

11.8: Ethical Issues in Supply Chain Management

Learning Objectives

By the end of this section, you will be able to:

- Discuss the issue of the carbon footprint versus the speed of shipping.
- Discuss the issue of sourcing sustainably.

Carbon Footprint versus the Speed of Shipping

As companies strive to deliver the right products to the right customers at the right time, they face the competing interest of protecting the environment in which they operate.

Link to Learning: Environmental Responsibility in the Supply Chain

To learn more about environmental responsibility in the supply chain, watch the following video: Value, Speed, Environmental and Societal Impact – HP's Supply Chain.



Sustainability is a company's effort to reduce its impact on the environment as products move from source procurement through production through distribution to final consumers. Companies that practice sustainability balance their goal of speedy delivery with a commitment to reducing their carbon footprint. While traditional marketing channels focus on speed and cost, a sustainable channel also factors in goals aimed at mitigating the harm the supply chain causes to both humans and the environment.

Sourcing Sustainably

Sustainable sourcing is the process of considering suppliers' social, ethical, and environmental performance. The benefits of sourcing sustainably are improved reputation, brand protection, and an opportunity to attract new consumers and reach new markets. When a company claims it sources sustainably, it means that it is both transparent and ethical regarding the raw materials it uses in its products. It is not only transparent and ethical in its sourcing of materials but also environmentally conscious about its manufacturing process.

The shoe company Allbirds has sought to use natural instead of petroleum-based synthetic materials, which is what a majority of footwear is made from. By 2025, it aims for 75 percent of its shoes to be sustainably sourced using both natural and recycled raw materials (Allbirds, 2022).

Companies with a Conscience: Allbirds



Figure 11.15 Sustainability is a core part of the Allbirds mission and marketing message. (credit: “Allbirds Shoes” by Guillermo Fernandes/flickr, Public Domain)

For decades, the footwear industry has missed the opportunity to look to Mother Nature for more sustainable footwear materials. Tim Brown, the founder of Allbirds, believed it was time to think differently (see Figure 11.15). With most shoe companies using petroleum-based raw materials, Brown sought to think more sustainably about offering a shoe that was both comfortable and environmentally friendly. Along with Joey Zwillinger, a product engineer and renewables guru, Brown developed a revolutionary wool fabric designed for footwear. Allbirds uses SweetFoam, a shoe sole material made from plant-based leather. To increase the shoe's durability, it also uses recycled synthetics where needed, which helps extend the product's life. Allbirds is continuously researching and developing ways to innovate around the sustainable sourcing of shoe materials with the goals of not only doubling the lifetime of its products but also reducing its carbon footprint related to raw materials by 25% in 2025 (Allbirds, 2022).

Sustainability is at the core of everything Allbirds does. While it is certainly interested in offering consumers a comfortable shoe, it also cares deeply about the process and materials involved in making that shoe comfortable (Allbirds, 2022).

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