Chapter 2
Empathy as a Major Contributing Factor to Sustainability in the Global Supply Chain

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ABSTRACT

This chapter is based on the author’s seven years of fieldwork in China (2006-2012) concerning the practices of empathy in global supply chain management in China. The author used the process model of organization sense making to collect data from 30 Chinese executives from 20 different foreign multinational enterprises in various cities in China. Eighteen companies already practice the cost-efficiency paradigm. Only 2 companies exemplify empathy, not sympathy, when they pursue sustainability in the global supply chain. These two foreign multinational enterprises have developed a network of organizations to be socially, economically, and environmentally responsible. Their practice of empathy is due to the moral consciousness of their leaders and the persistence, compassion, and humbleness of their dedicated corporate social responsibility officers.

INTRODUCTION

Sustainability in the global supply chain is defined as “the management of environmental, social and economic impacts, and the encouragement of good governance practices, throughout the life cycle of goods and services” (United Nations Global Compact, 2010). This means a network of organizations transforming raw materials into finished goods and services for consumers in socially and environmentally responsible ways. Managing sustainability in the global supply chain is essential to the competitiveness of firms and well-beings of multi-generations (Bernstein and Greenwald, 2009; Kenrick, 2011; OECD Roundtable on Corporate Responsibility, 2010; Philipp, 2009). Many foreign multinational enterprises, which design products or services, have strong customers’ brand loyalty, or have strong power in the global supply chain, are required to be responsible for socially...
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and environmentally performances of their suppliers in developing countries (Electronic Industry Code of Conduct, International Labor Organizations, the OECD (Organization for Economic-Cooperation and Development) guidelines for multinational enterprise, United Nations Global Compact). The complexity of the global supply chain is intensified when it is embedded in various economic, social and political systems. It is great challenge for companies to trace the social and environmental performance of 2nd tier or 3rd tier suppliers. The social and environmental implications of the global supply chain can be extremely evasive and non-transparent to many international non-government organizations. In the current dominant low-cost operational efficiency paradigm in the global supply chain management, the need of justice and empathy as an alternative paradigm is becoming important when sustainability is addressed (Lam, 2012a, New, 1997). Empathy is defined as “a process to consider a particular perspective of another person, to feel as another person feels, and to take action for the needs of another person” (Cook and Lam, 2013). Empathy allows participants in the global supply chain to explore and experiment many practices which are more compatible with the sustainability concept in the global supply chain.

China remains one of the world’s largest manufacturers of electronic products and plays a significant role in the global supply chain. The Chinese government encourages multinational corporations to enable their Chinese suppliers to foster green growth, improve livelihood, and be integrated into a global market (China’s twelfth five year plan, 2011). The Chinese government and international organizations also closely monitor the social and environmental performances of multinational enterprises in China (BSR, 2010a; 2010b; Chang, 2010). Multinational corporations in China need to approach economic growth, social progress, and environmental protection in a “holistic and integrated manner” if they would like to be sustainable (National Development and Reform Commission of China, 2009; Synato, 2010). What are the best sustainable practices of foreign multinational enterprises in the global supply chain management in China? How is empathy aligned with sustainability in the global supply chain management? This chapter will discuss how the barriers of sustainability in the supply chain management in China be reduced by empathetic relationships, not sympathetic ones. This chapter will describe two companies that know how to manage sustainability and exemplify how empathy is a major contributing factor toward sustainability in the global supply chain. These two cases will inspire other companies how to make choices to increase their capacity of sustainability and to provide “holistic and integrated” corporate social responsibility programs.

LITERATURE REVIEW

Empathy is advocated as an alternative paradigm in the global supply chain management (Lam, 2012a). Empathy is the foundation for the practice of partnerships and procedural justice in the global supply chain (Auroi, 2003; Crul and Zinkhan, 2008; Laczniak & Murphy, 2008). Empathy is a major contributor in human relationships and the organization process for sustainability (Aguilera, Rupp, Willams, and Ganapathi, 2007; Baumgartner and Ebner, 2010; Nidumolu, Prahalad and Rangaswami, 2009; Lyon, 2004; Mirvis and Googins, 2006; Laszlo, 2008; Zadek, 2004). Empathy is defined as “the ability to comprehend another’s feelings and to re-experience them oneself” (Salovey & Mayer, 1990:194-195). It is stated as “the fundamental competence of social awareness” by management scholars (Goleman, et al., 2002:50). It is affirmed to be the key element for innovative activities in human history and a global civilization (Goleman, 2006). It is related to the realization of human potentiality in a technological and interconnected world (Dutton, et al., 2006; Eshelman, et al., 2012; Ehrenfeld, 2008;