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Sustainable procurement in Malaysian organizations: Practices, barriers and opportunities

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ABSTRACT

The purpose of this study is to uncover the extent of sustainable procurement practices amongst procurement directors/managers employed in public and private sector organizations in Malaysia, a developing country where socialization is underpinned by religious beliefs. The results showed there is a significant variation in the adoption of sustainable procurement across the sectors with the private sector registering significantly higher levels of SP practices than their public counterparts. Lack of awareness posed the most significant barrier to sustainable procurement implementation regardless of organizations or sectors whilst improved working conditions, an organization's/council's/public image, and organizational efficiency and transparency provided optimal opportunities for implementing sustainable procurement practices. Finally this study identified the two new factors of religion and sense of humanity as influencing an employee's engagement in sustainable procurement practices.

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1. Introduction

Sustainability transcends the traditional triple bottom line (Carter and Rogers, 2008). Sustainable procurement, including ethical procurement (Wild and Li, 2011) and e-procurement (Angeles and Ravi, 2007) is a fast-growing field of interest in corporate and government organizations across the world. Sustainable procurement (SP) is defined as 'a process whereby organizations meet their needs for goods, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organization, but also to society and the economy, whilst minimizing damage to the environment' (DEFRA, 2006a, p. 38). The Sustainable Development World Summit (WSSD, 2002) asserts that relevant authorities, at all levels, should promote procurement policies to encourage the diffusion of environmentally sound goods and services to promote recycling (Srouf et al., 2010), construction (Hall and Purchase, 2006; Rwelamila et al., 2000; Son et al., 2011), green offices (Edwards, 2006), and sustainable consumption (Wahlen et al., 2011).

A related and more established body of literature is environmental purchasing (Walker et al., 2006) which is predominantly conducted in private sector manufacturing organizations and is reflected in context specific findings. For the purpose of this study, the literature's most popular and simplistic definition of private and public organizations was utilized. The definition identifies ownership and/or operating and/or funding as being the key distinction between private and government organizations. Generally private organizations are owned, operated, and funded through their sales or private donations whereas public organizations are predominantly owned, operated and funded by government (Perry and Rainey, 1988).

Contexts influence research findings with the literature showing public sector organizations being bureaucratic with managers less materialistic and committed to their organization which is in contrast to their private sector counterparts (Boyne, 2002). This literature finding should be taken with caution as Boyne (2002) proposes it is an overstatement as studies omit to control for other relevant explanations.

In response, this study asserts there is a paucity of research addressing the social and economic aspects of sustainable procurement practices within public and private sector organizations. The current literature is predominantly positioned in developed countries such as the UK and USA. To address such an oversight, this study examines sustainable procurement practices in Malaysian public and private sector organizations and provides insights

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into their sustainable procurement thinking and practices. To date no research has investigated aspects of sustainable procurement (SP) in Malaysia, a newly developed country, which exhibits a culture of socialization strongly anchored to religion and steeped in tradition. By addressing this void, the significance of this study is clearly justified.

1.1. Research questions

Based on the identified literature gaps, the following three research questions underpin the study:

1. What is the existing nature and extent of sustainable procurement (SP) practices in Malaysian organizations?
2. What sustainable procurement (SP) opportunities and barriers exist in Malaysian organizations?
3. What is the relationship between an organization's sustainable procurement (SP) engagement and its opportunities and barriers?

What follows is a review of the literature, reporting of the research method and analysis, findings and conclusion including a research agenda.

2. Literature review

2.1. Practices

Socially responsible purchasing practices impact on all aspects of the supply chain, including suppliers, employees and customers (Carter, 2004). The seven interdependent factors that influence the implementation and success of sustainable procurement practices are 'Leadership', 'Policy and Programs', 'Organizational Strategy', 'Organizational Culture', 'Capacity Building', 'Supply-side' and 'Finance' (McMurray et al., 2013). In some cases unrealistic cultural stereotypes influence a purchasing manager's perceptions when selecting sourcing locations (Carter et al., 2008). The five common aspects of sustainable procurement practices include concern for the environment, diversity, philanthropy, human rights, and the safety implications of products and services (Carter and Jennings, 2004) and include buying locally and buying from small suppliers (Walker and Brammer, 2009). These include utilizing life-cycle analysis to design and evaluate the environmental-friendliness of products.

Identifying the organization's stakeholders whether national, international, large or small informs the development and implementation of SP strategy thereby leading to operational excellence and product innovation and leadership (Kamann, 2004). Sustainable procurement requires commitment (Dawson and Probert, 2007) at all societal levels including the sustainable procurement of minor items (Haake and Seuring, 2009). For example, sustainable procurement services, products and processes were in place for London's 2012 Olympic Games (Gilbert, 2011).

2.2. Opportunities

The literature identifies substantial opportunities of engagement with SP practices. These include: improving efficiency and transparency, improving compliance, financial savings, meeting goals and targets, improving the work environment, and contributing to the modernization and international competitiveness of local industry, thus reducing the use of natural resources including improving the quality of air and water (Aitken, 2002; Bobis and Staniszewski, 2009; DEFRA, 2006a, 2006b; OECD, 2003; UNEP, 2008). Purchasing social responsibility influences supplier costs and performance (Carter, 2005).

At a much deeper level, an antecedent to a manager's purchasing behavior is their procurement practice which is influenced by their subjective perceptions and incorporates multiple deep rooted factors. These are the person's status or social order within an organization, their interpretative schema which is attributable to their personal networks and habitus, and the organization's socially negotiated order (Kamann and Bakker, 2004) which may be attributable to culture.

By researching Malaysian sustainable procurement practices, this study thereby responds to Boyne's (2002) assertion that many spurious variables are overlooked in the literature when making comparisons between public and private organizations.

2.3. Barriers

The sustainable supply chain management literature is theoretically and methodologically rigorous but, as with all literature, there is opportunity for further advancement (Carter and Easton, 2011). The literature identifies significant barriers to the development, adoption and implementation of organizational sustainable procurement which varies across countries and sectors. For example, financial constraints rank highly in the United Kingdom, while the rest of the world ranks product quality and availability of sustainably produced alternatives as a priority (Walker and Brammer, 2009). Nevertheless, a common finding of many studies is that financial constraints in the form of cost/price, lack of budget, and lack of resources, pose the largest barrier to adopting sustainable procurement practices (Preuss, 2007).

Other contributing obstacles include lack of awareness, decentralized/devolved purchasing structures, time pressures, conflicting priorities, and culture/attitude such as the mindset and commitment of the organization. At the macro level obstacles may include the lack of top management commitment, concern about the quality of sustainable products, supplier and product availability. At the government level barriers are influenced by the election cycle, the lack of political support and government regulations including contract processes for commercial firms, the lack of contract management, and conflicting environment/social factors (ACCPE, 2004; DEFRA, 2006a, 2006b; Environmental Audit Committee (EAC), 2006; Joyce and Tim, 2007; Min and Galle, 2001; Reijniers and Tazelaar, 2008; Tamplin and Heberling, 2006; Wilson et al., 2006; Li and Geiser, 2005; Dickinson et al., 2008; Valkokari and Helender, 2007; Environmental Protection Agency (EPA), 2005; Walker and Brammer, 2009).

The overall pattern of organizational expenditure relating to the purchase of goods and services has been the subject of investigation by numerous researchers (Brulhart and Trionfetti, 2004; McCrudden, 2004; Walker and Brammer, 2009; Weiss and Thurbon, 2006). The nature and context of public sector purchasing differs from private sector practices, where both sectors may use their buying power to influence the manufacture and performance of their products and services thereby leading to social, economic and environmental benefits (Walker and Brammer, 2009). As a result, many governments use preferences in public procurement to accomplish important redistributive and developmental goals.

2.4. Malaysia – a culture of tradition

Malaysia has long used significant public procurement preferences to develop policies to support Malaysia's objective of achieving developed-nation status by the year 2020 (McCrudden and Gross, 2006). The country is characterized by rapid urbanization and industrial activities: these increasingly impact on the environment but there are many issues related to business strategy and environment issues that are relatively unknown and/or understudied.

Procurement policies exist in Malaysia but little is known about the integration of these policies and the extent to which they are

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