<https://sca-emp.com/>) and is freely available for download in English, Portuguese, or Amharic. Our strategy involved promoting use of the toolkit then working with over 70 companies in South Africa, Brazil and Ethiopia to achieve substantial improvements in policies, practices, productivity and competitiveness.

Improved HR, accounting, and supply chain practices within Brazilian SMEs

Musashi Brazil, a foreign-owned automotive subsidiary with approx. 700 employees, used the toolkit to revise HR policies and practices. The changes included reinstating welfare benefits and

free training for employees and middle managers. They developed better communication strategies with employees and improved the performance appraisal process. They also extended supply chain management and accounting practices, resulting in more detailed financial information from customers. The toolkit was used to inform how change through automation was carried out and resulted in increased productivity by around 7% from 2016-17, and increasing new business by around 5% from 2016-17 [S2].

Magnetron, a Brazilian owned automotive company with around 120 employees, used the toolkit to establish better HR practices by changing work hours. The HR manager confirmed that ‘as a result of using the toolkit we have improved the motivation of our employees’. They also improved supply chain relationships by increasing training and building partnerships with new suppliers and moved to requiring the employees of new suppliers to be legally registered [S2].

Qualimar, a food manufacturer with around 100 employees increased training by 50%, modernised recruitment practices, and changed accounting, supply chain and employment practices after using the toolkit. This resulted in more integration between functions, more developed logistics indicators and significantly reduced logistics and supply chain management costs, changes in the selection process and improvements in employee motivation and productivity [S2].

Nucleo Gestor - business incubator in the North East of Brazil responsible for 35 SMEs in the textiles industry - benefited from using the toolkit. The NGO President attested that “*that thanks to the use of the toolkit, the business incubator now has better relationships with customers, suppliers and employees, developed its strategy and further training products, set up a collaborative shop in Sao Paulo involving 20 companies, and developed a project to certify companies to be suppliers of ABVTEX (a Brazilian textiles employer body responsible for upholding labour standards)*” [S3].

Improved HR, accounting, and supply chain practices in Ethiopian SMEs

After three workshops in Ethiopia 2018-19, the toolkit was translated into Amharic. Companies from a range of sectors used the toolkit to make changes internally and in their supply chains.

Awash Wine, the leading Wine Company in Ethiopia with around 1,000 employees, used the toolkit to identify gaps in their policies, processes and systems and develop action plans. This changed the company strategy, accounting and HR policies and practices. Benefits gained include better relationships with customers, suppliers and employees, and increased competitiveness [S4].

G-Global Gas, a gas and chemical firm used the SCA-Emp toolkit to review their HR practices prior to a successful audit by their largest customer (Coca Cola), resulting in a long-term contract as Coca Cola’s preferred supplier for CO₂ gas in Ethiopia and several neighbouring countries [S4]. Accreditation by Coca Cola led to reputational benefits, subsequently leading to contracts with other major manufacturers including Pepsi and United Breweries and job creation. The Managing Director attested that “*I believe that our use of the SCA-Emp toolkit led directly to commercial improvements and to increased employment*” [S4].

They also introduced new occupational health and safety and diversity management policies and procedures, including extended rest periods, improved reporting of accidents and appropriate grievance procedures.

Ethical procurement and increased transparency and knowledge transfer across supply chains

From 2017, Sheffield City Council (SCC) worked with the team to develop a bespoke version of the toolkit to monitor HR practices within their supply chain and measure the progress of supplier interventions. The toolkit is used with three of their largest suppliers accounting for over £70m of its total spend, and with 420 smaller suppliers. The toolkit is part of SCC's Ethical Procurement Policy which was formally launched in October 2018. Additionally, it facilitated accreditation by the Real Living Wage Foundation in 2018 and Stonewall in 2019 [S5].

"We [SCC] are the primary beneficiaries of the toolkit but the secondary and most important beneficiaries are the employees in the supply chain. The toolkit is having genuine impact on individuals' lives and company culture" [S5].

The toolkit has been used by the suppliers, with a total of 137,000 employees and turnover of £31bn, to make changes. For example, a supplier with over 6,000 employees has now committed to conduct regular supplier checks and audits. The toolkit is to be used by the rest of their 12,000 suppliers, as a contract requirement and contracts can be terminated based on poor practice.

5. Sources to corroborate the impact (indicative maximum of 10 references)

- S1.** Testimonial from President of ABRH, the Professional Body for HR in Brazil confirming that the research led to the main HR body in Brazil changing policy and creating products.
- S2.** Testimonials from companies in Brazil. This source shows how companies in Brazil have used the toolkit and consequently increased profits and improved labour standards.
- S3.** Testimonial from President of the Nucleo Gestor explaining how the SCA-Emp toolkit has been used by a textiles incubator in Brazil with 35 firms, leading to certification by ABVTEX in Brazil.
- S4.** Testimonials and evidence from the G-Global Gas and Awash Wine in Ethiopia confirm they have changed employment contracts and increased business as a result of using the SCA-Emp toolkit.
- S5.** Testimonial from Sheffield City Council, UK, confirming the impact of using the SCA-Emp toolkit with its suppliers, resulting in more transparency and also accreditation by the Real Living Wage Foundation.
- S6.** SCA-Emp website (<https://sca-emp.com/>) which hosts the SCA-Emp toolkit.