

What smart companies can learn from Apple's supply chain woes

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With growing public concern over worker suicides and injuries at Apple suppliers over the last two years, many companies are taking the wrong approach to managing their supply chains, says a new research study conducted by the Network for Business Sustainability, an independent research group based at the Richard Ivey School of Business, University of Western Ontario.

Following a review of 25 years' worth of academic and industry research, the study revealed that ensuring safe, supportive working conditions is the top issue for companies that buy from suppliers in other countries. However, the report found many of the companies trying to improve working conditions and environmental impacts in their supply chains are going about it the wrong way.

Stephen Brammer of the Warwick Business School (U.K.) conducted the study with co-authors Andrew Millington and Stefan Hojmoser of the University of Bath's School of Management. Ivey professor Robert Klassen helped oversee the report. Ivey professor Tima Bansal is the executive director of the Network for Business [Sustainability](#).

“Many companies today talk about developing ‘sustainable’ supply chains, but they’re actually talking about managing risk and preventing public relations crises,” Brammer says. “Those companies end up implementing costly and ineffective punitive actions against suppliers after labour issues or supply disruptions have already occurred.

“In the end, nobody wins.”

The study found leading companies think about their supply chains as opportunities for competitive advantage. Those companies work proactively and collaboratively with suppliers to monitor their progress and help them improve.

“If supplier employees are experiencing high levels of injury, your company should send staff to do on-site training. If some suppliers are less productive than others, don’t just drop them. Hold supplier conferences where the laggards can learn from the leaders and everyone can share best practices,” Brammer says.

Researchers hope their study helps executives and procurement professionals rethink their current [supply chain](#) strategy and see the potential benefits rather than just the prospective risks.

Provided by University of Western Ontario

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