Chapter 79
Creating a Sustainable Supply Chain in Response to Unstable Market Expectations

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ABSTRACT

This paper aims to indicate a possible development direction for enterprises and sustainable supply chains under circumstances of uncertain economic situation in the world. On the basis of their own research and descriptions of specific examples, the authors think that future strategies will be more oriented on the use of "soft" competences of employees. This direction is confirmed by the quoted research conducted by independent companies. For the purposes of building the strategy of sustainable supply chains it is necessary to engage appropriate leaders who, to a larger degree than previously, will be able to motivate and encourage employees to creative thinking. An additional challenge is presented by generation Y and Z entering the labour market and their co-operation with generation X or even Baby Boomer. The challenged is met, in the authors' opinion, by consistent implementation of the CSR concept providing the basis for creating Lean Management model.

INTRODUCTION

The concept of sustainable development is gaining more importance in view of the economic slow-down. According to the definition from 1987 included in the report of the World Commission of Environment and Development informally called G.H. Brundtland's report, the sustainable development basically aims to meet the needs (of current generations without compromising the ability of future generations to meet their own needs (Borys, ed., 1999). The basis for sustainable development is constituted by internal and inter-generation equality. It is of key importance to secure this equality so that societies could attain the ability of sustainable development (Turner, Pearce, & Bateman, 1994).

In the authors' view, a sustainable supply chain may be defined as a connection (relation) between particular participants (stakeholders) taking part in the supply process aiming to create, protect and develop in the long-term an economic, environmental and social value of the entire supply chain. The economic value is to be understood among others as fair conditions of concluding contracts, paying amounts due on time, transparency in initiation of business contacts, preventing corruption. In terms of social criteria, fair employees practices (compliance with the labour law and human rights), decent remuneration, obeying equality rights, complying with work and safety procedures) and practices oriented on cooperation with local communities are taken into account. As far as environmental values are concerned, they also comprise aspects related to the impact on the natural environment, referring to the entire Life Cycle Assessment (designing, transport, using raw materials for production, disposal and recycling). The supply chain understood this way including a broad range of processes and bonds between a company and stakeholders is often referred to as a sustainable supply chain (c.f. Supply Chain Sustainability, UNGC&BSR, 2010).

The idea of sustainable development, also in the context of sustainable supply chains, is becoming particularly valid taking into account the 2008 crisis. It naturally resulted in the necessity of a detailed analysis and appropriate changes to the previous business model used by most enterprises. Changes in the meaning of a wider look on achieving basic organization goals in the long term as well as paying particular attention to stakeholders from the company environment and elaborating environment oriented programmes or assistance to local communities.

The tough economic situation also affects the way business is perceived by the wider public. Tensions between the business community and civic society could be detected even prior to the crisis, but the recession further deepened this deficit of trust.

Consumers' disappointment with a single company may bring about an increase in transaction costs, brand value depreciation, problems with hiring and retaining talent, and in extreme cases, media criticism and even boycott. But when trust is lost in business as a whole, the consequences may take much larger proportions, such as the imposition of regulations which potentially increase compliance costs and drastically restrict the room for flexible operation on the market. Therefore maximum concentration on restoring stakeholder trust and skillful management of stakeholder relations is a must for the business strategy of any organization.

BACKGROUND

The sustainable supply chain involves not only company relations with external stakeholders. It also comprises the way of handling and managing employees. That is why, it is vital that the balance, an enterprise should aim at, should be viewed in terms of two layers - an external and internal environment. A sustainable organization should pay particular attention to management of various resources which it possesses.

Managing diversity constitutes one of the elements of raising the level of social capital which is vital to economic and social development of the country as well as its competitiveness. Social capital may be defined as the potential gathered in the Polish society in the form of norms of proceeding, trust and involvement which by supporting cooperation and exchange of knowledge contribute to the growth of welfare of Poland (Report Poland 2030. Development Challenges., 2009).

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