

# Push to make supply chains more sustainable continues to gain momentum

July 20 2021, by Ken Cottrill

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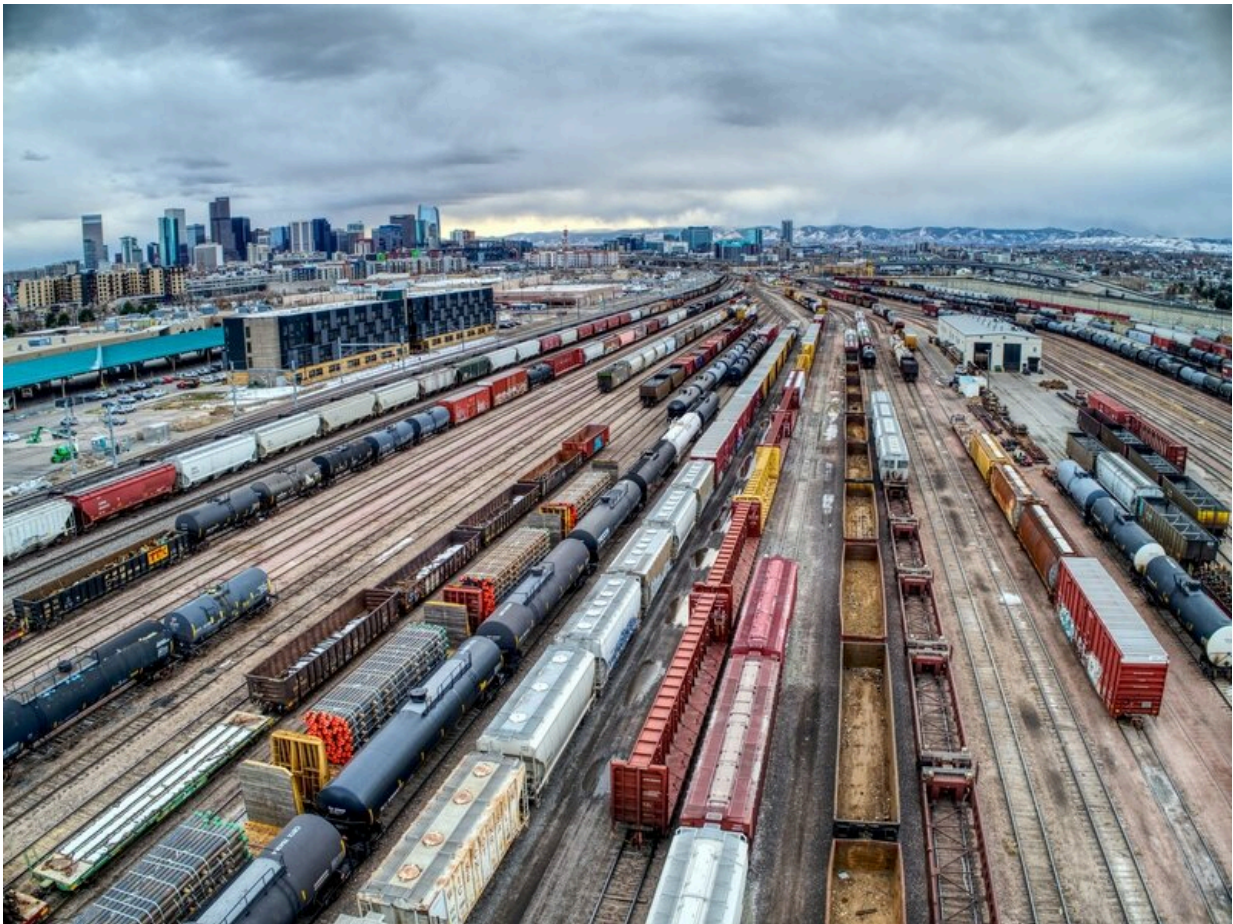


Photo: Andrew Coop/Unsplash

Much of the effort to make businesses sustainable centers on their

supply chains, which were severely disrupted during the COVID-19 pandemic. Yet, according to new research from the MIT Center for Transportation and Logistics (CTL), supply chain sustainability (SCS) investments hardly slowed, even as the pandemic raged.

The finding, contained in the 2021 State of Supply Chain Sustainability report, puts companies on notice that they ignore the [sustainability](#) of their supply chains at their peril. This is particularly the case for enterprises with a low or moderate commitment to SCS, such as organizations classed as "Low Effort" and "Dreamer" in the new SCS Firm Typology that appears in the report for the first time.

The research also highlights the increasing pressure companies are under to devote resources to SCS. This pressure came from various stakeholders last year and suggests that sustainability in supply chains is a business trend, and not a fad.

CTL publishes the 2021 State of Supply Chain Sustainability report in collaboration with the Council of Supply Chain Management Professionals (CSCMP), a leading professional membership association. This year's report is sponsored by BlueYonder, C.H. Robinson, KPMG, Intel, and Sam's Club.

## **Sustainability efforts undaunted by COVID-19**

"We believe cooperation between sectors is vital to thoroughly understand the complexity and evolution of sustainability efforts more broadly," says David Correll, CTL research scientist. "Our work with CSCMP and our sponsors helps us to embed this essential research and its findings within the context of the real-life practice of [supply chain](#) management."

The research included a large-scale international survey of supply chain

professionals with over 2,400 respondents—more than double the number received for the previous report. The survey was conducted in late 2020. In addition, 21 in-depth executive interviews were completed, and relevant news items, social media content, and reports were analyzed for the report.

More than 80 percent of survey respondents claimed the pandemic had no impact or increased their firms' commitments to SCS: Eighty-three percent of the executives interviewed said that COVID-19 had either accelerated SCS activity or, at the very least, increased awareness and brought urgency to this growing field.

The pressure to support sustainability in supply chains came from multiple sources, both internal and external, but increased the most among investors and industry associations. Internally, [company executives](#) were standout champions of SCS.

Although there are many approaches to investing in SCS, interest in human rights protection and worker welfare, along with energy savings and renewable energy, increased significantly last year. Supplier development was the most common mechanism used by firms to deliver on their SCS promises.

## **Increasing investment, some speed bumps**

Given the momentum behind SCS, the future will likely bring more investment in this increasingly important area of supply chain management. And practitioners—who bring deep domain expertise and well-rounded views of enterprises to the table—will become more influential as sustainability advocates.

But there are some formidable obstacles to overcome, too. For example, it is notable that most of the momentum behind SCS appeared to come

from large (1,000-plus employees) and very large (10,000-plus employees) companies covered by the research. Small- to medium-sized enterprises were far less committed, and more work is needed to bring them into the fold through a better understanding of the barriers they face.

A broader concern is that more attention from stakeholders—notably consumers, investors, and regulators—will bring more scrutiny of firms' SCS track records, and less tolerance of token efforts to make supply chains sustainable. Improved supply chain transparency and disclosure are critical to firms' responses, the report suggests.

Some high-profile issues, such as combating social injustices and [climate change mitigation](#), will continue to stoke the pressure on companies to invest in meaningful SCS initiatives. It follows that the connection between companies' SCS performance and their profitability is likely to strengthen over the next few years.

## **Will companies follow through?**

As companies grapple with these issues, they will face some difficult decisions. For example, the chief operating officer of a consumer goods [company](#) interviewed for the report described operating through [pandemic](#) constraints as a "moral calculus" where some sustainability commitments had to be temporarily sacrificed to achieve others. Such a calculus will likely challenge many companies as they juggle their responses to SCS demands. A key question is to ascertain the degree to which companies' recent net-zero commitments will translate into effective SCS actions over the next few years.

The CTL and CSCMP research teams are laying the groundwork for the 2022 State of Supply Chain Sustainability report. This annual status report aims to help practitioners and the industry to make more effective

and informed sustainability decisions. The questionnaire for next year's report will open in September.

**More information:** 2021 State of Supply Chain Sustainability, [sscs.mit.edu/](https://sscs.mit.edu/)

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