

Responsible Research in Business and Management: an OM Perspective

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Background: Responsible Research in Business and Management Initiative

- Initiated by **Anne Tsui**, former President of AOM, in 2014
- Enlisted 16 Senior Scholars + 8 Deans + 4 Institutions to get involved
- 5 Disciplines - 23 Universities – 10 countries

Accounting and Finance

Rashad Abdel-Khalik (UIUC), Franklin Allen (Imperial), Ulrich Hommel (EBS), Maureen O'Hara (Cornell)

Management

Mats Alvesson, Jerry Davis, Thomas Dyllick, Bill Glick, Peter McKiernan, Katrin Muff, Howard Thomas, Anne Tsui (Notre Dame)

Marketing

Mary Jo Bitner (ASU), David Reibstein (Wharton)

Operations Management

Serguei Netessine (Wharton), Chris Tang (UCLA)

Deans

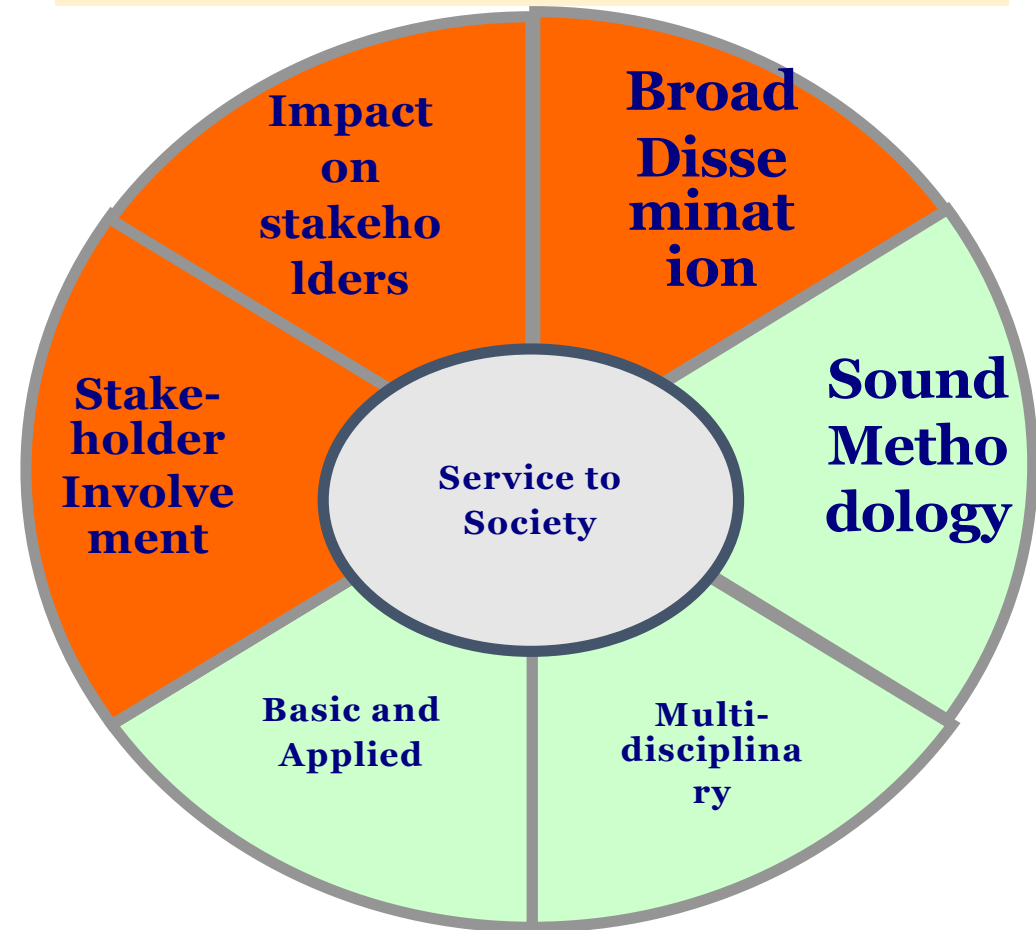
Ingmar Bjorkman, Hongbin Cai, Gerry George, Xiongwen Lu, Ira Solomon, Xiaobo Wu, Bernard Yeung, Sri Zaheer

Why do we care about responsible research?

Current challenges.....

What most researchers do.....	What the world needs.....
Rigorous analysis, but not necessarily relevant	Relevant research addressing problems important to both business and /or society
Focus on # of pubs and citations	Value to business and/or society
Focus on academic reputation	Develop a better world – profit, planet and people

7 principles of responsible research



A Vision of Responsible Research by 2030 (RBBM.network)

“In 2030, business and management schools worldwide are ...produc[ing] well-grounded knowledge on pressing problems. Both schools and scholars are committed to the ***principles of responsible research***... Research has helped ... to develop effective systems leading to high economic performance, great innovations, positive employee and customer wellbeing, a clean environment, and strong communities. Many schools have contributed valuable knowledge to **support humanity’s highest aspirations**, e.g., *poverty alleviation; access to food, clean water, and education; a green environment, gender and social equality; economic growth and fair wealth distribution...*”



What does Responsible Research in OM mean?

- Some key topics in OM
 - Ethical supply chains
 - Closed loop supply chains
 - Humanitarian operations
 - Environmental Sustainability
 - Socially Responsible supply chains
- Some personal observations.....

“Information Revolution” for Improving Environmental Sustainability and Social Responsibility:

(some research opportunities in Socially Responsible Supply Chains)

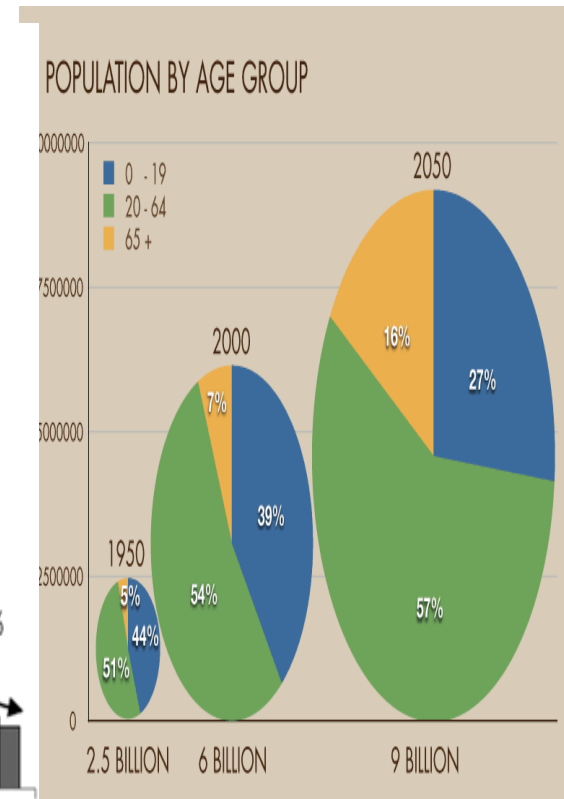
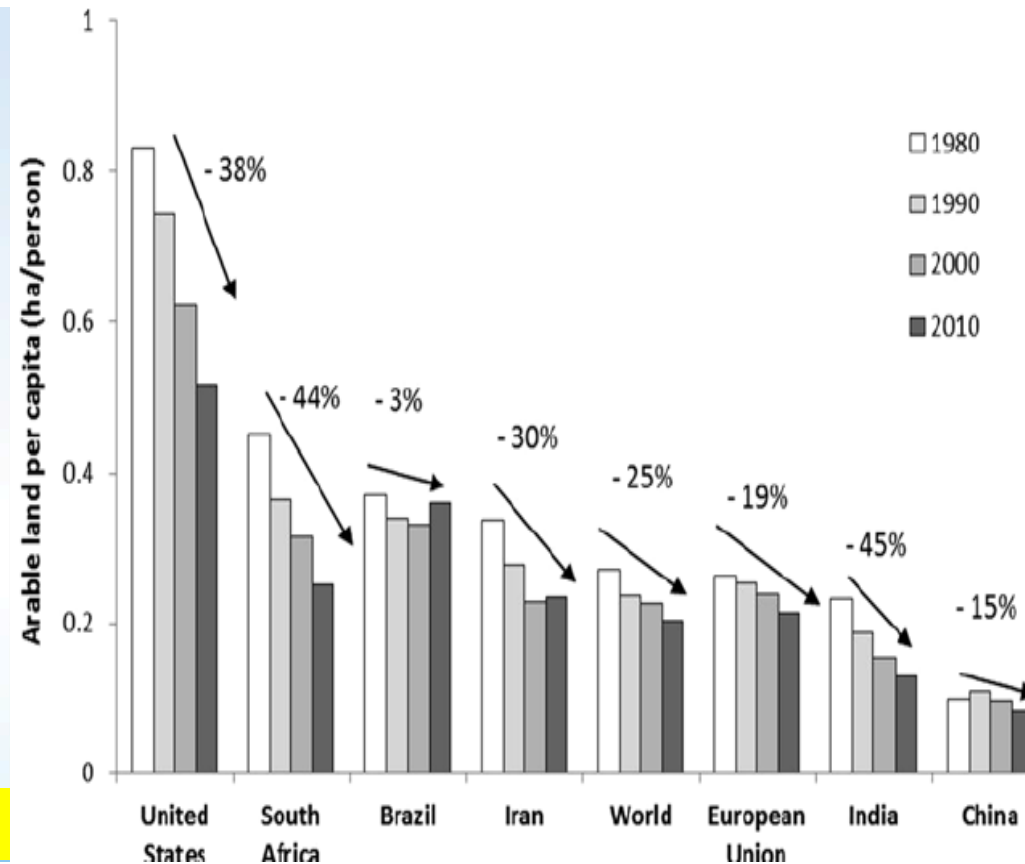
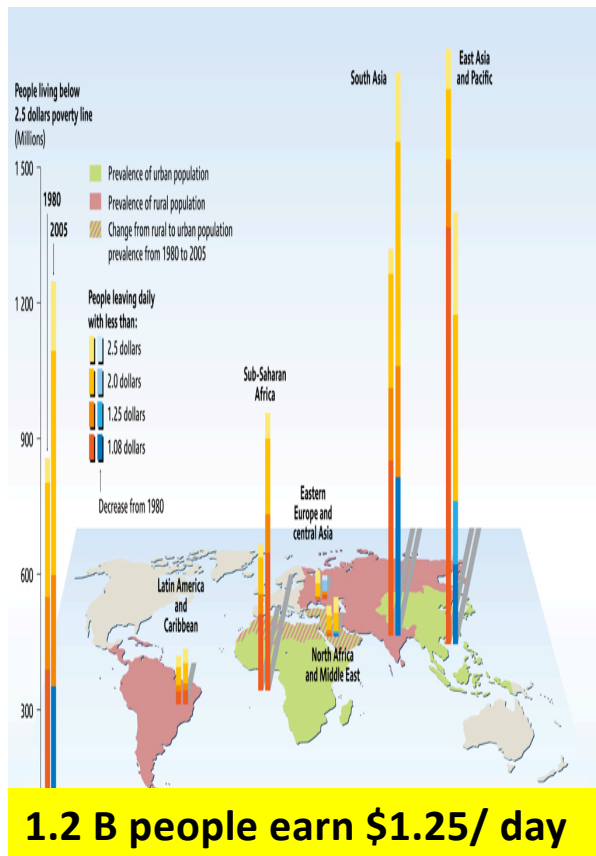
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MSOM Conference June 2017; Supply Chain and Internet Financing (SCIF) Conference, Dalian, July 2017
HKUST Symposium on Innovations and Sustainability, Hong Kong, August 2017
Fraunhofer Institute, Germany, September 2017, Salzberg Program, Syracuse University, October 2017
INFORMS Houston, October 2017

Why should we care about these big problems?

Social responsibility: eradicate poverty, empower women

Environmental sustainability: water, air, land



Why should we care about these big problems?

- Should companies care?

- From Shareholder value to “Stakeholder value”
- From Profit-driven to “Triple Bottom Line: Profit, Planet, and People”
- Importance of development countries – sourcing from / selling in
- Government regulations, watchdogs, consumer activisms

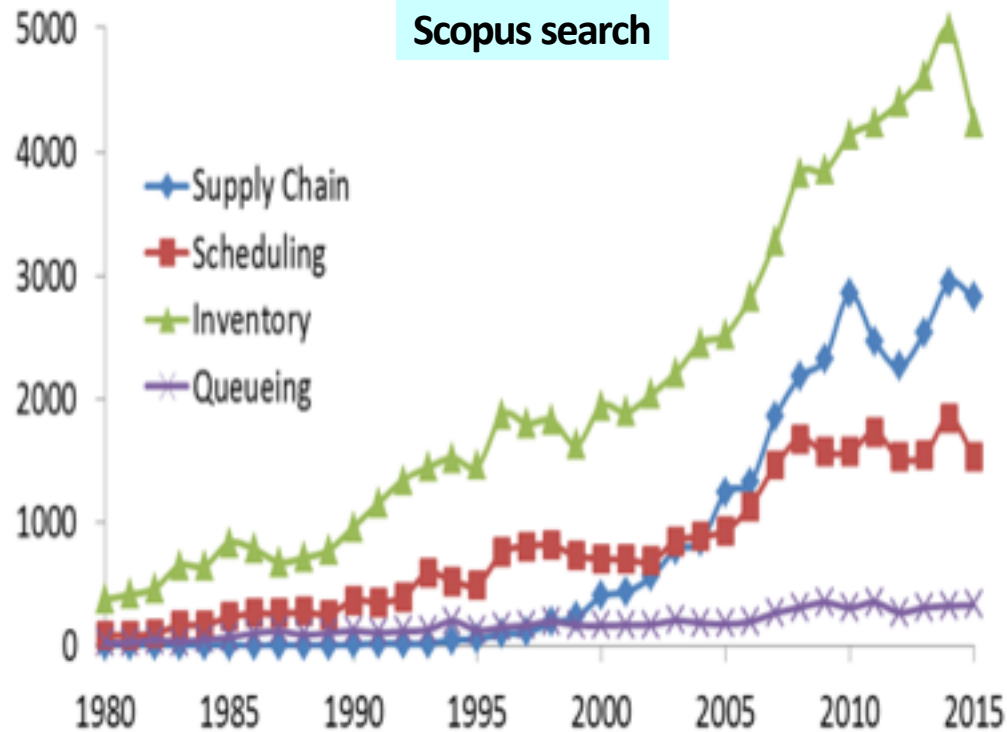
- Should universities care?

- From “knowledge creation” to “knowledge creation + societal impact”
- Public concerns about value of university
- Culture of the younger generations: “me” versus “society”

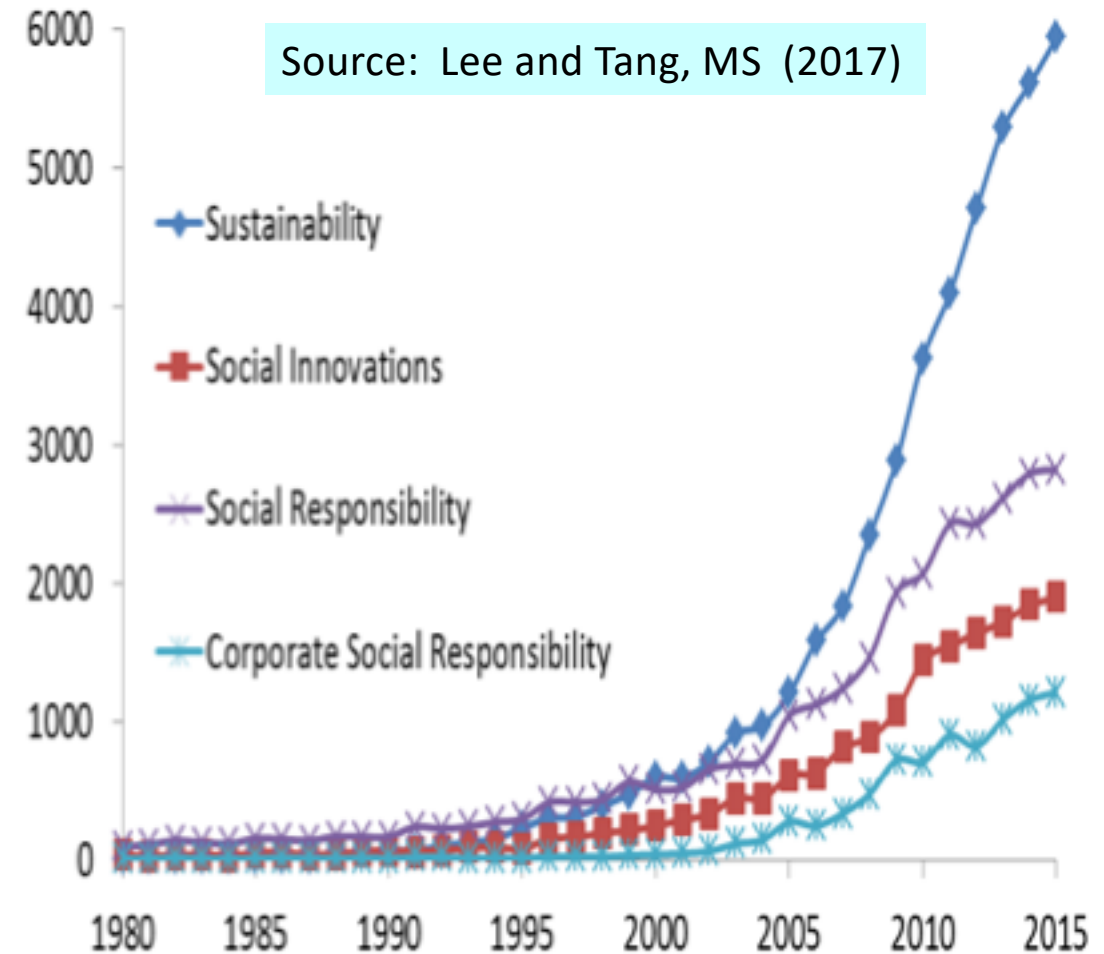
- Should we care?

Big problems create great OM research opportunities....

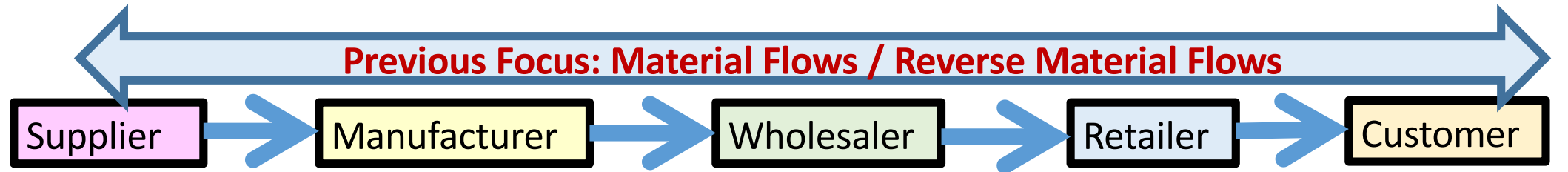
Scopus search



Source: Lee and Tang, MS (2017)



Supply chain flows for developing Socially Responsible Supply Chains



Nestle develops hub and spoke system to collect milk in China



Coca-Cola uses "poor as distributor" in Ethiopia



Vision Spring Entrepreneur who needs work

A villager who needs reading glasses to work

Current Focus: Information Flows

1. External-disclosed Information for improving environmental sustainability
2. Self-disclosed Information for improving social responsibility
3. Enterprise-enabled Information for improving farmer productivity

1. External-disclosed Information (IPE.ORG) to improve environmental sustainability



IPE is the Central Hub for reporting environmental violations issued by local / central government in China.



1. External disclosed Information (IPE & Greenpeace) to pressure OEMs to take actions

Who's doing what since Greenpeace's Dirty Laundry exposé ...

Committed to Zero-Liquid Discharge & set Joint Roadmap



Committed to the Joint Roadmap to remove hazardous materials



Engaged in on topic of discharges of NPE's by the factories



Strong CSR statements but linked to polluting factories

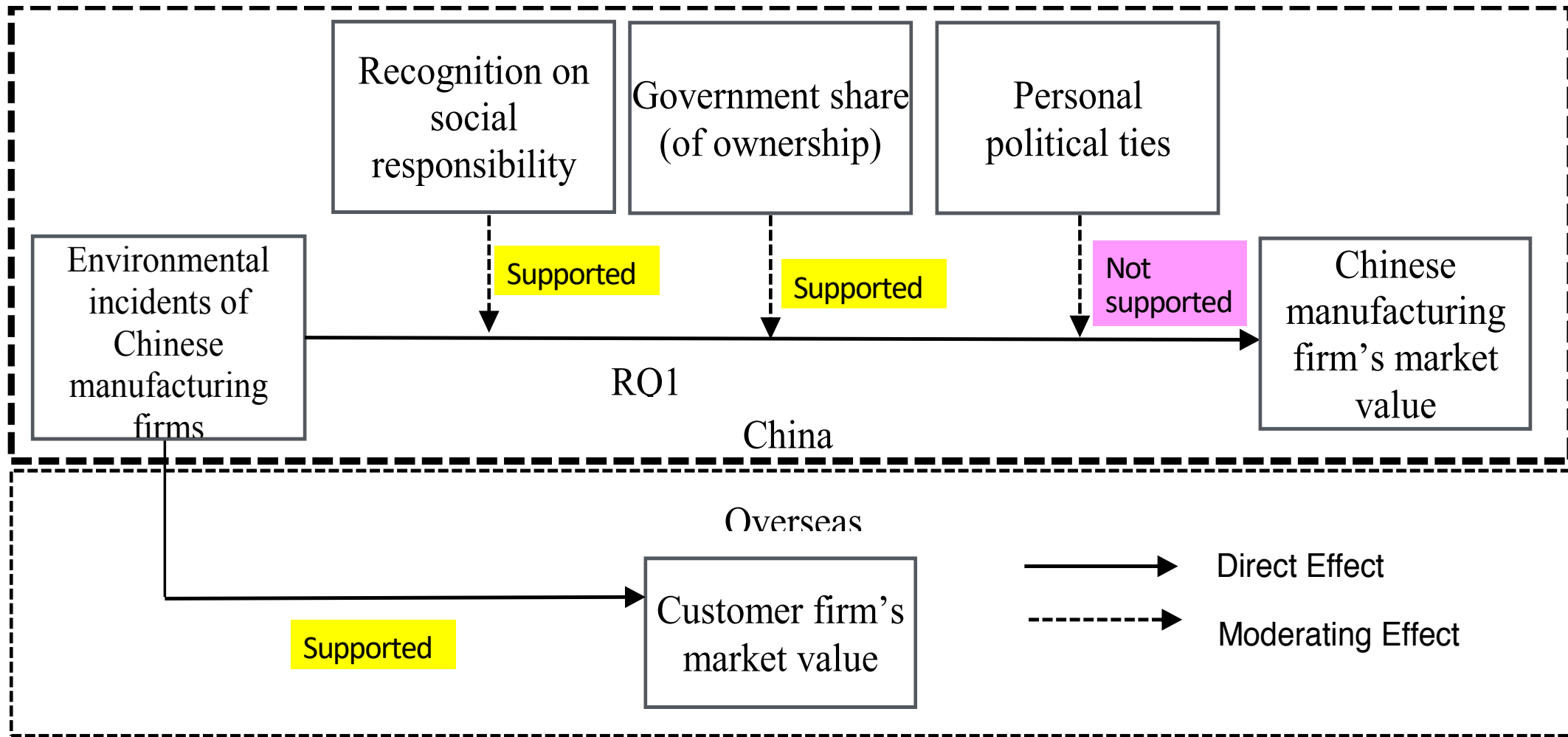


Did not respond to request to comment on Greenpeace's findings linking them to polluting factories in China



All companies have on-going or recent business with two factories discharging hazardous chemicals into the waterways of China. (Greenpeace, Dirty Laundry Reports 1, 2011 and various company press statements)

1. **External-disclosed** Information: market reaction to environmental violations in China (2006-2013): (Lo et al. (2017), M&SOM)



2. Self-Disclosed Transparent Supply Chain to Engage: Patagonia



The screenshot displays Patagonia's 'the footprint' website, which visualizes the supply chain for a specific product. At the top, a navigation bar includes 'the footprint CHOOSE A PRODUCT', 'DIGGING DEEPER', and 'JOIN THE DISCUSSION'. The main visual is a world map with a dashed line tracing the supply chain path from Asia to North America. Below the map, a row of six small images shows various stages of production, with the text 'roll over the boxes to view product stories' underneath. The featured product is the 'Nano Puff® Pullover', with links for 'View Details', 'Men's', and 'Women's'. To the left of the product description is an image of the orange quilted jacket. The description is divided into three sections: 'The Good', 'The Bad', and 'What We Think'. 'The Good' highlights the use of PrimaLoft® One insulation and closed-loop recyclable materials. 'The Bad' notes that the shell fabric is not recycled and mentions the use of PFOA in the DWR finish. 'What We Think' discusses ongoing research into alternative water repellents.

the footprint CHOOSE A PRODUCT DIGGING DEEPER JOIN THE DISCUSSION

roll over the boxes to view product stories

Nano Puff® Pullover View Details Men's | Women's

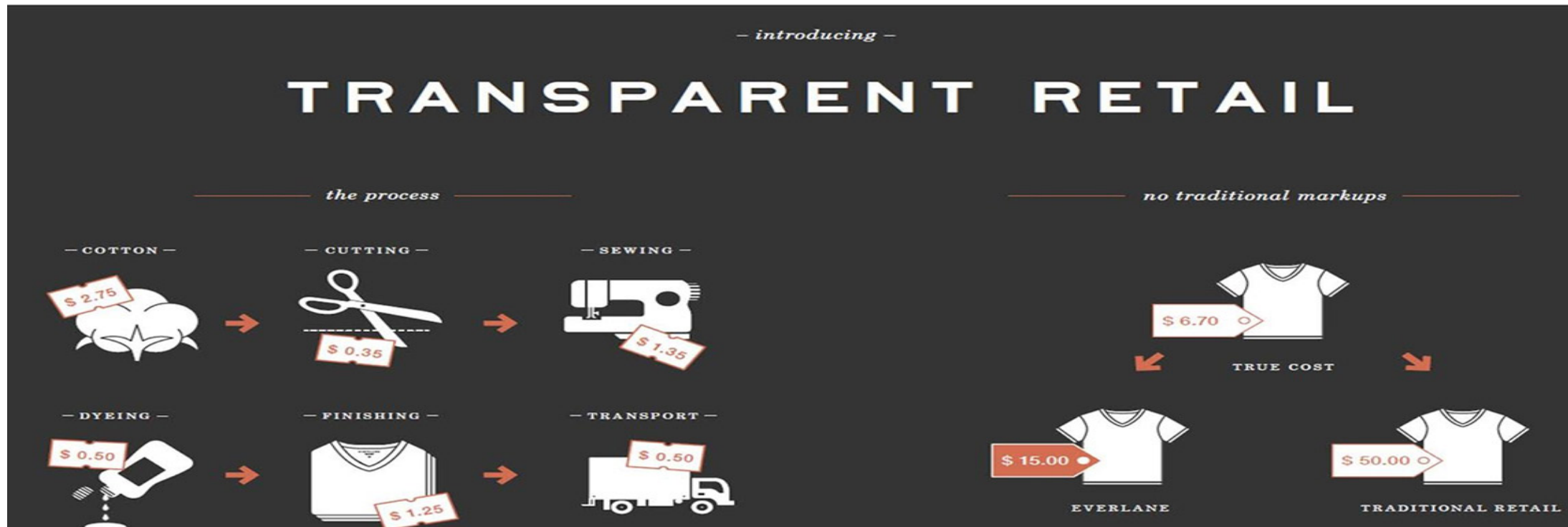
The Good
The Nano Puff Pullover pairs a newly developed, ultralight shell fabric with PrimaLoft® One, the lightest, warmest and most compressible synthetic insulation available. The Nano Puff is closed-loop recyclable and made in a factory that meets our four-fold criteria for product manufacturing: quality craftsmanship, competitive pricing, strong environmental standards and fair labor practices.

The Bad
While the shell fabric has recycled content, PrimaLoft® One does not. We use this insulation for its high warmth-to-weight ratio, which affords performance superior to that of PrimaLoft® Eco (made with 50% recycled polyester). The shell and zipper are treated with a durable water-repellent (DWR) finish that contains perfluorooctanoic acid (PFOA), a synthetic chemical that is now persistent in the environment.

What We Think
We are investigating alternative water repellents that cannot break down to form PFOA and working with Albany International, the company that makes PrimaLoft® products, to develop a synthetic insulation with recycled content that offers the outstanding performance attributes of PrimaLoft One.

Lab experiments show consumers' valuation of a company's social responsibility is higher when there is greater visibility when upstream workers are disadvantaged: Kraft, Valdes, and Zheng, 2016, Darden/MIT working paper

2. Self-Disclosed Transparent Supply Chain to Sell: Everlane



1. Lab experiments suggest that cost transparency can increase sales tendency: Mohan, Buell and John; 2016, HBS working paper.
2. Surveys in China, US, Europe suggest that fair labor cost can increase fair price: Craig, Lim and Tang; 2017, UCLA – on going project

2. Self-Disclosed Transparent Supply Chain to Sell: Experiments

- Experiments – **willingness to pay** (vary the ratio of labor cost to material cost)

High labor cost \$8.76 (relative to materials cost \$2.24)

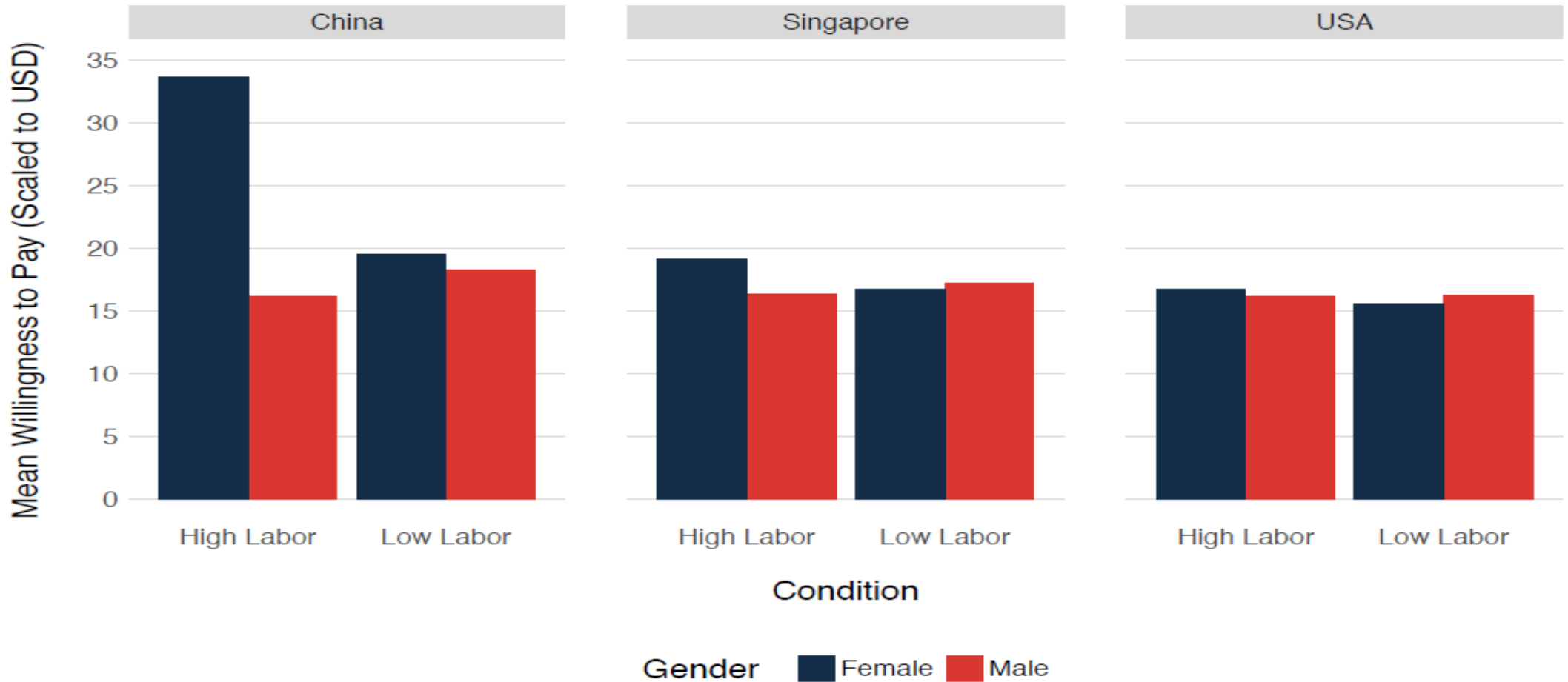


Low labor cost \$2.24 (relative to materials cost \$8.76)

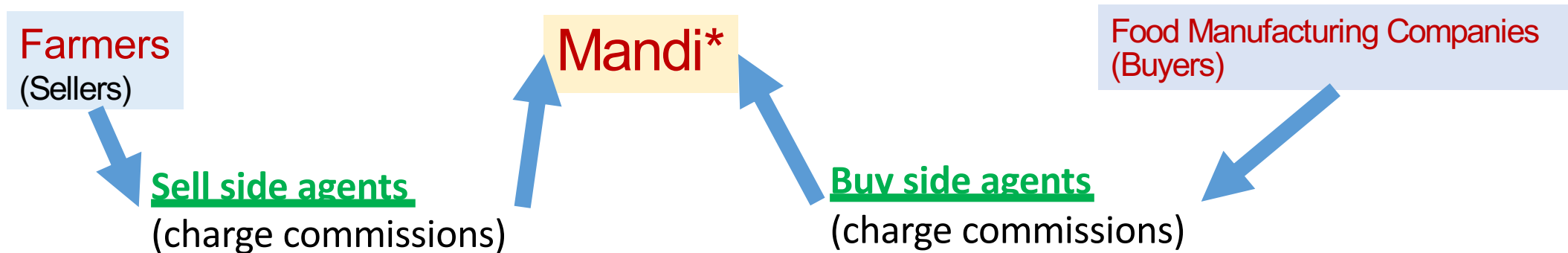


2. Self-Disclosed Transparent Supply Chain to Sell: Experiments (based on 433 subjects) – on-going project (Craig, Lim and Tang, 2017)

Ratio of Labor to Materials Costs Varies High to Low, and Overall Cost is Fixed



3. Agricultural Innovations for improving farmer welfare and productivity (planning and selling decisions)



Farming and Selling Challenges:

- Inefficient – farmers lack education, farming techniques
- Inefficient – many middlemen, non-value added activities
- Ineffective – commissions, collusion, cheating
- Injustice -- Farmers get low price

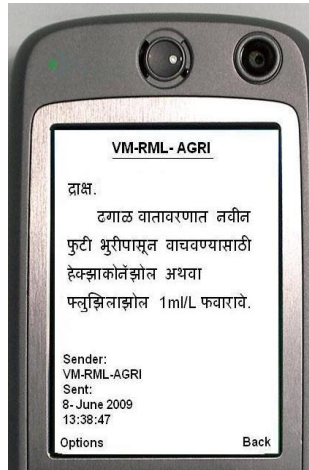
**Mandi: A government mandated market where farmers sell their crops [Agriculture Marketing Act of India]*

3. **Enterprise-enabled** Information for improving farmer productivity: **Reuter Market Light (RML) – benefiting over 1 million farmers in India**



Reuters Market Light

- **Crop Prices** from nearby and far off markets
- **Advisory Tips** that help improve productivity
- **Weather forecasts** that help improve productivity
- **RML's revenue model:** subscription based



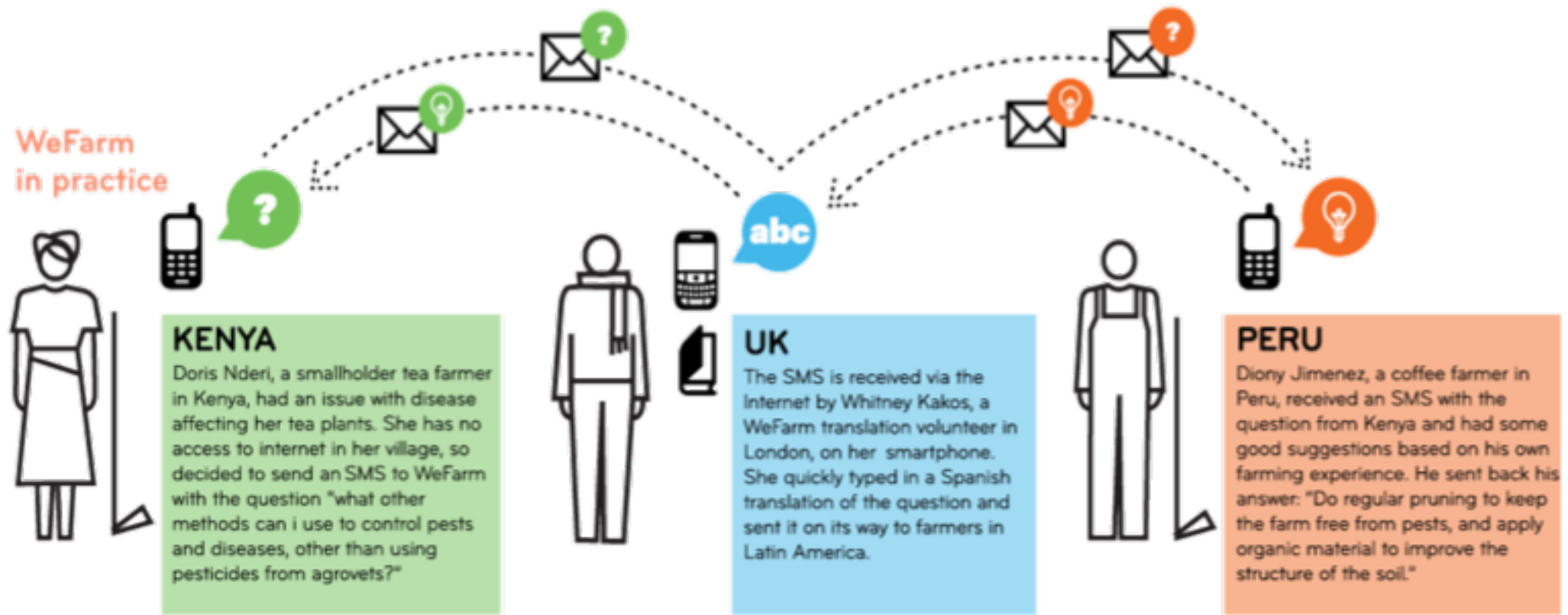
RML: A revolutionary personalized decision-making tool.

- **Local language**
- **Local content**
- **Fitting in their workflow**
- **All operators and handsets**
- **Over the Counter**
- **As per their individual preferences!**



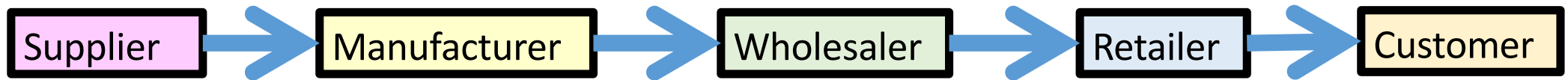
Parker, Ramdas, Savva, MS (2016) found RML market price information reduce price dispersion in different markets.

3. Enterprise-enabled P2P knowledge sharing and learning to improve farmer productivity around the world: **WeFarm, Rainforest Alliance**



Research Findings by Xiao, Chen and Tang (2016): a carefully design reward mechanism is needed to entice farmers to share knowledge

Summary: Supply chain information flows for developing socially responsible supply chains



1. (External-disclosed) information for improving environmental sustainability: IPE
2. (Self-disclosed) Information for improving social responsibility: Patagonia, Everlane
3. (Enterprise-enabled) Information for improving economic development: RML, WeFarm



• Information flows for develop socially responsible supply chains to achieve Profit, People, Planet

- Information is Transformational (IPE)
- Information is Powerful (Patagonia, Everlane)
- Information is Beneficial (RML, WeFarm)