

SUSTAINABILITY AND SUPPLY CHAIN MANAGEMENT: WHAT CAN BE LEARNED FROM CATHOLIC SOCIAL THOUGHT?

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ABSTRACT

Sustainability continues its ascendancy to strategic importance in business and research. This paper aims to identify foundational roots of why sustainability is important to firms and individuals. It argues many of the uncertainties that surround sustainability and supply chains today—questions of why, where, and how—have clarifying concepts introduced over more than a thousand years of thinking and writing in the Catholic tradition. While dynamic, Catholic social thought (CST) addresses issues that are simultaneously discussed in sustainability, including the economic, environmental, and social dimensions encompassed in the triple bottom line. At its heart, CST suggests companies should enhance the ‘common good’ and the fundamental ideal of human dignity, while ensuring natural resources are readily available to future generations.

INTRODUCTION

Concepts and theories such as the Triple Bottom Line (TBL) (Elkington, 1998) and stakeholder theory (Freeman, 1984) suggest that corporations exist to serve a broader audience than shareholders. In addition to profits, the TBL includes people and planet via social and ecological concerns. In addition to investors, stakeholder theory includes workers, communities, suppliers, and non-governmental organizations (NGOs) in the collection of entities to which corporations are responsible. Recent changes in corporate social responsibility (CSR) reporting are calling for more stakeholder engagement as firms decide which sustainability-related elements they will report and measure (GRI, 2014). Indeed, the notion of integrated reporting—financial and non-financial disclosures combined—is rapidly gaining acceptance. In 2011, Puma made global headlines announcing they would create environmental, social and economic P&L statements and published their four-tier deep ‘EP&L’ (environmental) the past two years. In September, 2014, Grant Thornton released their International Business Report ‘Corporate social responsibility: beyond financials,’ and suggest that investor calls for increased transparency and social media are driving firms to include sustainability in conversations in the c-suite and board level. Integrated reporting is seen as a critical component to improve transparency and decision-making.

We also know, however, that calls for increased transparency and more sustainable decisions are not new. In the field of supply chain management (SCM), researchers have addressed sustainability questions for over 20 years (Carter and Easton, 2011). While most of this research addresses environmental concerns, a small but growing portion (~25%) is expanding the analysis to include social issues (Carter and Easton, 2011). Quite recently, Pagell and Wu (2009) made a concerted effort to ensure that the level of analysis addressed the entire supply chain—not just individual functions—and that both social and environmental elements were included. Their objective was to develop a ‘more complete theory of sustainable supply chain management’ because, outside of stakeholder theory (and a bit of resource-based view), no good theories have emerged. The theories and concepts embedded in years of CST may serve as fruitful areas of inquiry to add to the nascent work underway.

Catholic Social Thought

Catholic social thought (CST) and teaching can trace their roots back to the 4th century (and many scholars invoke the Hebrew and Christian Scriptures in the Old Testament and New Testament) with the writings of St. Francis and others. Much of the work has centered on the human individual and the ways in which economic organizations and governmental institutions affect human life and dignity. Many point to Pope Leo XIII's encyclical of 1891, which addressed the condition of labor during the Industrial Revolution, as the beginning of the 'modern era' of CST. In 1931, Pope Pius XI issued an encyclical that introduced the concept of 'social justice' and a lens to how institutions and policies affect life and lives (although recent writings indicate Oswald von Nell-Breuning, S.J., penned most of the work).

Depending on the author, CST is explained by 6-10 principles (Thompson, 2010; Finn, 2010; Sullins and Blasi, 2009; Brady, 2008; Coleman and Ryan, 2005; Fields, 2003). These principles include:

- Human Dignity
- The Common Good
- Participation
- Solidarity, Subsidiarity and Socialization
- Stewardship and Care for Creation
- Dignity in Work
- Rights and Responsibilities
- Preferential Option for the Poor & Vulnerable

At a general level, the principles of CST address the dignity and rights of individuals, the responsibility of individuals to participate in building and maintaining just societies, the role of government, and environmental stewardship. Given the focus on people, communities and the environment, the principles of CST are less enthusiastic about ensuring the economic pillar for organizations in their TBL activities. As such, they are more directed in the role that for-profit companies play in facilitating human dignity, socialization, and environmental stewardship. In a similar vein, McKinsey recently published an article by Beinhocker and Hanauer (2014) suggesting the role of corporations and capitalism should be to *solve society's most pressing problems* (and thereby contributing to the common good!). They note the 'quality and availability' of solutions to human problems is a function of human creativity, which is directly related to the CST principle of the dignity of work. Our creation of lists of 'pressing problems' should not require too much effort.

Efforts to understand why corporations should behave in more sustainable ways (and why they often do not), where to draw the line of responsibility for transgressions that may occur multiple tiers away from central supply chain actors, and how people—both workers and communities—should be treated in supply chains are among the most challenging questions regarding sustainability in the supply chain. We need look no further than to note they are relevant and topical in 2015, just as they were in the late nineteenth century. CST, with roots in foundational religious documents and subject to centuries of moral reasoning and critique, can provide direction and rationale for theories of corporate behavior and responsibility, for the role of human dignity in the debate, and for stewardship of the earth's resources.

REFERENCES

Available by request.