



Sustainable supply chain management in “Base of the Pyramid” food projects—A path to triple bottom line approaches for multinationals?

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ABSTRACT

Conducting business operations at the Base of the Pyramid (BoP) have necessitated the need for multinational corporations (MNCs) to involve poor communities in production processes including management of critical supply chains. However, current research on the interface between supply chain management and BoP business operation is lacking. In analyzing three cases of BoP projects in the food industry this study addresses the question of how sustainable supply chain management (SSCM) applied to BoP projects can help MNCs to achieve their sustainability goals. Findings indicate that applying SSCM to BoP projects can complement economic, social, and environmental dimensions of sustainability. In particular, the BoP projects analyzed show viable paths for integrating the social domain of sustainability with general SSCM theory and practice. From the perspective of international business research, the findings help to link sustainability activities to MNC operations at the BoP. Accordingly, further research is needed to advance integration of these two research streams.

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1. Introduction

In recent years, issues of sustainability and poverty alleviation have gained increasing attention on the international business (IB) research agenda (e.g., Kolk & van Tulder, 2010; Levy, 2007; Rodriguez, Siegel, Hillman, & Eden, 2006). In this paper, two emerging areas of research are at the center of analysis: first, a growing stream of academic literature on businesses for and with the poor of the world has developed in recent years. Following seminal papers by Prahalad and Hammond (2002) and Prahalad and Hart (2002), scholars refer to the so called Base of the Pyramid (BoP) as the bottom tier of the world income pyramid which represents the large share of people living in extreme and moderate poverty. Recent research contributes to a holistic view embracing poor communities as an integral part of productive processes and (international) supply chains (e.g., Hahn, 2009; London, Anupindi, & Sheth, 2010; Simanis, Hart, & Duke, 2008). Second, research on sustainable supply chain management (SSCM) as the intersection of supply chain management and sustainability has likewise developed extensively in recent years as a response to increasing stakeholder pressures on focal companies to ensure simultaneous performance of the entire supply chain on a triple bottom line (economic, social, environmental) (Elkington, 1997).

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Combining these two streams of research is intriguing for several reasons: on the one hand, the social dimension of sustainability has been neglected within SSCM research and practice; the focus is so far predominantly on environmental aspects (Seuring & Müller, 2008). On the other hand, BoP projects usually address social issues while tending to neglect environmental sustainability (Kandachar & Halme, 2007; Hahn, 2009). Furthermore, the academic research on related supply chain issues is limited (for an early notable exception, see Bellur, Singh, Chaganti, & Chaganti, 1990; recently Hall & Matos, 2010; Sodhi & Tang, 2011). This dearth is astonishing since SSCM concepts offer promising ideas and tools for integrating poor communities as value-creating actors into international supply chains. Against this background, we posit the following research question: How can multinational corporations (MNCs) use SSCM to integrate the BoP appropriately in creating sustainable value?

We show the status quo of SSCM in BoP endeavors from an analytic perspective and thus contribute to the sprouting discussion of sustainability issues in BoP literature. On the basis of these findings, we advance theory and practice on BoP and SSCM by offering avenues on how to combine both concepts from an IB perspective. Our research focuses on BoP projects in the food industry which is particularly relevant for the poor as consumers (catering to a basic need) as well as being one of the most important sectors in many developing countries.

The paper is structured as follows: in Section 2 we outline the state of the art in SSCM theory to arrive at a pattern of analytical constructs for the subsequent case analysis. This pattern is meant to cover the broad concept of SSCM by three dimensions and varied analytical constructs. By doing so, we aim at providing a bird's-eye perspective of the interface of SSCM and BoP. Within our literature review, we further highlight how much various SSCM issues are already present in BoP research and point to the main shortcomings in extant literature. Subsequently, we outline the methodology of the multi-case study research design in Section 3. After presenting our findings in Section 4, we discuss them against the background of SSCM as a facilitator for sustainably integrating poor communities in value creation in Section 5. In doing so, we derive insights regarding how much aspects of SSCM have already been considered in BoP practices; further, we draw attention to blind spots and aspects neglected within SSCM so far. We specifically contribute to IB research by discussing our findings in light of relevant IB literature and by further integrating the SSCM as well as the BoP topic into this domain. Furthermore, this study contributes to the literature on SSCM by offering insights into complementing the triple bottom line approach in an IB area with insights from specific BoP projects and vice versa. Finally, we suggest some possible avenues for further research.

2. SSCM theory and BoP research—a review of the literature

We begin our study by presenting an analytical framework derived from SSCM literature which will be used later on to assess the status quo of SSCM practices in the BoP projects at hand. By combining SSCM theory review and the development of the analytical framework in this section, we deviate slightly from a traditional paper structure. The immediate introduction of analytical categories is reasonable in the light of our specific research problem that transfers SSCM theory to the empirical field of BoP projects. We develop categories taking the comprehensive model of SSCM practices by Pagell and Wu (2009) as a mental starting point. We supplement the work of these authors with relevant further articles not included in their initial model. Furthermore, the constructs described in this section have been iteratively refined throughout our case analysis. In sum, we introduce nine analytical categories (associated with three main dimensions of SSCM) throughout our review of SSCM theory. This allows us to provide a bird's-eye perspective on the question of how firms involved in BoP projects can achieve corporate and supply chain performance on the triple bottom line. As a second step in our literature review, we synthesize the two research streams by highlighting SSCM issues in extant BoP research following the structure of our analytical framework developed beforehand and we point to the main shortcomings in this respect.

2.1. Deriving analytical categories from SSCM theory

The underlying logic of the SSCM model illustrated in Fig. 1 is that the focal company's orientation toward sustainability (Section 2.1.1) translates into a specific supply chain design and operation fostering sustainability (Section 2.1.2), which leads to improving the supply chain's sustainability performance (Section 2.1.3).

2.1.1. Corporate orientation toward sustainability

An initial step toward achieving holistic sustainability objectives lies in a corporation's orientation toward sustainability. The respective relevant aspects and corresponding analytical categories are summarized in Table 1.

On the *individual level*, research indicates top management's proactive stance toward the environment paves the way for including ecological issues in supply chain management (Klassen & Whybark, 1999; Pagell & Wu, 2009). Employees facing supervisory encouragement are more likely to show environmentally friendly behaviors (Ramus & Steger, 2000). Thus, managerial support helps enroot sustainability behavior among all employees, which is indispensable since otherwise sustainability issues risk being neglected in day-to-day behavior (Simpson, Power, & Samson, 2007). Consequentially, Reimann, Ehr Gott, Kaufmann, and Carter (2012) show that—apart from the necessity of top-level engagement—corporate social efforts are often driven by MNCs' local mid-level employees. Furthermore, Ramus (2002) stresses the importance of an environmental vision and its implementation with policies and a participative communication style for sharing sustainability concerns across the organization.

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