

## Cultural Issues In Sustainable Supply Chain Management

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### Introduction

The trend towards global sourcing has led to an increasing complexity of supply chain that goes through nations and cultures (Jiang et al., 2007; Metters and Verma, 2008, Markman et al., 2009). Some studies have underlined that the success of global sourcing strategy depends on the capacity of partners to create focused value-adding buyer–supplier relationships (Trent and Monczka, 2003); trust, commitment and long-term orientation are considered important antecedents to effective buyer–supplier relationships (Monczka et al., 1998; Griffith et al., 2006; Trautmann et al., 2009, Reuter et al 2010).

In the Corporate Social Responsibility (CSR) perspective, many authors have described the role of suppliers in the achievement and development of firms’ economic, social and environmental goals (Reuter et al., 2010). Suppliers are seen as strategic partners for CSR strategy of MNC firms and literature has highlighted the importance of CSR concepts in the supply chain (Murphy and Poist, 2002; Carter and Jennings, 2004; Carter and Rogers, 2005; Andersen and Skjoett-Larsen, 2009). On the other side it is well recognised that large firms do not act simply as economic agents, but also as moral agents. They have the power to create and to destroy and they “can underpin the future sustainability and prosperity of the global economy” (Collier and Wanderley, 2005, pp.176–177). In a multinational environment, firms are faced with potentially divergent home-country and they play an important role in spreading higher standards in several developing countries (Muller, 2006).

At present, there is no universal standard that defines responsible supply chain management even if a baseline expectation has emerged. As Sisco et al. (2010) have noted “*MNEs should seek to uphold a number of legal and voluntary standards in their supply chain relationships including: ..... the Universal Declaration on Human Rights, the International Covenant on Economic, Social and Cultural Rights, and The International Labour Organization's Declaration on Fundamental Principles and Rights at Work;....the OECD Guidelines, the UN Global Compact, and the UN Protect, Respect, Remedy Framework; National and local regulations*” (p. 9).

Regarding the management of a sustainable supply chain, literature has underlined that higher levels of monitoring not necessarily increase compliance and could even damage buyer-supplier relationships. On the contrary transparency in the supply chain becomes a central aspect for the supplier’s engagement (Russo-Spena and De Chiara, 2012). Trustful communication between the two parties are seen essential for successful cooperation (Wiemer and Plugge, 2007) and it can give a supplier the opportunity to demonstrate its contribution to sustainable management systems (Fliess et al., 2007). Therefore the improvement of commitment and trust within buyer-supplier relationships are considered strategic tools to achieve the level of interaction and knowledge exchange necessary for high-performing supply chain relationships (Russo Spena and De Chiara, 2012). It is generally considered a best practise to develop CSR strategies in consultation with salient suppliers and other stakeholders in a firm’s communities (Waddock and Boyle, 1995).

Many crises of MNC firms (e.g. Mattel) and their failure on CSR strategic front are due to non-compliance of local partners to MNC standards often resulting from compliance of partner with its national culture (Roloff and Abländer 2010). Some researches have studied cross-cultural ethical conflicts which involve the MNCs with the host country values, underling that if the MNE has the

power to influence the standards in the host country for the better, then it has an obligation to do so (Hamilton and Knouse, 2001). These studies support the idea for MNE of using its power to better the ethical standards of a host country which provides the market in which it operates (DeGeorge, 1993; Parker, 1996).

In this perspective the management of cultural aspect seems to appear a strategic aspect. Culture, as a the set of values, norms and collective habits governing the daily life of different social groups (Pasquinelli and Mellino, 2010 Hofstede, 1980, 2001) is expected to moderate the effects of performance and trust (Cannon et al., 2010). A steady stream of research in various fields has shown that the behaviour patterns vary depending on the culture, as norms and cultural values affect the formation of attitudes and preferences (Lovelock and Yip, 1996). More recently, Zhao et al (2006) highlight the importance of studies based on cross-cultural issues in SCM, stressing the role of culture in the long-term relationships between companies and partners.

Notwithstanding these studies, the topic of culture issue in supply chain management is still underinvestigated.

This paper aims at contributing to literature debate on sustainable supply chain management by including the cultural factors as a strategic element. The focus is on the role of culture in the relationships of sustainable supply chain.

The analysis sheds light on the CSR practices followed by MNC and provide a first contribute to identify the consideration of cultural issues as central theme to Sustainable supply chain management.

The rest of paper is organized as follows: in the first part is analysed the concept of culture in relation to supply chain and the study on CSR; the second part, based on empirical research, reports findings and conclusions.

## **2. Culture and supply chain**

Little is known about the role that culture plays in creating and maintaining long-term relationships between business partners (Cannon et al. 2010).

Some authors have underlined that cultural differences are important aspect for the health of the buyer-supplier relationships (Kouvelis et al., 2006; Pagell et al., 2005; Stringfellow et al., 2008; Trent and Monczka, 2003) and for its driven performance.

The influence that culture has on trust seems to be the fundamental aspect in the literature. Trust has been identified as essential to relationship building and several models have been proposed that incorporate trust as a determinant of relational outcomes (Dwyer et al., 1987; Hill et al., 2009; Ireland and Webb, 2007; Johnston et al., 2004; Monczka et al., 1998; Palmatier et al., 2006). Doring and Feix (2004) underline the role of cultural differences to create a trustworthy relationship: a “win-win approach is only feasible with a high level of trust between the negotiation parties” (p. 7), and defined cultural differences as a major barrier to international negotiation. These authors reach the conclusion that respect, understanding and tolerance towards the negotiating counterparts and their cultural backgrounds are the most important traits a partner has to possess to successfully conduct international negotiations.

An improved understanding of how different cultures impact on the importance of trust and performance for a buyer’s long-term orientation is considered to help both buyers and suppliers to develop and maintain successful buyer–supplier relationships (Ang and Inkpen, 2008).

As Kouvelis et al. (2006) point out, inter-firm relationships that extend across functional, national and corporate boundaries may be the truly hard part of SCM.

Other authors have considered the cultural diversities, proposed by Hofstede (1980), identified dimensions along which cultures differed. Individualism/collectivism is considered to be one of the primary dimensions by which cultures and their members can be differentiated (Hofstede, 1980;

Schwartz, 1994), and much research has demonstrated its impact on the self, values, and norms for behavior (Markus and Kitayama, 1991; Schwartz, 1994).

Researchers generally agree that despite various labels and subtle differences in meaning, individualist and collectivist cultures produce distinctly different normative orientations toward establishing and maintaining relationships (Parsons and Shills, 1951; Kluckhohn and Strodtbeck, 1991; Schwartz, 1994). According to Williams et al. (1998), managers in highly collectivist cultures are more receptive to personal factors such as trust than more economic factors such as the price of the product offering. Hewett and Bearden (2001) conclude that in more collectivist cultures, trust takes on greater importance in motivating behaviors.

Few studies examine buyer–supplier relationships in the context of different cultures (Dong-Jin et al., 2001; Scheer et al., 2003), in particular some studies have analyzed how the cultural aspect influences buyer-seller relationships in Chinese area (Zhao et al., 2006), in Korean culture compared to the West (Samaddar and Kadiyala, 2006) and Scheer et al. (2003) attribute differences in perceived inequity to cultural differences between U.S. and Dutch firms.

### **3. Culture and CSR**

CSR comprises the economic, legal, ethical and discretionary responsibilities firms assume towards their stakeholders (Carroll, 1979; 1999). These aspects attain to organization's ability to demonstrate socially responsible actions towards stakeholders (Wood, 1991; Chen et al., 1997; Webley and Werner, 2008) and it is expected to be influenced by many variables (Wood, 1991) in addition to specific strategic decisions. Some scholars argue that little emphasis has been placed on examining the factors that shape or drive effective CSR activities and behaviours (Campbell, 2007; Aguilera et al., 2007) and culture is one of such variable to be extended (Vitell et al., 1993).

In the organisational studies the firm's culture is described as the collection of beliefs, values work styles and assumptions held by an organization (Schein, 1984) and also in terms of 'personality or feel' of the firm (Gibson et al., 1991) which accordingly influences behaviour and their effective activity. These beliefs, values and assumptions are identified as shaping the extent to which business is conducted responsibly or irresponsibly. Referring to Prahalad's and Bettis's dominant logic conceptualisation, Husted and Allen (2007; 2008; 2011) have widely demonstrated the ties between culture and social responsibility. They have stated that values of firm affect decisions at the organizational level such as corporate goals, objectives and beliefs about how the world works.

According to many other researchers the focus on cross-cultural comparison (Christie et al., 2003; Clements et al., 2010) has allowed to demonstrate that the firm's culture guides effective behaviour and so determines product service quality and environmental orientation as well as fair treatment of customers, employees and suppliers (Blodgett et al., 2001). So the culture depending on its type, is expected to positively (or negatively) impact CSR. In different way, by comparing humanistic and competitive cultures Galbreath (2010) has empirically demonstrated as culture provides incremental explanatory power in predicting CSR effectiveness, after accounting for formal strategic planning.

Hofstede's dimensions have been extensively utilized in studies that look at culture effects and ethics behaviour. In these studies the focus has been not to validate explicitly relationship with CSR practices but to show that each dimension will have different impacts on ethics issues (Vitel et al., 2003; Sims and Gegez, 2004; Smith and Hume, 2005; Scholtens and Dam, 2007). For example through analysis of 271 firms in 12 countries and regions, Chan and Cheung (2011) have found that Hofstede's cultural dimensions explain the differences in Corporate Governance (CG) practices demonstrating the influence of culture on ethical sensitivity on determining the CG practices in different regions.

Other studies (Chambers et al., 2003; Adnan et al., 2011) have put in focus the CSR disclosure practices and their links with culture dimensions. In their different multy countries analysis these studies have demonstrated that the quality of CSR disclosures is influenced by national culture and the existence of a CSR committment with occidental corporations showing the more detailed reporters.

## **4. Research framework**

### ***4.1 Aim and objectives***

Despite the intuitive appeal of a positive relationship between firm cultural orientation and firm's ability to characterize ethical issues there is surprisingly little empirical research substantiating these causal links according to a wider perspective including internal as well as external relationships. The literature review narrowed the culture issues to more a general level of CSR strategy and the impact of ethical leaders has been analysed more in term of internal practices with a focus on organisational culture and leaders' capacity and motivation to behave ethically (Brown et al. 2005). Less is known about the intense meshing of global strategy, the role of different cultures and traditions to exert influence on how managers define the role of their companies and how they implement their brand of CSR at global sourcing level.

The strategic importance of cultural factors in managing the relationship with the supply chain is explained not only by the need to build a relationship in harmony with the sub-contractors (Russo Spena and De Chiara, 2012), but even more to build lasting business relationships based on a set of core values and win-win relationships.

In accordance with these assumption our work aims to frame the cultural issues within the CSR strategy of MNC firms in their approach to management of supplier relationships. Three mains objectives guide our research:

- the analsis of supplier role for CSR strategy of MNC firms;
- the role of cultural factors in multinational supply chain relationships;
- the MNC inziatives to promote and enact the suppliers cultural diversity.

### ***4.2 Research context and method***

Our context of investigation are firms of automotive industry. We chose the automotive business context on the basis of the following considerations:

- the automotive industry is a global business characterized by: 1) a strong internationalization of the value chain; 2) the spread of activities in many different geographic areas; 3) a high presence of well established operative and strategic relations; 4) and finally a widespread supply chain with a multinational and global presence;
- the automotive industry is a high concentrated business. This aspect allows us the possibility to have a wider perspective of analysis of henomenon under investigation.

To select companies, we used official database (World Motor Vehicle Production, 2011) availabe on line (cfr [www. OICA.net](http://www.OICA.net)). Our analysis includes all firms with a quantitave production (2011) for year more than 300 thousand of units. Our sample count a total of 26 firms (see Appendix 1).

### **4.3 Data Collecting and analysis**

In search of company's CSR supplier strategy we conducted a qualitative data analysis of formalized firm's documents in line with content analysis method (Wenger 2002). To collect data we explored firms' corporate websites and we downloaded all documents such as CSR report, sustainability report, web pages and so on. A total of firms samples (26) were considered, however four of them were excluded because both the access to companys' documents was not possible and firms' CSR policy are not declared. Finally, a total of 35 documents by 22 MNC automotive firms are collected (see table n.1).

**Table n.1 -The Documents dataset**

<b>Kind of documents</b>	<b>N.</b>
CSR/Sustainability report (including report under web site form)	17
CSR report Supplier/Supplier CSR guidelines	9
Green Procurement guidelines/Green Purchasing Guidelines	7
Others documents on Ethical/business policy	2
<b>Tot.</b>	<b>35</b>

As Weber pointed out (2002) "content analysis classifies textual material, reducing it to more relevant, manageable bits of data". We analyzed data according to a double step.

At first step we began our research by defining the categories. Keywords were derived from our research topic based on three elemets: supplier; CSR and culture.

On the basis of these first results we built the second step of analysis. We worked on a more selected set of data in order to determine and classify the presence of cultural items within texts or sets of texts. In this second step the database included qualitative data of CSR reports with a focus on the part expressly concerned with the firm's policy of the supply chain and additional documents related to sustainability supplier's guidelines. To identify these parts we used the index of reports and selected suppliers titled paragraphs and sub paragraphs. This second dataset consisted of more than 300 sentences and 4000 words.

Both analysis steps were conducted by identifying and quantifying the words as their appear not in isolated context but in their respectively connections. We compared the frequency of occurrence of key terms; in line with Gray et al. (1995) assumptions, the volume of disclosed information are identified as predictors of the significance granted to the theme studied. The aim was to grasp the contextual use of the words or content related to both three topics.

The quantification in the text analysis was conducted to explore usage and not to infer meaning, as advised by Hsieh and Shannon (2005). However, the analysis was not only limited to measuring the frequency of specific words or content (i.e., manifest content), but it also included a summative approach and used quotes to illustrate issues of the investigated phenomenon. The summative approach includes latent content analysis that is the process of interpretation of latent content where the focus is on discovering underlying meanings of the words or the content" (Hsieh, Shannon, 2005).

By exploring relationships between the identified words, the research aimed to obtain a more in depth identification and description of cultural factors underling the management approach to CSR supply strategy of firms.

## **5. Findings**

### **5.1 International outsourcing in the companies invetigated**

The investigated firms show an high geographical dispersion of production activities; few exceptions regards firms operating within business niches (Porsche) and smaller ones (Dongfeng) (see Appendix 1).

The international outsourcing of the activities does not seem to depend on the company's nationality, but it is more related to the size of the industrial group. Among the smaller companies, those coming from Asian countries show a greater dispersion of value chain activities compared to western ones (e.g. Porsche company). A justification for these behaviours can be sought in the different strategies pursued by industry groups. Porsche by operating in a high business niche doesn't choose to internationalise its supply chain on the basis of strictly cost or market seeking strategy.

The internationalization of supply chain is pursued not only through foreign direct investments but also through the development of partnerships modalities. The partnerships provide firms partners with the opporunities of sharing costs, investments and technical skills as well as they assure the quicks entrance in new market areas. In this regard it is noted that alla investigated Firms have localised some of their value chain activities in Asia and that this big regional area represent opportunities for business activities also for firms with high quality products (e.g. Porsche) This situation depends on the strategic importance of this market.

The management of CSR supply chain in a context of high cultural and geographical distances are expcted to influence all companies and particularly those presented in a larger number of geographic areas that develops high differenziated supply relationships.

## ***5.2. The role of suppliers and the MNC supply chain sustainability approach***

All documents analysed show the MNC efforts towards an holistic vision of corporate social responsibility. These efforts involve the management of sustainability issues at every stage of the lifecycle of firms' products and at different front of firms and business partners.

However in some cases (5 firms) the analysis of documents not allows to expressly identified the suppliers position in the text. In some cases (e.g BYD, Chery, Geely) the reports are intended for all the stakeholders: investors, employees, consumers, non-governmental organizations (NGOs) and communities; in other cases (e.g. Dongfeng, Porsche) the focus is on the more generally firms'policy with regards to social and environemental iniziatives promoted.

The totality of firms' documents expressly reporting the word "supplier" (including its different headwrods such as supply; suppliers, ecc.) count a presence of more 1890 frequencies. However, the firms reporting expressly "supplier" word in their CSR documents (17) show a different emphasis on the role of suppliers as well as the priority of working closely with them is stressed in differently ways.

A great part of CSR reports (14 firms) includes in their contents specific topics specifically dedicated to the report of value chain or supply sustainability policy. Also in the some cases an indepth detail of the supplier management practices are codifed and presented in the documents. Instead other reports (3 firms ) linke the discussion on supplier sustainability issues to a more general sustainability topics such as green procurement (e.g. Hunday/Kia) and environmental stratety (e.g. Mitubishi and Suzuki) (see table 1).

**Table 1 - The Positioning of word "supplier" in firms' CSR report**

Firm	Chapter title including supplier	Sub chapter title including	Firm	Chapter title including supplier	Sub chapter title including supplier
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		<b>supplier</b>
Daimler	The suppliers	
Fiat	Social dimension	Suppliers
Fuji	Procurement	
General Motor	Supply chain	
Group BMW	Supply chain management	
Ford	Supply chain	
Group PSA	Excellence in supplier relations:	
Wolkswagen	Sustainability in supplier relations	
Honda	Suppliers	

Mazda	Management	Implementing CSR in the value chain
Nissan	Value chain	
Renault	Stakeholders	Supplier relation
Tata	Supply chain management	
Toyota	Mutual beneficial relationships with dealer, distribution and suppliers	Collaboration with suppliers
Hyundai/Kia	Energy & climate change	Green partnership
Mitsubishi	Sustainability	Creating sustainable corporate value
Suzuki	Efforts for the environment	Promoting green procurement

In addition supplier topic also emerges in connection with more wider substantial topics within sustainability and environmental strategy of firms (see table 2). The main topics include environmental strategy (14 frequencies), corporate and strategic management (5+5 frequencies) employees (3 frequencies) and people (3 frequencies) commitment (see table 2).

**Tabella 2 – The word supplier and others CSR topics**

<b>Mission/Vision</b>	<b>Frequencies</b>
Strategy	1
Corporate governance	5
Management	5
<b>Firm's Stakeholder</b>	
Employees	3
Customer	1
Stakeholder	1
<b>Other Stakeholder</b>	
People	3
Community	3

<b>Operative Function</b>	<b>Frequencies</b>
Product Responsibility	2
Operation/quality	2
Procurement	1
<b>Aim/Results</b>	
Economic	2
Environmental	14
<b>Results/data</b>	
Social	1
Financial	2

With reference to suppliers sustainability orientation different are the perspectives according to which the firms address their supplier relationships. The analysis of selected concordance with word supplier/s shows the presence of strong actively actions of firms in the management of their suppliers relationships: 123 relations among “manage<sup>1\*</sup>” word and “supplier” word emerge by text analysis. These actions are directed to guarantee the firms’ sustainability goals within supply chain.

<sup>1</sup> This sign “\*” means that the single word investigated includes also all its different headwords.

Also an enlightened strategy of collaboration and inclusions of supplier is derived by the evidences related to the concordance of supplier word with the word “develop\*” (103 frequencies). Others words such as, support\*, train\*, provid\*, show a rank of more than 50 frequencies; this also confirmed a collaborative supplier management approach in some a great part of investigated firms.

At the same time a strongly attention to the risk implication in the firms’ supplier strategy is in focus (55 frequencies: word “risk”). This aspect produced an attention to the compliance policy of firms characterized by the highly focus of CSR report on such words as “expect\*” “compl\*”, “assess\*” and selection\*. The disclosure of a strong control and evaluation activities of firms in implementing their suppliers partnerships for sustainability also represente a typically approach of firms included in the investigated dataset (see table 3).

**Table 3 – Concordance with supplier word**

Words	Frequencies	Words	Frequencies
Manage*	123	Implement*	36
Develop*	103	Select*	33
Support*	59	Engag*	33
Train*	58	Conduct*	32
Provid*	56	Improv*	27
Risk	55	Communicat*	27
Meet*	47	Enhance	26
Expect*	45	Report*	26
Compl*(y, ance, ied)	44	Collaborat*	26
Promot*	43	Build*	22
Assess*	41	Evaluat*	21
Inform*	41	Reducing*	20
Share*	41	Commitment	19
Cooperat*	39	Requirement*	19
Encourag*	38		

### ***5.3 The focus on cultural matter***

The focus on cultural matter allows to better investigating the nature of supplier relationship within the sustainability frame of investigated MNC.

At a first level, the analysis of report including all aspect of CSR strategy of firms shows a marginal interest for some culture-related topics and only some themes emerged. For example the words such as “respect”, “trust”, “integrity” and “diversity” count a number of frequencies equal or more than 20 ones. By restricting the analysis of words in their context of use, it emerges that for some of words, such as “diversity” and “respect”, the focus on supplier is well represented (see table 4).

**Table 4 - Frequencies of keywords related to culture**

Words	Single presence in the file	Concordance with suppl* word



Culture/s/ural	13	4
Diversity	20	12
Integrity	25	7
Respect (also ing form)	49	18
rule	9	2
Tolerance	1	1
Trust	23	6
Values	15	4
<b>Total words in the documents'</b>	<b>5724</b>	

In order to better investigate the cultural topics, a further step in the analysis is conducted by considering the specific parts of CSR reports dedicated to the supply chain policy and the other additional documents reporting the sustainability supplier guidelines, where they are available. This analysis contributes to better qualify the concrete position of cultural matter in CSR strategy and documents the concrete actions triggered by enterprises to the management of cultural aspects in the supply chain. The following paragraph presents the main results of analysis.

### ***Cultural issues in Supplier relationships***

The approach to the firms' global supply chain posits the issue of "respect" (23 frequencies) "trust" (13 frequencies) and "diversity" (9 frequencies) as main points regarding the cultural issues in supplier relationships (see table 4).

**Table 5 - Frequencies of keywords related to culture in selected dataset**

<b>Words</b>	<b>Frequencies</b>
Culture/s/ural	3
Diversity	9
Integrity	5
Respect (also ing form)	23
Rule/s	4
Tolerance	1
Trust	13
Values	8
<b>Total words in the documents'</b>	<b>5724</b>

Regarding the word "respect", all companies investigated claimed to integrate in their purchasing policies, the principle of the respect of the others as declined in the international codes of conduct, such as Global Compact or by the International Labor Organization (ILO). The compliance with the Supplier Code of Conduct is integral part of firms' contractual agreements with their suppliers. Some examples are reported in the following box.

- General Motor adopts the policy of "zero tolerance" which essentially relates to the protection of human rights and maintain a training program (Supply Chain Responsibility training) to make it clear to suppliers the policy

- of "zero tolerance", but also business ethics and Environmental standards;
- Mazda declares, in the purchasing policies and Supplier CSR guidelines to not discriminate and to respect individuals, listing several tools used for this purpose: training, reports, intranet, visit sites, awards;
  - Ford adopts the Code of Human Rights for suppliers including commitment to protect minorities;
  - Honda has published Supplier CSR Guidelines, articulating considerations such as human rights and labour, asking suppliers to actively conduct CSR activities based on the same awareness as Honda;
  - Mitsubishi declares to spread the concept of respect for Human rights, among its suppliers, which, among other things, to avoid discrimination and to respect the races, customs and languages of different countries. Formalizes this issue, among others, in the Mitsubishi Corporation Sustainable Policy for Supply Chain Management, conducts investigations and visits to suppliers;
  - Toyota declares to have had not foreclosures cultural (concept of openness). In the document Suppliers CSR Guidelines there is a reference to the respect, dignity and harassment;
  - Fuji has created the SUBARU CSR Guidelines for Suppliers by incorporating CSR policy for the business partners of SUBARU Automotive Business. It says to aim to continuously promote harmony between people, society and the environment while contributing to the prosperity of society, and to respect the rights and characteristics of individuals. An Internal Audit Check Sheet is prepared for use by suppliers to conduct self-diagnosis and improvements in CSR activities;
  - Daimler spreads the integrity code . It publishes "Ethical Business-Our Shared Responsibility" to disseminate the principles of integrity and sustainability standards, organizes training and forums to strengthen dialogue on the subject with respect, creates working group on Human Rights and the implementation of Sustainability standards, creates a Risk Management Structure for Human rights Suspected Violations and launch The Daimler Supplier Portal as platform for the dialogue with partners.

Regarding to the trust the firms stressed the important to establish mutually beneficial relationships with business partners, in order to trust each other and improve the business relationships.

In addition some firms reported a focus on the diversity by explaining the tools they have in place both to successfully manage it and to enhance diversity with a view to improved performance of the relationship. A example includes the company Nissan which had a clear focus on diversity: respect the diversity of the supplier, does not admit any discrimination (item 6 of the Code of Conduct). The company has implemented several initiatives, including the internal report, to collect opinions and improve the working environment. Also it explicitly state to make cultural diversity a strength of the company and to this end the firm organized e-learning programs to train people to the management of cultural differences; in addition it was created a company intranet and specific committees and offices are structured to manage the various initiatives.

In other case, the PSA Group has crated a policy of "regional integration" in which reference is made to the principles of mutual, respect and transparency. To this purpose it implements four policies: 1. locating purchasing team close host communities, 2 strengthening supplier relationship management, 3. supporting supplier development, 4. incorporating sustainable development criteria into supplier relations policy.

Finally in Chrysler' report emerged two instruments in order to manage the diversity: High Focus program, which assist supplier (Tier 1) in developing strategies for diversity (they spent \$ 493 million in 2012), W/MBE Mentoring Program, the result of a partnership between Chrysler and General Motors, to help smaller companies to identify areas for improvement and appointing an assistant to help them in solving their problems.

## 6. Discussion

This study provides a first attempt in this way addressing the sustainable supply chain and cultural issues tied to supply management in sustainable domain.

With regards the first aims the empirical analysis allows us to indentify a double dimension in the description of firms' approach to supply management: 1) the presence of supplier in the report and 2) the firms orientation toward the supply management. Both of these dimensions could be

codified by two variables respectively named “not explicit/ explicit presence” for the first aspect and “compliance/collaborative approach” for the second ones. This last dimension emerged by a thematisation of word suppliers with most related cited words.

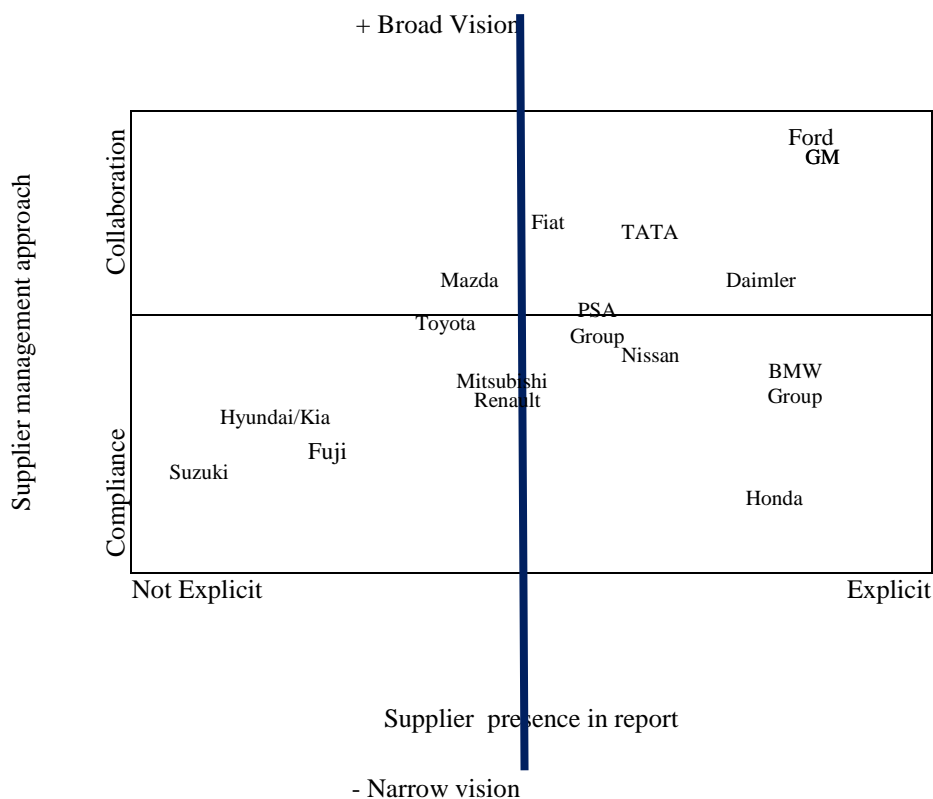
By the analysis of each firm’s report on the basis of both previous dimensions it is possible to group the supply chain sustainability strategy of MNCs in accordance of two different approaches to sustainability. These correspond to the “narrow” and “broad” vision that emerges as edge points of a continuum line with different firms differently positioned around this line (see figure 1).

The narrow vision includes both marginal and explicit role recognized to suppliers in the CSR report. This vision is often limited to evaluation of suppliers in compliance with laws and regulations standards of MNC firms and their alignment with business philosophy and codes of conduct. Often in expressed supplier relationships the concept of sustainability is identified through well established processes including the definition of sustainability standards for suppliers, transparency in the procurement process and supply continuous monitoring and inspection processes.

The broad vision extends the MNCs’ path to supplier sustainability embracing all the main SCM processes identified not only by the presence of specific supplier evaluation and selection processes, but also by strong supplier engagement activities and well established supplier development and enactment programs.

The following figure 1 provides an evidence of how the investigated firms are positioned in the matrix in accordance to their vision of supplier sustainability strategy.

**Figure 1 - Supplier sustainability vision**



The broad approach recognizes the needs of those MNC striving to have visibility in their supply chains and providing a strong evidence of their awareness about the importance of sharing information and goals with supplier. To support this level of visibility, they enabled their suppliers’ commitment to sustainability. As the cases of firms included in this group show, the collaborative

approach positions all actors working together for the same goal and recalls a shift in auditing philosophy and methodology, necessitating an increased engagements with all factories workers to obtain their opinions, feedback, ideas, and input. Not only the reports relied on standards and documents to monitoring the condition of the factory, but they put the workers themselves at the core of the process; instead of compliance being the goal, supply empowerment and strengthened are put in focus. The targeted collaboration with suppliers is seen as a meaningful way to contribute to improving MNC sustainability standards. In the statements of CSR report words such as “sharing of information”, “training programs”, “joint”, “communicate and collaboratively improvement” and so on, summarize the strategic focus of firms strategy to building up suppliers sustainability capability and ensure the companies’ sustainability performances. These practices are presented as stemming from the necessity to disseminate a culture of sustainability along to wider value chain business, as well as contributing to promote standardization and implementation of best practices throughout the supply chain. The Broad vision to supplier sustainability strategy is supported by an innovation approach and finds its roots on transparency and engagement. The result pursued is pulling all workers, both inside and outside the MNCs, to commit to the vision on sustainability. The following quotations provide evidence on these aspects:

*Various initiatives have been established over the years to ensure adequate sustainability and good governance awareness among Group employees who manage supplier relationships. The online training program aimed at raising awareness about the Group’s Code of Conduct continued in 2012. It targeted Group buyers and Supplier Quality Engineers (SQE), involving more than 1,100 employees between 2009 and 2012. In 2012, the program was completed by all Group buyers and SQEs in Poland, Brazil, China, India and South Korea for a total of roughly 370 participants. In addition, an online course on responsible working conditions was provided to 460 Chrysler Group buyers and SQEs. (source Chrysler documents).*

*We provide training as needed to our suppliers and ask them to conduct their own internal trainings to ensure understanding of their code of conduct. We also ask suppliers to develop a rigorous compliance process supporting their code (source Ford documents)*

Once this strategic assumption is fixed, other fundamental question arises about how to consider the cultural issues related supply management and which should be the level of influence between firms’ and suppliers’ different cultures within MNC strategic CSR approaches. As the analysis shows it is widely confirmed the importance of the MNC dominant culture concerning their CSR approach to sustainability supply chain. In the selected companies we found some key words, respect, diversity, trust, cited in their sustainability reports, but few are the initiatives directly addressed to the management of the cultural diversity of their suppliers. So we can sum up that in cases where there is a policy directed to the responsible management of the supply chain that takes into account the cultural aspect, it is not clear the strategic importance of this element.

## **Conclusion**

Sustainability supply-chain management (SSCM) is gaining increasing interest among researchers and practitioners and literature focuses on the necessity and importance in defining the meaning and scope of SSCM in a wider terms and suggests approaches to explore this topic further (Fliess et al., 2007; Roloff and Aßländer, 2010).

In line with this suggestion, our research provides evidences regarding the Supplier CSR strategy of MNCs. The focus on cultural issues in the supply chain management contributes to open new question about the effectiveness of MNCs’ CSR strategy.

The results in accordance with some researchers (Fliess et al., 2007) shows as MNCS put their focus on buffering their CSR operations efforts from suppliers’ influences in order to assure the effectiveness of their CSR strategy. The suppliers are typically recognized or modelled as an external constraint, requiring operations to work on within prescribed limits. Also when the complexity of suppliers CSR issues is put in to the focus, the greater suppliers contributions are

considered by MNC in order to align suppliers' environmental and social activities within strictly MNC' CSR vision.

A value seeking strategy in the supplier relationships does not hide the dominance of MNCs' corporate culture. Even in the cases where CSR strategy takes into account the cultural aspect within supplier relationships these marginally considered the different cultures of suppliers. Few initiatives directly address the management of the cultural context of their suppliers. MNCs found the basis of their CSR strategy on the supplier's relationships but less emphasis is dedicated to the consideration about suppliers' cultural diversity.

This is perhaps related to a cultural supremacy of multinational enterprises, while if they are strongly oriented to CSR, they do not feel to deal with cultural differences of their suppliers. Great attention is dedicated to the police of the cultural factor related to suppliers, whereas CSR supply chain approach is more focused on the operative contribution of supply chain instead of takes care of human aspect of people involved in.

An approach to the management of the cultural factor as CSR strategic factor should bring MNCs into first an understanding of "key" cultural values of the specific context that they share. To reach a gradual integration of these values with CSR practices the pursued goals are to find new balances or as suggested anthropologist Trompenaars and Hampden-Turner (1998) seek a "cultural synergy", which can lead to consider the "best" of several worlds.

We find that the decisions about MNCs' CSR strategy have to be analyzed considering how the cultural differences influence relationships within supply chain. CSR strategy has to be operationally integrated with the cultures of global suppliers to realize MNC CSR strategy.

So further research efforts are needed to support the evaluation of CSR supply chain practices. More in-depth analysis could include the interviews of actors in order to verify the consistence between the company documents and actor's behaviours as well as involve the supplier points of views in data collection.

## **Appendix**

<b>Companies</b>	<b>Sites</b>	<b>Production collaboration agreements</b>
General Motors (USA)	Plants: 19 in North America, 6 in Central America, 7 in South America; 29 in Europe, 8 in Africa; 30 in Asia, 4 in Australia. Branches: 4 in USA; 1 in South Korea; 1 in Australia; 2 in Europe.	Joint ventures: 6 in China, 4 in Africa, 1 in South Korea
Volkswagen (Germany)	Plants: 8 in Europe, 2 in Asia, 1 in Brazil, 1 in Russia, 1 in South Africa. Commercial sites: 2 in Europe, 2 in China, 1 in Mexico. R&D: 6 in Europe	1 joint ventures in China Partnership for production: 2 in Japan, 3 in Europe, 1 in Canada
Toyota (Japan)	Plants: 7 in South America; 1 in Australia; 7 in Europe; 8 in North America, 1 in South Africa, 21 in Asia. 540 subsidiaries and 226 affiliated.	6 joint ventures: 3 in Asia, 1 in Africa, 1 in Europe; 1, in USA
Hyundai Motor Group (South Korea)	Plants: 5 Asia; 2 in America; 3 in Europe. 14 assembly plants: 2 in Africa; 1 in America; 5 in Asia. R&D centers in Europe, Asia, North America and the Pacific.	2 production partnerships 2 innovation collaboration (Google; Microsoft)
Ford (USA)	100 Factories in 25 Countries (Canada, Messico, Germania, Regno Unito, Spagna, Turchia, Brasile, Argentina, Australia, Cina, Sud Africa). Commercial sites: 1 Turkey; 2 in East R&D: 2 in America; 2 in Asia; 2 in Europe	1260 suppliers 9 joint venture (3 in China) 4 partnerships
Nissan (Japan)	Plants: 36 in Asia; 6 in America; 3 in Europe; 3 in Africa; 1 in Australia. R&D: 11 in Asia; 1 in America; 1 in Europe	4 production partnerships
Fiat Spa-Chrysler group (Italy)	Plants: 46 in Italy, 31 in Europe, 47 in North America, 19 in South America, 12 in Asia-Oceania. R&D: 38 in Italy, 13 in Europe, 16 in North-America; 5 in South-America, 5 in Asia-Oceania	Joint ventures: 4 in Europe, 1 in USA, 2 in China Main Suppliers Fiat: 5 in Europe, 4 in America Main suppliers Chrysler: 9 in America, 1 in Asia, 1 in Europe
PSA Group (France)	Plants: 5 in Europe, 2 in South America. R&D: 4 in France, 1 in Brazil	Joint ventures: 1 in Europe 1 in Asia, 1 in USA Partnership for production: 1 in Japan, 1 in Italy
Honda Motor Company, Ltd (Japan)	25 production subsidiaries; 2 affiliated; 42 commercial subsidiaries; 2 commercial affiliated; 6 commercial branches; 7 R&D subsidiaries; 1 R&D affiliated.	81 distributors
RENAULT (France)	38 industrial sites in 17 countries. Commercial subsidiaries: 21 in Europe; 7 in Africa; 6 in Eurasia; 8 in America; 12 in Asia. R&D: 4 in America; 7 in Europe; 1 in Africa, 1 in Asia	1 joint venture 1 production partnership
BMW Group (Germany)	Plants: 12 in Europe, 2 in America, 1 in Africa, 3 in Asia	Partnership for production: 6 in Europe, 1 in America, 2 in China Joint ventures: 1 in China
Daimler AG (Germany)	Plants: 31 in Europe, 26 in America; 8 in Asia, 3 in Africa	Joint venture: 3 in China, 1 in Egypt Partnership for production: 1 in Europe Suppliers (1): 14 in Europe, 4 in China
Mazda Motor Corporation (Japan)	Plants: 7 in Asia, 4 in America 2 in Africa. R&D: 3 in Asia, 1 in USA, 1 in Europe	Joint ventures: 3 in Asia, 1 in USA Partnership for production: 1027 partner., Main Suppliers: 3 in Europe, 2 in Japan, 1 in Africa
Mitsubishi (Japan)	Plants: 11 in Asia; 1 in Europe; 1 in USA. 75 subsidiaries, affiliated,	5 production partnerships 4 joint venture in China
Geely	Plants: 15 in China. assembly and production lines in Russia and Indonesia .400 overseas sales outlets in over 50 countries and regions such as Russia, Ukraine, Cuba,	Production partnerships: 3

	Turkey, Syria and Egypt. R&D: 4 in China	
Tata Motors	Plants: 5 in India. Subsidiaries and associate companies in the UK, South Korea, Thailand, Spain, South Africa and Indonesia. R&D: 5 in Asia, 2 in Europe	17 subsidiaries, joint ventures and associates,
Dongfeng (China)	Plants: 4 in Asia	9 joint ventures:8 in Asia; 1 in America
Fuji Heavy Industries Ltd (Japan)	Plants: 5 in Asia. Commercial sites: 5 in Asia, 2 in America, 1 in Europe. R&D: 2 in Japan, 1 in America.	. 6 distributor
BYD auto (China)	10 industrial parks across China. Other offices in the United States, Europe, Japan, South Korea, India, Taiwan, Hong Kong and other regions. 2 assembly plants: 1 in Russia, 1 in Ethiopia. R&D:4 in Asia	Joint ventures: 2 in Europe
Great Wall (China)	Plants: 3 in Asia, 2 in America	Joint Ventures: 3 in Asia, 2 in Europe, 2 in Africa, 1 in Iran
SAIC (China)	Plants:7 in China, 1 in UK. R&D: 1 in UK	2 production partnership (General Motor; Volkswagen) 4 joint-ventures
Brilliance Auto (China)	Plants: 1 in Europe, 4 in Asia, 9 in Middle East, 5 in Africa, 4 in South America	4 Joint ventures. Main suppliers: 1 in USA, 1 in Italy
Porsche (Germany)	Plants: 4 in Germany	Partnership for production: 2 in America, 5 in Europe, 1 in Asia,

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