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Strategic Ethical Leadership

CIPS L6M1

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Topic Break Down

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QUESTION NO: 1 - (SIMULATION)

Explain how Modern Slavery is a risk to a supply chain and possible ways a Supply Chain Manager can mitigate this risk (25 points)

ANSWER: See the explanation for the answer

Explanation:

Modern slavery is a material ethical, legal, operational and commercial risk to a supply chain. It includes forced or compulsory labour, servitude, debt bondage, human trafficking and exploitative child labour. It can occur in an organisation's own operations, but is especially likely to be hidden in labour agencies, outsourced operations and lower-tier suppliers. A Supply Chain Manager should therefore treat it as a risk requiring board-level ownership, risk-based due diligence, worker protection and continual monitoring—not merely a compliance exercise.

How modern slavery creates supply-chain risk

Complexity and poor visibility. Global supply chains can involve many tiers: raw-material producers, processors, factories, logistics providers, recruitment agencies and subcontractors. A buying organisation may know its tier-one supplier but not the labour conditions at tiers two, three or beyond. This creates opportunities for exploitation to remain concealed.
Subcontracting and informal labour. Suppliers facing demanding cost, quality and delivery targets may subcontract without approval or use temporary, migrant or agency labour. Workers may be charged recruitment fees, have passports withheld, be paid below legal minimums or be unable to leave employment. These are recognised indicators of forced labour.
Country, sector and commodity exposure. Risk is higher where labour-law enforcement is weak, workers have limited rights to organise, corruption is prevalent, or poverty and migration make workers vulnerable. Sectors such as agriculture, fishing, construction, textiles, electronics, mining, cleaning, warehousing and logistics may have elevated exposure. However, modern slavery can occur in the UK as well as internationally.
Purchasing practices can cause or contribute to harm. Unrealistically low prices, last-minute order changes, excessive lead-time pressure and late payment can incentivise suppliers to reduce labour costs or use unapproved subcontractors. Thus a buyer can contribute to the risk even where it does not directly employ the workers.
Legal and regulatory risk. In the UK, the Modern Slavery Act 2015 requires certain commercial organisations with annual turnover of at least £36 million to publish an annual slavery and human-trafficking statement. Failure to identify and address exploitation can also lead to criminal, civil, contractual, employment and procurement consequences, including exclusion from public contracts.
Reputational and financial risk. Media, NGOs, customers, employees and investors increasingly expect responsible sourcing. A credible allegation can cause loss of customers and investor confidence, reduced brand value, litigation, recruitment difficulties and costly remediation.
Operational and continuity risk. Investigation, supplier termination, licence withdrawal, worker unrest or government intervention can interrupt supply. Replacing a non-compliant supplier at short notice may increase cost, reduce quality and create further ethical risk elsewhere.

Ways a Supply Chain Manager can mitigate the risk

Set clear leadership, policy and accountability. The board should approve a human-rights/modern-slavery policy and a credible annual statement where applicable. It should align with the CIPS Code of Conduct, the UN Guiding Principles on Business and Human Rights and relevant ILO fundamental conventions. Assign an accountable senior owner, give procurement staff clear escalation routes, and include modern-slavery objectives in supplier-management and buyer performance measures.
Map the supply chain and complete risk-based due diligence. Identify suppliers, sites, labour agencies, countries of origin and, progressively, sub-tier suppliers. Segment them by country, sector, commodity, use of migrant/agency labour, spend and criticality. Carry out pre-qualification checks before appointment and enhanced due diligence for high-risk relationships, rather than applying identical checks to every supplier.
Use robust supplier selection and contracts. Pre-qualification should assess labour policies, recruitment methods, worker contracts, payroll, right-to-work processes, grievance mechanisms, past incidents and subcontracting controls. Supplier contracts should prohibit forced labour and recruitment fees charged to workers; require compliance with applicable law and the buyer's code; require disclosure and approval of subcontractors; permit audits; require prompt notification of incidents; and provide for corrective action, remediation and, where necessary, termination.
Improve transparency and traceability. Require disclosure of production sites, labour providers and material origins, and maintain reliable supplier data. Traceability systems, including digital platforms or blockchain where proportionate, can help validate provenance, but technology is not a substitute for speaking to workers and acting on evidence.
Audit intelligently and listen to workers. Conduct announced and, for high-risk sites, unannounced audits by competent independent auditors. Examine documents such as timesheets, wages, contracts, recruitment fees and accommodation deductions. Crucially, interview workers privately in a language they understand and provide anonymous, accessible grievance channels. A superficial social audit can be manipulated, so findings should be triangulated with worker representatives, unions, NGOs and local intelligence.

Train internal teams and suppliers. Train buyers, site managers, logistics teams and suppliers to recognise warning signs—for example restricted movement, retained identity documents, threats, debt, excessive overtime, withheld pay or workers living in controlled accommodation. Train them on how to report concerns safely. Procurement training should also cover responsible buying practices, including realistic lead times, fair pricing and prompt payment.
Collaborate and build supplier capability. Work with suppliers, worker representatives, industry initiatives, NGOs, unions and government bodies to share intelligence and improve labour standards. Where a supplier is willing and able to improve, agree a time-bound corrective-action plan with milestones and support, such as training or revised purchasing terms. Certifications such as SA8000 or Fairtrade may provide useful evidence, but should not replace the organisation's own due diligence.
Provide remedy and report transparently. If exploitation is suspected, prioritise worker safety and do not simply terminate a contract in a way that leaves workers more vulnerable. Escalate appropriately to safeguarding, legal and relevant authorities, investigate, ensure workers receive remedy where possible, and address the root cause. Record incidents, audit outcomes and corrective actions; monitor key performance indicators; and report openly on risks, actions and progress.

Illustration: *Antuzis and others v DJ Houghton Catching Services Ltd* demonstrates the seriousness of failing to protect vulnerable migrant workers. The case involved severe exploitation of Lithuanian workers in the UK egg-farming supply chain and shows that abuse can exist within domestic supply chains, with major legal, financial and reputational consequences for the business and its directors.

Conclusion: Modern slavery is not only a moral failure; it can damage supply continuity, legal compliance, cost, reputation and stakeholder trust. Effective mitigation requires responsible leadership and purchasing behaviour, visibility beyond tier one, proportionate due diligence, meaningful worker voice, remediation and continuous improvement across the supply chain.

QUESTION NO: 2 - (SIMULATION)

Michael is the new CEO of XYZ Ltd. He has recently joined the organisation which has been struggling financially and has issues with stakeholder communication. He is considering using the Democratic leadership approach. What are the advantages and disadvantages of this approach? Is this an appropriate style for Michael to adopt? (25 points)

ANSWER: See the explanation for the answer

Explanation:

Democratic (participative) leadership involves the leader seeking and considering the views of employees and relevant stakeholders before making decisions. It is not necessarily majority rule: Michael remains accountable as CEO for the final decision and for acting in the company's best interests.

Advantages for XYZ Ltd.

Better stakeholder communication and trust: consultation, listening forums and clear two-way communication can address XYZ's existing communication failures. Employees, investors, customers and key suppliers are more likely to trust a recovery plan if they understand it and have had a meaningful opportunity to contribute.
Better quality decisions: staff closest to operations, customers, finance and procurement may identify risks, waste, cash-saving opportunities or practical implementation issues that a new CEO does not yet know. A range of perspectives can improve the evidence base for decisions.
Commitment to implementation: people who have been consulted are more likely to accept difficult changes, such as revised processes, spending controls or restructuring. This reduces resistance and can improve delivery of the turnaround plan.
Engagement and morale: financial difficulty can create uncertainty, low morale and fear. Giving employees a genuine voice demonstrates respect, fairness and ethical leadership, and can improve motivation, retention and productivity.
Innovation and problem solving: participative workshops may generate creative revenue, efficiency, supplier-management and service-improvement ideas. This is particularly valuable where the organisation needs sustainable recovery rather than only short-term cuts.
More collaborative culture: transparent discussion can break down departmental silos and improve relationships among internal stakeholders. It can also give Michael credibility as a new leader who does not assume he already has all the answers.

Disadvantages and risks

Slow decisions: consultation, meetings and attempts to reach agreement take time. XYZ's financial condition may require immediate cash, cost-control or creditor-management decisions, for which delay could be damaging.

Consultation can produce conflict: stakeholders have different interests. Employees may oppose redundancies, suppliers may oppose price reductions, and investors may demand faster cost cutting. Disagreement can make consensus difficult and distract from action.
Risk of weak or compromised decisions: a decision designed to satisfy every group may not be financially viable. The most popular option is not always the correct strategic or ethical option.
Unequal participation: outspoken managers or powerful stakeholders can dominate discussion, while junior staff and less powerful groups may not be heard. Michael must actively seek balanced, representative input.
Information and confidentiality constraints: during a financial turnaround, some information may be commercially sensitive or market-sensitive. It may be inappropriate to share every option or financial detail widely.
Blurred accountability: if Michael presents consultation as collective decision-making, people may be unclear who owns the decision and its delivery. Clear decision rights, responsibilities, deadlines and performance measures are necessary.
Requires capability: useful participation depends on participants understanding financial, operational and risk implications. Poorly informed contributions may delay or weaken decisions.

Is it appropriate?

Democratic leadership is **appropriate in part**, especially because XYZ has stakeholder-communication problems and Michael is new to the organisation. Structured engagement will help him diagnose the causes of poor performance, rebuild confidence, gain employee commitment and develop a credible longer-term recovery strategy. It also supports ethical leadership through openness, respect and fair consideration of affected stakeholders.

However, it should **not be adopted as a pure or universal style**. The financial difficulties may constitute a crisis. Where there is an urgent liquidity threat, legal obligation, major risk or essential restructuring decision, Michael must make a timely, accountable executive decision rather than wait for agreement. In such circumstances he should explain the rationale, impact and support available, even if consultation cannot change the final decision.

Recommended approach: Michael should use a **situational/blended leadership approach**. He should consult widely on diagnosis, stakeholder communication, operational improvements and the longer-term turnaround plan; set clear consultation deadlines and decision authority; communicate progress openly; and make decisive, evidence-based decisions on urgent financial stabilisation. This retains the benefits of participation while ensuring XYZ can act quickly enough to protect its financial viability.

QUESTION NO: 3 - (SIMULATION)

Discuss internal and external sources of change (10 points). What is a Forcefield Analysis and how can this help a leader plan for change? (15 points)

ANSWER: See the explanation for the answer

Explanation:

Internal and external sources of change

Change may originate inside an organisation or arise from its external environment. A strategic leader should scan both, assess their likely impact on procurement and stakeholders, and respond in a way that supports organisational objectives.

Internal sources include:

People: a new chief executive, changes of leadership, recruitment, retirement, skills shortages, employee grievances or changes in organisational culture can require different behaviours, capabilities and ways of working. For example, appointing a new procurement director may result in a move towards category management or sustainable sourcing.
Processes and systems: implementation of an ERP system, e-procurement platform, automation, revised approval procedures or new performance measures changes how work is carried out. Such change may improve visibility, compliance and efficiency, but also requires training and may create initial resistance or disruption.
Structure and strategy: a merger, acquisition, outsourcing decision, centralisation of procurement, restructuring, growth into new markets or a revised corporate strategy can change reporting lines, responsibilities, budgets and supply-base requirements.
Internal performance or financial pressures: poor quality, late deliveries, falling profitability, high costs, audit findings or an ethical failure may trigger improvement programmes, supplier rationalisation or strengthened governance.

External sources include:

Political and legal: changes to employment, competition, environmental, modern slavery, data-protection or procurement law may make changes mandatory. For example, new due-diligence requirements can require revised supplier-selection and contract-management processes.
Economic: inflation, exchange-rate movements, recession, interest rates, commodity-price volatility and supply-chain disruption affect demand, affordability, supplier viability and sourcing strategy.
Social and ethical: customer expectations regarding sustainability, diversity, human rights, product safety and ethical supply chains can require changes to specifications, supplier standards and reporting.
Technological: AI, digital platforms, cyber threats, analytics and new production technologies can make existing processes obsolete, while also offering opportunities for efficiency and innovation.
Competitive and market forces: competitor pricing, new entrants, substitute products, changing customer demand and supplier power may require faster innovation, different sourcing arrangements or changes to service levels.
Environmental: climate change, extreme weather, resource scarcity and net-zero requirements may disrupt supply and require more resilient, local or low-carbon supply chains.

Frameworks such as **STEEPLED** (social, technological, economic, environmental, political, legal, ethical and demographic) and **Porter's Five Forces** help leaders systematically identify external pressures. The important point is that external change often cannot be controlled, whereas an organisation can normally influence its internal response.

Force Field Analysis

Force Field Analysis is a change-management tool developed by **Kurt Lewin**. It views the current situation as an equilibrium between:

Driving forces — factors supporting or pushing the proposed change; and
Restraining forces — factors resisting, delaying or preventing it.

Change is more likely to succeed when the leader strengthens the driving forces and, particularly, reduces the restraining forces. Simply increasing pressure for change can be counterproductive if it increases employee anxiety and resistance.

A leader can apply the analysis as follows:

1. Define the current state, desired future state and the specific change objective.
2. Engage relevant stakeholders to identify the forces for and against change.
3. List the forces and score their relative strength, for example from 1 to 5.
4. Compare the overall balance and identify the most significant barriers and enablers.
5. Develop actions to reinforce drivers and remove or reduce restraints; allocate owners, resources, milestones and measures.
6. Review the analysis throughout implementation, since stakeholder views and external conditions can change.

Example: if an organisation introduces e-procurement, driving forces may include cost savings, better spend visibility, audit compliance and senior-management support. Restraining forces may include staff concern about job losses, lack of digital skills, poor-quality supplier data, implementation cost and suppliers' inability to use the platform. The leader could strengthen drivers by communicating the business case and securing an executive sponsor. They could reduce restraints through early consultation, training, clear role redesign, a pilot implementation, data cleansing, supplier onboarding and adequate implementation resources.

How it helps a leader plan change

It provides a structured and visible diagnosis of why a change may succeed or fail rather than assuming resistance is irrational.
It encourages stakeholder engagement: employees, users, suppliers, customers and unions can identify practical barriers that senior management might otherwise miss.
It helps prioritise resources on the forces with greatest impact, such as skills gaps, stakeholder concerns or inadequate funding.
It informs a targeted communication and engagement plan by explaining the benefits of change while directly addressing concerns.
It supports risk management, sequencing and contingency planning. For example, training and pilot testing may need to occur before full rollout.
It gives leaders a basis for monitoring progress: restraining forces should reduce and commitment to the desired future state should increase over time.

Therefore, Force Field Analysis does not replace a full change plan, but it is a useful diagnostic tool for designing an ethical, evidence-based and stakeholder-focused approach to change.