

## СУЧАСНИЙ МЕНЕДЖМЕНТ

**Rustam Aslanzade**

*Student PhD*

*ISMA University (Riga, Latvia)*

*ORCID: <https://orcid.org/0000-0001-5067-639X>*

### **THE SOCIALLY RESPONSIBLE SUPPLY CHAINS MANAGEMENT IN THE CONSTRUCTION**

Within general trends of modern business development, including the building industry, the environmental sustainability of resources and equipment has gained an increasing importance. The basic principles of sustainable building are such as using environmentally certified materials; efficient use of energy, water, and other resources; using the locally produced building materials and products; reducing wastes and minimizing environmental impacts. Overall, 40% of the world's total energy consumption is spent on the needs of the building industry companies. «Green building» or «sustainable building» means reducing the environmental impacts relevant to building works, operating costs for housing and house maintaining, and arranging comfortable living conditions. The main environmental sustainability characteristics for heating, ventilation and air-conditioning equipment include the following requirements: sufficient daylight; comfortable temperature mode; high quality indoor air; no noise.

The world's largest building companies adhere to social responsibility policies along with the global leaders. For example, Vinci building, the world's largest building company, has developed an integrated approach to supply chain management, which is characterized by continuous improvement, innovations, and sustainable procurement. At VINCI Facilities for many years, social value feeds into almost every aspect of our operations, from community and employee engagement to sustainability and our Fairness, Inclusion and Respect (FIR) agenda. A responsible company creates benefits for all our stakeholders [1].

The interaction with suppliers is a key so that the company works with the Supply Chain Sustainability School (SCSS). Within the supply chain, a particular attention is paid to development of small and medium-sized businesses, especially local ones. The share of local small businesses in the supply chain has grown from 73 to 78% in 2017. Overall, there are 4 792 suppliers, 85% of which were accredited by security schemes, and 70% were registered with Constructiononline [2].

The company's supply chain is formed basing on the principles of long-term sustainability and consistency. Thus, the company's network expenses amounted to 79% in 2017, and based on them, the indicators for evaluating the strategic partner supply chain were developed. A key indicator of supply chain management is the productivity measurement, according to which only in 2017, 3622 reports were compiled.

In addition, the VINCI business-working group in the UK has developed a statement on slavery (or forced labour, including child labour, which is especially true for the countries with low development levels). A supply chain map has been compiled to provide a robust approach to risk assessment, including training preparation and chain management in high-risk areas. In order to improve the employee qualifications and the supply chain effectiveness, e-learning modules are included in the VINCI Academy training program in the educational process.

Overall, VINCI Facilities Company has developed a robust and consistent supply chain aimed at delivering the high-quality collaborative solutions that customers demand. One of the main conditions for entering the supply chain is the requirement to share the company's values on the issues of social and environmental responsibility, to ensure the quality and professionalism that are expected from VINCI direct employees. The company has developed the process of «Supplier and Customer Relationships in Action, SCRIA» [2] for proactive supplier relationships management. The process encourages trust by allowing people to discuss the burning issues openly and positively, without announcing any party as faults. The company's suppliers participate in the bidding phase, which makes them an integral part of such stages as collecting information, developing requirements for contracts, and gives them the opportunity to understand the market and the company's requirements for social responsibility.

The ACS Group Directory Building Group is on the second position by the social responsibility implementation in the world. For this company, the management of suppliers and contractors is an important aspect, since the work they perform directly affects the quality of the final result of the projects implemented by the company. At ACS Group, the procurement departments are responsible for managing relations with suppliers and contractors through dedicated management, classification, approval, and risk management systems.

The characteristic that distinguishes the ACS Group from its competitors is a clear decentralization of procurement and supplier management departments. This gives the ACS Group's companies a competitive advantage due to the flexibility and autonomy provided by this model.

ACS Group has many chain systems that vary depending on the companies' operational needs. The Central Department defines the policy and prices with a high degree of autonomy, but it always remains within the common policy's context. In 2018, the ACS Group's Board of Directors approved the Code of Conduct for ACS Business Partners, to which all business partners must adhere to, and which they shall adopt in their relations with ACS [3].

ACS Group of companies work with three different types of suppliers or subcontractors:

- Suppliers of materials and / or services specified by the customer;
- Service providers or subcontractors under a contract with ACS Group;
- Suppliers of materials under a contract with ACS Group.

Even if a supplier is selected by the customer and has not previously been included in a group or supply chain, it must comply with company standards and pass a compliance check. The general supplier verification system includes several basic criteria, both financial and non-financial:

- cost, period of payment, work experience, professional prestige, and engineering capabilities;
- history of contractual provisions fulfilment and previous relations with ACS Group;
- additional non-financial criteria related to compliance with the Code of Conduct for business partners.

Bechtel Company ranks third by social responsibility concept implementation in the world [4]. The company works only with the qualified suppliers and subcontractors, which undertake delivering quality goods and services safely, responsibly, on time, and on budget. Although quality, cost, and timeliness are important, the company does not request and does not give orders and subcontracts for purchase to those suppliers and subcontractors that do not meet the standards of safety, ethics, behaviour, and human rights protection. Bechtel adheres to the industry's highest standards on safety, ethics, and human rights, and expects the same from its suppliers and subcontractors.

Suppliers and subcontractors must comply with all requirements of the purchase order. They also must report to Bechtel immediately about any actual or potential violations. To the extent that the purchase order or subcontract does not contain specific requirements, the company expects suppliers and subcontractors at all levels of performance to fulfil all their obligations and comply with all laws and regulations.

The suppliers and subcontractors must be familiar with all applicable laws and regulations and always comply with them when performing work. Suppliers and subcontractors must also ensure that suppliers and subcontractors of the lower level provide an identical representation in their subcontracts and purchase orders for any part of the work. "Laws" includes all applicable national, federal, state, and local laws, the U.S. regulations, and any other national or international laws, which jurisdiction applies to production.

### **References:**

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3. Suppliers and contractors. Retrieved from: <https://www.grupoacs.com/corporate-responsibility/the-csr-policy-of-the-acs-group/suppliers-and-contractors/>
4. Bechtel's Expectations for Suppliers, Subcontractors' Subcontractors & Vendors. (2020). Retrieved from: <https://www.bechtel.com/getattachment/about-us/ethics-compliance/shared-values/supplier-subcontractor-expectations/Supplier-Guide-2020.pdf>