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# Integrating Political and Social Issues in Operations and Supply Management

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## **Integrating Political and Social Issues in Operations and Supply Management**

**Michael Maloni (Kennesaw State University)**

### **Introduction**

Operations and supply management (OSM) scholars generally take pride in the applied nature of our field. Our research and teaching address practical aspects of the business like production, scheduling, quality management, and sourcing. However, we frequently neglect current, relevant issues that challenge the professional practice of OSM. These issues, often political and social in nature, include topics like the environment, immigration, and labor treatment. Such important concerns often amplify the risks and confusion related to critical managerial operations and sourcing decisions.

While OSM scholars may offer brief references to political and social issues in research and in class, we seem to avoid critical examination or debate. This decreases the practical application of our academic efforts and does our field and our students a disservice. We need to push the boundaries of our consideration of current events affecting the field and address these in both the classroom and the literature. I present below a sampling of current political and social issues, briefly highlighting inherent controversy as well as potential OSM impacts. This discussion is admittedly biased towards the U.S. but generally has comparable applications globally. I then consider teaching and research opportunities offered by the issues and suggest examples for scholarly pursuit. In doing so, I invite scholars to respond with their own insight, advice, and examples.

## **OSM Political and Social Issues**

***Environment*** – As societal concerns over operational impacts on the environment expand, both business leaders and consumers are polarized by environmental issues. Some urge an immediate need to go green while others project climate change as a fictitious, political tool. Regardless, most practitioners anticipate tightening environmental regulations in the near future, including potential emissions trading (cap and trade) systems for controlling pollution. Such changes will most likely transform global supply chain economics, pushing OSM professionals to modify production methods, outsourcing decisions, and supplier selection criteria.

***Trade Policy*** – A country's trade policies and agreements are often directly affected by political initiatives. Current divisive examples include "Buy American" provisions in the U.S. economic stimulus package (Sanger 2009) and stated intentions to amend the North American Free Trade Agreement (NAFTA) (Shear 2009). From an OSM viewpoint, trade policies will influence costs and lead times associated with make vs. buy, sourcing, distribution, and facility location decisions.

***Trade Safety and Security*** – Recent safety failures with toys and pet food (MacLeod 2007) highlight the difficulty with oversight of outsourced production. Global supply chains are also challenged to meet increasing trade security requirements like the Container Security Initiative (CSI) and Customs-Trade Partnership Against Terrorism (C-TPAT). Enhancing the rigor of safety and security monitoring of imports reduces OSM risks yet inflates both supply costs and lead times. Such challenges thus affect outsourcing, sourcing, and inventory decisions.

***Organized Labor*** – Often perceived as a dated issue, organized labor persists as a prominent operations and political concern, as highlighted in the U.S. with the Employee Free Choice Act (EFCA) (Orey 2008). Unions protect worker rights yet potentially impact labor costs, productivity, adoption of technology, and overall competitiveness of domestic production. Thus, unionization will present critical considerations for outsourcing, sourcing, and production.

***Immigration*** – Immigration, both legal and illegal, fills critical, often low-paying operations jobs in industries like agriculture and construction as well as higher-skilled labor needs in industries like technology and health care (Herbst 2009). Immigration reform, as proposed in countries like the U.S., remains controversial over apprehensions about economic and social effects. From an OSM perspective, changes in immigration policy will impact labor supply and wages (Associated Press 2007), subsequently affecting production methods and costs.

***Labor Treatment*** – Labor abuses such as sweatshop, bonded, and child labor have lost our attention over the last decade, perhaps due to perceived improvements in corporate labor standards. However, such standards are generally difficult to enforce across global supply chains (Roberts and Engardio 2006), and correspondingly, labor exploitation still recurs in a variety of industries, even in developed countries. From an OSM perspective, corporate concerns over labor abuses will influence sourcing decisions, labor costs, and even production methods.

***Transportation Infrastructure*** - Expansion of global trade has critically stressed transportation infrastructures, as revealed in the U.S. by sobering funding concerns over road, rail, and maritime capacities (U.S. Chamber of Commerce 2008). Yet, China has been taking a more proactive approach, capitalizing on economic growth to fund infrastructure expansion and standardization (Tschang 2008). Similarly, the European Union has developed the Trans-European Transport Networks (TEN-T) for planning transportation infrastructure improvements. Infrastructure deficiencies will increase lead times and subsequent safety stock inventories, thus affecting procurement, outsourcing, and carrier selection decisions.

There are numerous additional political and social issues relevant to OSM such as counterfeit goods (Stevenson 2008), procurement ethics, and incentives for investment in technology and innovation. To complicate matters, topics often become entwined as demonstrated by trade concerns over green technology (Green Trade War 2009) or infrastructure expansion impacts on the environment (European Commission 2009). Still, these topics represent significant teaching and research opportunities for OSM scholars.

## **Teaching Opportunities**

Addressing political and social issues in the classroom can stretch our core instructional skills. Students retain strong yet diverse views on the topics, leading to potentially lengthy and heated class discussions that can be difficult to control. In the same vein, we risk alienating students who may judge us to be biased or even fanatical. A few highly-negative teaching evaluations could have significant performance review implications, especially for junior, untenured instructors. Nevertheless, we are well-trained to lead investigative class projects and events to objectively address political and social topics. Furthermore, today's students constantly challenge us to demonstrate application of OSM, and the news headlines offer an abundance of timely opportunities. Class examples might include:

- Review of current news articles of expected regulation changes for emissions controls followed by debate (in-class or on-line) of production and sourcing consequences.
- Industry expert guest speakers involved in or affected by enforcement of labor and environmental standards at foreign suppliers.

- Case studies of industry best practice of implementation of advanced supply chain monitoring for product safety and quality issues.
- Student consulting projects with local businesses to recommend changes for improving supply chain security based on industry best practices.
- Student projects with local government offices to develop infrastructure improvement initiatives for local trade flow or intermodal centers.
- Student projects addressing issues and concerns raised by campus sustainability programs such as the European-based Fairtrade Universities and Colleges (2009) or the American College & University Presidents Climate Commitment (2009).

Class activities like those above boost student enthusiasm by relating OSM to the world around us, highlighting the importance of OSM to contemporary business practice, and demonstrating OSM integration with other business and non-business disciplines. Furthermore, our students as current and future business leaders not only require enhanced awareness on the topics but also critical thinking skills needed to formulate positions that will best serve business and society. Debating political and social issues also shows students how to disagree with respected colleagues yet still conduct meaningful dialogue to find common ground resolution.

### **Research Opportunities**

With the exception of a small faction of scholars pursuing the triple-bottom line (economic, ecological, and social) perspective (Elkington 1994), research in political and social topics affecting the OSM field appears limited. Researchers may have valid concerns about the acceptability of such matters in OSM journals. Political and social topics are addressed in other fields like political science, economics, and law, so perhaps we need to expand our considerations for cross-disciplinary research to complement this existing work. However, our research should be targeted more so to practitioners rather than policy makers, offering managerial guidance for planning and reacting to fast-changing societal issues. Timely research opportunities available to OSM scholars might include:

- Case study research to assess critical success factors and barriers for implementing supply chain controls for safety and quality.
- Industry-focused surveys isolating impacts of specific environmental programs on firm cost, quality, and market performance.
- Supply chain simulations to predict cost and lead time consequences from catastrophic supply chain breakdowns such as terrorist strikes.

- Analysis of secondary data to model supply chain cost economic impacts (i.e., production and sourcing decisions) of new trade agreements (e.g., DR-CAFTA).
- Theoretical pieces that analyze historical effects of organized labor on productivity, technology adoption, and competitiveness.

Such research might oblige OSM scholars to take more contestable stances in our work, potentially exposing us to a higher level of criticism from the field. However, our insulated academic world is just the place to do so. We can hold greater research ambitions for change and push for advanced thought leadership. We can still follow the scientific method yet employ the results in formulation and debate of opinion. If academics do not pursue this, who should? Given our training, few are better qualified. Given our academic freedom and tenure, few face lesser occupational repercussions.

## **Conclusion**

Our wonderfully creative and autonomous academic world can in some ways restrain innovation. Norma Harrison (2009 p. 47), President of the Decision Sciences Institute, recently cautioned about the comfort of a “steady state” in our field that “results in very little real creativity and sustainability.” She challenged us to “stretch the art of decision sciences” to be “builders of the future” and “state-of-the-art thinkers.” To this point, the basics of many core OSM topics remain relatively unchanged over the years, yet exogenous political and social issues are rapidly altering how OSM decisions are applied in practice. So, addressing such issues in our teaching and research represents one opportunity to expand our scholarly contributions and likely inspire greater creativity and maturation of the OSM field

Dr. Harrison also notes that current economic times demand this increased contribution. With cost perhaps weighing more heavily now than ever, business leaders need our support to identify the best and/or most ethical paths in the face of confounding societal issues. Enhanced integration of political and social factors will improve the realistic application of our teaching and research, allowing us to better serve current and future practitioners.

The controversy and complexity inherent to political and social issues are understandably concerning enough to cause many scholars to avoid such topics all together. However, several factors oblige us to take action. As one, industry expects us to be thought leaders who foster insight, shape discussion, and quantify value on timely and urgent business topics. Additionally, our training highly qualifies us to

scientifically investigate difficult topics with objectivity, validity, and reliability. Finally, the privilege and freedom of tenure obligates senior faculty to fulfill its fundamental rationale of the pursuit of unpopular, disruptive scholarship. We must be driven by these considerations to push beyond our “steady state” to extend OSM application.

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