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The Emergence of Total Responsibility Management Systems: J. Sainsbury's (plc) Voluntary Responsibility Management Systems for Global Food Retail Supply Chains

JENNIFER LEIGH AND SANDRA WADDOCK

IN BRIEF: THE PRESSURES ON COMPANIES TODAY FOR MANAGING RESPONSIBILITIES

Companies are on the spot to demonstrate to internal stakeholders, including employees, suppliers, and labor unions, and external stakeholders including activists, NGOs, and governments, that they are, in fact, being responsible. One growing and prominent group is social investors who invest in companies on the basis of social screens of interest to the particular investor or investor group, and hold collective assets estimated to be well over US \$2.16 trillion.¹ Closely aligned are shareholder activists, who now submit more than 250 social policy shareholder resolutions annually demanding changes in corporate stakeholder- or issue-related practices.² Consumer studies suggest that customers increasingly pay attention to corporate responsibility in their purchasing

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decisions, particularly when price and quality are equal.³ Adding to the pressure is research that indicates that employees are increasingly making decisions about where to work based on a potential employers' reputation for corporate responsibility.⁴

By the end of the 1990s, activists had become significantly concerned about working conditions, pay, labor, and environmental and human rights practices in the increasingly long supply chains of consumer goods, clothing, and toy companies, among others. The protests that erupted around the 1999 World Trade Organization meeting in Seattle and in most of its assemblies since, combined with the terror attacks on the World Trade Center in New York in September 2001, focused business leaders' attention on globalization's pros and cons as never before. Protesters, activists, and advocates for corporate responsibility today have the capacity to create significant pressures on companies to pay attention to issues of (in)equity, human and labor rights, environmental protection, and sustainability, to name only the most notable issues, as companies in the footwear, toy, and clothing industry have discovered at great reputational cost.

One result of increasing public awareness about issues of responsibility in the processes of globalization is a proliferation of standards, codes of conduct, principles, and new reporting and monitoring systems throughout many industries. The emergence of global standards on issues of human and labor rights and environmental protection suggests that voluntary initiatives, where companies choose to participate, may be an attractive alternative to regulation or legislation. Some of the more prominent initiatives include the Caux Round Table Principles, the Global Sullivan Principles, the nine principles of the United Nations Global Compact, Fair Labor Association that focuses on labor standards, the CERES principles dedicated to environmental responsibility, Social Accountability International's SA 8000 labor standards and monitoring system, and the AA 1000 series from AccountAbility in England, which emphasizes stakeholder engagement.

Indeed, so many new initiatives are emerging that it is difficult to keep track of them,⁵ but there is a growing expectation by external stakeholders that companies will be affiliated with one or more of them. One response by companies is to proactively "manage" their stakeholder and environmental responsibilities, much as they do quality, or customer, employee, and investor relationships.

THE EMERGENCE OF RESPONSIBILITY MANAGEMENT APPROACHES

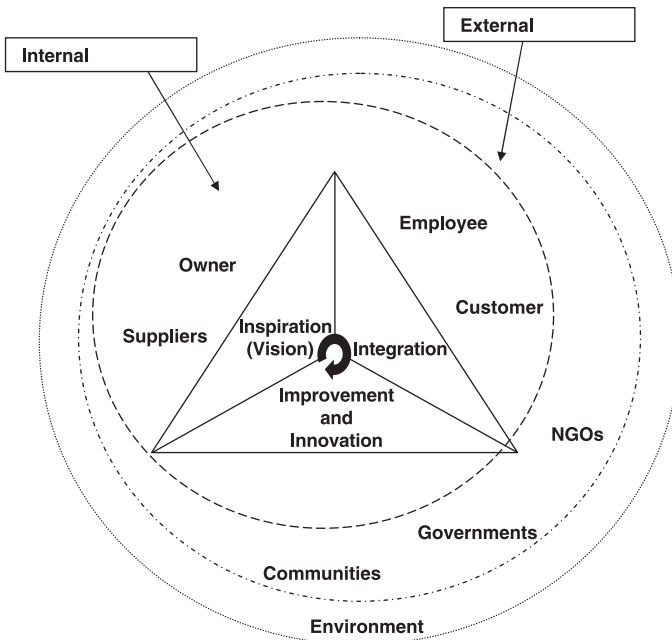
To cope with external pressures and the blurring of boundaries, companies have increasingly engaged with stakeholders from other sectors than industry, and involved themselves in resolving what could legitimately be considered social or public policy problems. Responsibility management systems, similar in many respects to quality management systems, are beginning to evolve in many multinationals so that companies can both identify and explicitly manage their responsibilities proactively and even interactively with stakeholders. We term such systemic management systems total responsibility management, or TRM, approaches⁶ to make an explicit analogy to TQM, total quality management.

Like quality management systems, TRM approaches are systemic approaches for setting and managing responsibility goals within companies. Still mostly voluntary in their inception and management, and differing widely in their coverage from company to company, TRM is a partial response to the external pressures that companies are feeling. TRM, even if not so labeled within the company, enables companies to be more explicit about how they respond to the growing array of standards, principles, reporting, monitoring, and codes of conduct initiatives to which they have been subjected. Furthermore, they provide a means for company executives to be explicit about operating practices as those practices affect different stakeholders, yet go about setting and achieving their responsibility goals in ways that are unique to each company's specific situation.

Briefly, TRM involves three major aspects: inspiration, integration, and innovation and improvement. First, inspiration involves the vision setting, management commitment, and leadership processes discussed briefly below, through which the company articulates a values-driven vision to which the top management is committed. The second major component of TRM approaches is integration, or building commitment to managing responsibility by integrating the company's inspirational vision into strategies, employee relationships and working standards, functional/divisional operating practices, and management systems that support strategies. Third, TRM approaches also foster innovation and improvement in management systems by creating a continual improvement orientation focused on a range of stakeholders and the natural environment and

establishing appropriate metrics⁷ or indicators so that learning, innovation, and improvement can take place. Figure 1 shows the interrelationship of these elements of TRM-like approaches to responsibility management. To illustrate how TRM approaches can be put into practice based on a company's unique situation, we will use an illustrative case⁸: that of the Sainsbury's company. This case focuses predominantly on the integration strategies due to the gap in our current understanding of how to implement responsibility and the emphasis to date in the literature on the inspiration and innovation and improvement, in the form of codes of conduct and metrics, respectively.

FIGURE 1 An Integrated Model of Total Responsibility Management (TRM).



Source: Waddock & Bodwell, 2002.

SAINSBURY'S APPROACH TO MANAGING RESPONSIBILITY

Sainsbury's Supermarket was established in 1869 and is Britain's longest-standing major food retailing chain. It is held by parent company J Sainsbury's and is the United Kingdom's third-largest food retailer (after Tesco and ASDA) with 727 stores in the (accounting for about 85% of sales). Sainsbury's Supermarkets employs over 153,000 "colleagues" who serve over 14 million customers a week.⁹

A Dilemma . . . How to Manage a Supply Chain That Reaches All Corners of the Globe?

By the mid-1990s, the impact of the pressures for greater corporate responsibility posed some significant questions for Sainsbury's management. The company acknowledged the problem of sourcing products globally to meet customer demand since their suppliers are located in "a number of developing countries where historically conditions for workers have been known to be poor."¹⁰ A key question facing the company was: What is the level of responsibility to assume for more than 1,400 direct suppliers of manufacturers, packers, importers, and agents sourcing from between 50 and 100 countries around the world? The company faced significant dilemmas determining where its responsibility for working and environmental conditions of its suppliers began and ended with over 30,000 products consistently in stock, 50% of which is labeled Sainsbury's own brand. Briefly, consider an example of such challenges. Consumption goods like chocolate until 2001 did not immediately draw suspicion from customers or activists, since most chocolate producers are predominantly located in the western European countries and meet internationally recognized labor standards. The actual suppliers of cocoa (one of the main ingredients in chocolate) to the manufacturers are, in some instances, highly suspect for violations of child labor due to "traceability" issues. Chocolate is a commodity product harvested in African countries and sourced through subcontractors, making it difficult to for the manufacturers to monitor each individual farms. This situation illustrates the complex supply web issues facing Sainsbury's.¹¹

Starting in 1997, the company began developing initiatives for socially responsible sourcing for their brand food and nonfood

suppliers. Sainsbury's interest in these issues is reflected in its being a founding member of the Ethical Trading Initiative (a UK-based NGO dedicated to promoting fair labor practices). In early 1998, the company established a code of conduct for socially responsible sourcing. This document, now in its third edition, has been updated as part of Sainsbury's continual commitment to improve labor standards and has been issued to all their brand suppliers. Their code of conduct now functions as a critical part of the company's initiatives that build partnerships with suppliers who share their values and commitment to ethical sourcing.

After establishing the code of conduct, Sainsbury's began visiting its suppliers to raise the awareness of the code as well as associated issues relating to ethical sourcing. To enhance these efforts, Sainsbury's began working with Ethical Trading Initiative (ETI) in 1998 on a number of initiatives in order to deepen integration of ethical issues into their supply chain. These efforts include participation in working groups focused on topics such as child labor and China, attending ETI member roundtables to discuss experiences of integrating ethical issues into the supply chain, and working to understand industry conditions for commodity products suspect for labor violations such as tea, coffee, and cocoa. Additionally, Sainsbury's has fostered several efforts to expand relationships with British farmers, increased fish from sustainable sources, and augmented product with Fairtrade selections. Fairtrade products are items produced by a nongovernmental organization (NGO) dedicated to promoting fair labor and small business development. Now the company offers consumers 40 such items from flowers to grapes. But getting there was not an easy feat and took Sainsbury's through all of the major steps of the TRM approach.

Inspiration: The Vision and Support of Total Responsibility Management

Corporate Responsibility is central to our business and to our recovery program. It supports the Sainsbury's goal—great products at fair prices . . . health, safe, fresh and tasty food—and addresses issues that matter to our customers, colleagues, and communities.

Justin King, CEO, Corporate Responsibility Report 2005¹²

The above quote captures the core values of Sainsbury's mission, the first of two key aspects of the inspiration of TRM. This type of vision setting seen above answers the strategic question, "What business are we in?" and the values question, "What do we stand for?" The second part of inspiration is developing leadership and management commitment to the responsibility vision by identifying, communicating, and supporting the vision to the rest of the enterprise. In Sainsbury's, this commitment is demonstrated by CEO and board endorsement of their code of conduct discussed below.

Like the corporate vision, Sainsbury's code of conduct guides its responsibility vision. The code focuses on five main areas: 1) protection of children, 2) health and safety, 3) equal opportunities, 4) freedom of association, employment, and remuneration, and fair terms in trading.¹³ The code of conduct provides a specific vision for detailing the company's supplier relationships. Inspiration's vision setting and leadership and management commitment processes need to be based on foundational values of the sort already guiding Sainsbury's. These foundational values typically can be found in internationally agreed documents, such as those promulgated by the United Nations.¹⁴

Integration: Building Responsibility into the Business

Integration means building the commitment to manage responsibility into core aspects of the business. Integration means that the company works to integrate responsibility into its strategies, employee relations' practices, and management systems. Integration is the core of TRM approaches, because it is based on what the firm does on a daily basis, representing the activities and outputs that determine what the firm does to achieve its vision and meet its responsibilities.

Integration into Strategy. Sainsbury's strategic focus with respect to its supplier stakeholder responsibilities depends on a four-tiered approach developed by the company over the past several years. This includes the following elements: integration into management systems through clear delineated organizational structure of corporate social responsibilities (CSR); integration into employee relationships; integration via auditing labor practices and fostering supplier relationships; integration through capacity-building activities with employees, suppliers, and other institutions; implementing these policies required extensive human resource and management systems changes, as will be discussed below.

Integration into Management Systems. Today, oversight of the entire CSR strategy and program comes from the Sainsbury's operating board, which has made the commitment to discuss CR at least two times a year. The chief executive position is designed as the overall CR champion and there are six internal directors dedicated to promoting CR for each primary stakeholder group: customers, colleagues, community, investors, environment, and suppliers. "The dedication to integration is demonstrated by the creation of a 'CR steering group' [which] supports the Board in developing CR policy and in getting CR embedded in our businesses processes and practices."¹⁵ At the day-to-day operations level the company has set up two groups to encourage integration.

Besides the clear delegation of CR authority, the company has developed specialized functions dedicated to the broad spectrum of CR issues. These range from director-level jobs such as environmental management and community affairs functions down to direct operations positions like the socially responsible sourcing manager (SRS) who coordinates ethical trading activities, making links between the responsibility initiative and other core management systems. Further discussion of technical specialists will be discussed in the Innovation and Improvement section below. This type of detailed articulation of CR responsibilities radiating from top governance levels to technical specialist is quite unique and representative of the high level of CR integration present at Sainsbury's.

Integration into Employee Relationships. Since it is ultimately the employees who implement a company's vision, ensuring that employees understand and know how to work with the responsibility vision and objectives is essential to TRM. Integrating the responsibility vision may necessitate adjustments in human resource activities including job design, training, performance appraisal, recruitment, employee development, and communication and empowerment practices so that they are in alignment with this vision.

Sainsbury's efforts to address a number of these human resource components through organizational structure changes, job responsibilities, and training, as well as integration into the company's management systems, illustrate such changes. An example of this integration is the training sessions focused on the company's socially responsible sourcing policies that are part of buyer inductions. In these sessions, new buyers are given an overview of the

company's key drivers, the strategy, examples of what the code means, and typical issues found in relationship to it and the roles and responsibilities of buyers. Questions on this SRS content are part of the mandatory new buyers exam.¹⁶

Integration through Auditing Labor Standards. A key to ensuring that labor standards are being met is focusing on job design. In the early part of this decade, Sainsbury's redesigned and developed the jobs of two types of internal auditors, technical and ethical. Technical auditors, which had existed previously, monitor supplier operations through visiting production sites in an effort to ensure that quality requirements necessary to evaluate domestic goods and foreign imports are met, as well as making sure that suppliers are aligned with the company's founding vision. Given that the technical auditors were already visiting supplier sites, the company decided to build some aspects of the ethical criteria into the regular audit process. In addition, Sainsbury's management team created a new job, an ethical auditing function, explicitly to evaluate the implementation of the code of conduct. To ensure consistency, communication, and information transfer, the ethical and technical auditors maintain regular contact.

Integration in Action. Sometimes, collaboration between technical auditors (also known as technologists) and ethical auditors occurs when a technologist is scheduled to visit a supplier site that has been identified by ethical auditors as having problems. With an understanding of the problem and previously agreed upon progress steps that the supplier committed to in consultation with the ethical auditors, the technologist checks on the progress and reports back to the ethical auditor. This coordination allows the company to relay a consistent, integrated message to suppliers and capitalize on preexisting design of job responsibilities.¹⁷

Integration through Capacity Building. Another critical arena for implementing responsibility is achieved through internal employee trainings. In general, Sainsbury's has an extensive training and developing program for their "colleagues" that includes intranet modules and an online learning library, courses, workshops, job shadowing, mentoring, and self-development books and videos. Regarding education on CR issues and the supplier management functions, Sainsbury's has developed two types of ongoing

training, one for technologists and another for product managers, both performed by members of the social responsibility team.

Technologist training focuses on providing appropriate information to evaluate basic elements of ethical performance. The second type of training provides product managers with the information and skills necessary to ensure effective monitoring. This training includes an overview of the code of conduct, an explanation of the content of the code, training on areas to be included, and how elements of the code can be assessed during a visit. Training has further highlighted areas where assessment may prove difficult. The company supplements training sessions with information packages on many of the countries that they visit to provide background information on the country to product managers. This training is crucial, since product managers have the authority to either prevent engaging with new suppliers if factory assessments reveal inadequate practices, or limit further business with an existing supplier if significant issues are identified on a visit and are not resolved adequately. In the future, these types of structured and self-directed training are expected to expand by including more information on relevant local issues relating to the code.¹⁸ As of 2002, all 79 technical colleagues have been trained.¹⁹

External Training and Presentations. In order to support the continuous improvement philosophy that guides supplier relationships, Sainsbury's begun to offer specialized training to this external stakeholder. In February 2001, the company organized a conference in UK on issues associated with gang labor using illegal workers. Teaming up with immigration officials and home office staff, Sainsbury's designed the conference to teach UK agricultural suppliers about this specific aspect of the ethical aims. Suppliers attending the conference gave feedback that they are now able to see what they can do within their own systems and viewed the training as a catalyst for improvement. In 2002 and 2003, Sainsbury's developed one-day training courses run by Bureau Veritas Certification (an independent certificate body) to introduce various suppliers groups to the concept of socially responsible sourcing. Also in 2003, the company held a one-day information sharing conference with high- and medium-risk meat, fish, and poultry suppliers to discuss the experiences and learnings to date and brainstorm new strategies for suppliers to implement in the future. These approaches, in sum, indicated Sainsbury's willingness to identify the unique learning needs of segmented supplier groups.

Starting in 2003, Sainsbury's began engaging suppliers in ongoing education dialogues through various other means. The first of these included presentations at supplier events where technologists emphasized the relevance of SRS to these companies. Also, during that year, the company launched the Sainsbury's Supplier Information Direct Web site, which provides technical information and includes a section on SRS. In addition to presentations and formal trainings, Sainsbury's held individual meetings with suppliers to discuss their "ethical" work. In these meetings, Sainsbury's discussed the suppliers proposed strategies for dealing with identified issues and ideas for joint improvement solutions.

Another aspect of Sainsbury's ethical supply chain management capacity building activities includes developing relationships with nonprofits that can assist the company with identifying issues, strategy development, and risk management. One of the longest-term collaborations is their relationship with the ethical trading initiative (ETI). ETI is an alliance of companies, NGOs, and trade union organizations designed to promote and improve the implementation of corporate codes of practice, which cover supply chain working conditions. This unique learning relationship will be discussed again below. The company also works to develop a broader understanding of stakeholder and supplier issues through its association with cross-industry and multistakeholder organizations such as Business in the Community, the London Benchmarking Group, Forum for the Future, the Green Alliance, the Marine Stewardship Council, and the Forest Stewardship Council.

Innovation and Improvement: Consolidating a Learning Orientation

To progress toward achieving a responsibility vision, companies need to be able to learn from their experiences. This learning orientation includes a focus on innovation, improvement, remediation where necessary, and becoming a learning organization. Innovation and improvement involves three major mechanisms: 1) strategies that promote transparency and accountability for results, 2) tactics that foster innovation, improvement, remediation and learning, and 3) development of indicators, that is, a measurement system that assesses performance on social, environmental, and financial criteria.

Transparency and Accountability

The external challenge is letting people know what we are doing and explain the complexity of it all.

Liz Fullelove, Socially Responsible Trading Manager, 2002

Sainsbury's uses its internal magazine, circulated to all 150,000 employees, to communicate responsibility issues among many topics. However, not all communication is unidirectional down from the top. In 2004, the company began a "tell Justin" (the chief executive) program that solicits business improvement suggestions from employees.²⁰ In 2003, the company began targeting communication with 200 suppliers, focused on bringing their attention to the supplier web site, ETI updates, and numerous other issues. Beginning in 2000, external communication of activities started through formal company presentations at conferences such as Oxfam, Pensions, Investment, Research Consultants Ltd., International Produce Consortium, Oxford University and the UK Social Investment Forum. In addition, the company has developed a sophisticated Internet site to enable wider access by customers and suppliers to information on current responsibility-related activities and its annual corporate responsibility reports.²¹ Sainsbury's also reports annually to the ETI on its progress toward relevant goals. This broad range of communication with internal and external constituencies demonstrates Sainsbury's commitment to transparency.

Improvement, Remediation, and Learning. Sustaining improvements means carefully designing responsibility objectives for each of the company's core stakeholders and tracking goals regularly. As early as 2002, Sainsbury's has set annual responsibility priorities and targets for the ensuing year. Although these have varied slightly each year, the robust list now includes 12 priority areas covering a range of stakeholder issues. These priority areas include food and health, food safety, animal welfare, reducing pesticides, serving our customers, responding to our customers, supporting farmers, energy efficiency, recycling, recruitment and retention, colleague engagement, and supporting your community.²²

The company sets specific priorities related to supplier management issues as part of their collaboration with the ETI. Broadly, these include targets related to the functional division of labor and

integration of CR responsibilities across the business, risk assessment, monitoring, and supplier systems. Other improvement activities include collaborating with ETI members on topics such as the child labor and small holders in working groups. In addition, Sainsbury's has contributed to pilot projects like working with a South African supplier, Capespan, in strategic philanthropy efforts that promote entrepreneurial training that encourages women to own small businesses. Eventually, the goal of these efforts is to market products manufactured by the women.²³ Such special projects have philanthropic elements in alignment with Sainsbury's strategy of cultivating future supplier relationships.

Indicators: Where Have We Been and Where Are We Going?

Without indicators to measure progress toward responsibility goals, it is difficult to know whether progress is being made. Companies adopting TRM have to figure out how to measure against social, ecological, labor, and related responsibility performance objectives. Given the vast number of issues Sainsbury's could address given their numerous product lines, the company recently decided to focus their main efforts on 12 priority areas, detailed previously, that relate to various stakeholder concerns from animal welfare to energy efficiency. This process has allowed them to set or begin identifying key performance indicators for each area and set yearly targets. Yet, it is important to situate these goals within Sainsbury's approach to working with suppliers described in their terms as an "engagement philosophy."

Sainsbury's has developed an auditing system to support the implementation of its principles down the supply chain. Such measurement systems are critical mechanisms for innovation and improvement. Sainsbury's assessment process is guided by an "engagement philosophy" focused on continuous improvement. This entails approaching responsibility performance lapses as part of the normal control, and discussing them with suppliers to achieve agreed standards and strategies to achieve any necessary changes. This compliance approach is reflected on their web page: "When issues are identified, the aim is to work with those suppliers towards achieving the standards expected whilst maintaining the security of continuing business."²⁴ Although the aspiration is to build relationships with possible suppliers, relationships are not pursued if

they show evidence of major concern in any code of practice area. An example of this was in 2002, when vettings carried out with potential suppliers in China led Sainsbury's to not engage with these companies due to the issues identified in the initial assessment.²⁵

Evaluation: Internal and External Audits. Sainsbury's supplier evaluation system employs five major approaches: 1) risk assessment, 2) combined technical and ethical audits 3) one-day gap analysis audits by Bureau Veritas Certification, 4) visits by quality managers and quality assurance managers (discussed above), and 5) full external third-party auditing. Different methods of assessment are employed depending on risk assessment. The first three of these approaches are described below.

Risk Assessment. Risk assessment began in 1999, when Sainsbury's conducted an initial risk assessment exercise where suppliers were graded as high, medium, and low risk. The assessments were not full compliance audits, but were instead based on criteria, such as country of origin, whether suppliers had been visited previously, the level of management commitment, whether undesirable social aspects were likely, and risk of media exposure. Low-risk suppliers have typically conducted self-assessments. Visits by quality managers and quality assurance managers are typically reserved for medium- and high-risk suppliers, as are external audits. The high-risk suppliers (numbering 80 at time of initial assessment in 1999) were to be visited by the end of that financial year to discuss aspects of socially responsible sourcing. According to the company's annual ETI reports, the company conducted 329 product technologist visits in 34 countries during 1999 of which 58 were with high-risk and medium-risk suppliers.²⁶

Today, Sainsbury's has 264 high- and medium-risk direct suppliers and 258 of these suppliers have received an external audit within the last two years. As of 2003, Sainsbury's or its affiliates have conducted 539 site assessments in 42 countries. These have revealed an increase in noncompliances with the code of conduct, to which the company attributes to the increase in full external ethical audits. Of these noncompliances 23% have been acted on and addressed, 14% are being actively progressed, 20% were raised with suppliers who have subsequently been de-listed, and 43 instances are awaiting responses.²⁷ The breakdown of these noncompliances

reflects Sainsbury's engagement philosophy with its willingness to work with suppliers committed to change, as well as its commitment to core principles by the company's practice of terminating suppliers.

Technologist Audits. Sainsbury's brand products are produced to detailed technical specifications and the company routinely monitors product quality and factory facilities using its staff of around 100 technologists. The technologist assessments provide the opportunity for the extensive technologist staff to remind suppliers about social, labor, and environmental issues after the ethical auditor visits. The technologists follow up on or provide action points based upon their findings.

One-Day Ethical Audits. Prior to implementing ethical audits, Sainsbury's tested full social audits but found that external auditors were stronger in some sectors than others and varied by country. The company now uses full audits if necessary, but has developed an abbreviated audit that balances cost and time considerations. These one-day audits, run by an external agency, start with health and safety issues aimed at identifying the largest gaps and developing action plans. During the internal ethical audits, suppliers are ranked on a number of measures using a 0–4 scale. Those "0" are scores given to factories where there is noncompliance on an issue. Scores of "1" are considered poor, "2" progress needed, "3" satisfactory, and "4" good.²⁸

Information from the audits is relayed to the socially responsible trading manager, product managers, and technologists for use in their decision-making and auditing activities. Currently, Sainsbury's pays for these assessments and planned to conduct 73 one-day ethical audits as of 2003.²⁹ As a result of the audits, when Sainsbury's managers and technologists contact the suppliers, they can follow up on the action points formulated during the audit.

CONCLUSIONS

Voluntarily taking a TRM approach, as Sainsbury's illustrates, is no easy task. Yet the outcomes of the voluntary initiatives have generated accolades from external sources. In 2004/2005, Sainsbury's was named a leader of the food retail sector for the third successive year in the Dow Jones Sustainability Index; the company was

the only UK food retailer to be included in the new Global 100 index of the world's most sustainable corporations, and the Organic Supermarket of the year by the Soil Association.³⁰

Voluntary approaches, using the type of framework presented by TRM, allow companies to establish their own responsibility vision and the level of responsibility they hope to achieve. It provides mechanisms for monitoring performance through feedback systems. Companies are likely to continue to face the types of pressures for more responsible practices outlined at the start of this paper, and it is likely that increasing numbers will adopt TRM approaches. As long as these approaches are voluntary, and especially if they are not independently monitored with their results transparently reported out, companies are likely to remain targets of corporate critics.

One of the foremost challenges in adopting a TRM approach is the complexity of supply chain relations, which further emphasizes the need for transparency. This dilemma has been highlighted repeatedly when well-known clothing and apparel retailers like GAP, Nike, and Adidas-Salamon undertook institutionalizing supplier monitoring in the mid- to late 1990s and continued to face criticism because of their reliance on internal monitoring. Sainsbury's, with over 30,000 products, is one of the first food retailers to build explicit responsibility management into the fabric of its business, incorporating both internal and external monitoring. While the Sainsbury's program has major hurdles to overcome, it is a testimony to the company's capacity to deal with the intricacies evoked by a commitment to managing stakeholder and environmental responsibilities.

Certainly, no company, as a human enterprise, is likely to achieve perfection. Even six-sigma quality programs acknowledge the likelihood that some defects will occur. Defects will also occur in human relations practices and other arenas associated with managing responsibility. But with more ever powerful external institutions and activists continuing to grow in their capacity to monitor corporate performance in a range of responsibility arenas, chances are high that the demands for responsibility will continue to increase. Likely, more companies will find themselves, as Sainsbury's has, joining initiatives like the ETI or the Global Compact, engaging in transparent multiple bottom-line reporting through initiatives like the Global Reporting Initiative, and working with their stakeholders to ensure that their stated values are the ones they are actually engaging in practice.

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24. See "Unresolved Significant Non-Compliance" at <http://www.sainsburys.co.uk/social/>, accessed August 2002.
25. Ibid.
26. J. Sainsbury plc Annual Report to the ETI on Socially Responsible Sourcing. Reporting on 2000, 4.
27. J. Sainsbury plc Annual Report to the ETI on Socially Responsible Sourcing. Reporting on 2002/03, 11.
28. Liz Fullelove, 2002–2003.
29. J. Sainsbury plc Annual Report to the ETI on Socially Responsible Sourcing. Reporting on 2002/03, 11.
30. J. Sainsbury plc Corporate Responsibility Report, 2005, 7.

The "whole (the system) is more than the sum of its parts (the elements)" and the interactions between the elements are just as important as the elements per se. The five basic characteristics of any occupational safety and health managements systems are: It includes all components of OSH that are relevant to the members of the organisation and the business process. In principle, its functions are: (1) to increase the effectiveness of OSH management; (2) to guarantee compliance with existing legislation; and (3) to improve OSH performance. Scale and systems " this gives them a cost advantage which allows them to charge low prices for good quality products. Innovative " new types of food products are developed and they have developed good quality own branded products which reduces some of the power of the larger suppliers. Similar to Sainsbury's in being part of the retail establishment in the UK for many years, it was only in the 1990s that it began to blossom. After the recession in the 1990s the group (under new strategic leadership) deliberately embarked on a strategy to differentiate itself from the then market leader, Sainsbury. Evaluate the product portfolio of Sainsbury's and compare it with those of its major competitors. Relevant for Chapter 9. Supply chain challenges Integrated supply chain management Efficiency through collaboration Reducing carbon emission Global "right shoring" Reducing costs through cross docking. Sub-sectors and their supply chain dynamics. Our supply chain offering. Supply chain solutions for consumer goods manufacturers Plan " laying the foundation Source " getting the materials you need Make " manufacturing the product Deliver " getting it where it needs to be Return " receiving support when it's needed. 04 Our supply chain solutions Warehousing services Transportation services Value added services Manag... The Emergence of Total Responsibility Management Systems: J. Sainsbury's Voluntary Responsibility Management Systems for Global Food Retail Supply Chains. Sandra Waddock Jennifer Leigh. Business and Society Review 111 (4):409-426 (2006).