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Sustainability adoption through buyer supplier relationship across supply chain: A literature review and conceptual framework



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ABSTRACT

The sustainability of an entire supply chain and the final product is affected by the sustainability performance of each partner in the chain. The buyer-supplier relationship plays an important role in improving sustainability of the supply chain. This paper aims to provide a systematic review of existing literature on the adoption of sustainability practices through supply relationships. To this end, a structured literature review has been carried out that analyzes published research, evaluates contributions, and summarizes the results. The authors selected only those papers that discussed sustainability practices adoption and relationship management in the supply chain. An in-depth analysis of the supply chain and its processes reveals that a buyer-supplier relationship should be determined on the basis of the capability and capacity of the partner (supplier). In cases where the supplier firm lacks capability or capacity, the focal firm may decide to help or extend support. The buyer-supplier relationship starts with selecting suppliers based on their sustainability standards. In order to give a better understanding of the mechanisms active, and processes involved in the development of a sustainable supply chain, the authors offer a conceptual model. The study also identifies indicators, enablers and barriers to a sustainable supply chain.

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1. Introduction

Although the number of studies on sustainability is on the rise, these studies fail to clearly explain how to implement sustainability practices (Seuring & Muller, 2008; Pagell & Shevchenko, 2014). Supply chain is a process that involves various stages of production and each stage affects sustainability of the final product (Bommel, 2010; Vachon & Klassen, 2006) due to the social and environmental burdens imposed in the initial stages of the supply chain (Micheleson, 2007; Darnall, 2008). Sustainability practices adoption across supply chains has become a matter of increasing concern over time, and come under the scanner of the media and many NGOs (Rao & Holt, 2005). Recently, Apple was under question due to some unsustainable practices followed by one of its suppliers in China (Garside, 2013). In this case, Apple is a 'focal firm' facing pressure from external agencies on sustainability issues. A focal firm is a firm that generally owns a brand, is involved in the designing of products and services, and rules the supply chain (Seuring & Muller, 2008).

Focal firms need to develop a system to promote sustainability across the supply chain to avoid any negative associations that could potentially harm their reputation (Cote et al., 2008). Along with focal firms, supplier firms should also support sustainability practices adoption to avoid any circumstance that may result in loss of business. There generally are two motivating factors behind adoption of sustainability practices by firms in the industrial environment (Hsu et al., 2013): First, the majority of firms adopt sustainability practices due to external pressure from multiple agencies such as NGOs, governments, customers and other stakeholders (Clemens & Douglus, 2006). Second, companies seek opportunities from sustainability practices adoption in order to gain marketing and competitive advantages, increase employee retention and improve reputation (Walker et al., 2008; Cote et al., 2008). In both situations, the supplier firm faces certain economic, technological and operation-specific barriers. Thus, firms require effective strategies to overcome these barriers in order to make the supply chain more sustainable.

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The main problem with adopting sustainability practices is the lack of required capabilities for sustainability management (Kudla et al. 2012). However, this limitation can be overcome if the buyer and supplier firms share one another's capabilities and work in close proximity (Ronchi et al., 2007; Micheleson, 2007). Although a sustainable supply chain is achievable by developing relationships with supply chain partners (Walton et al., 1998; Cali, 2008), literature on buyer-supplier relationship focuses on determining the magnitude of this relationship with respect to specific suppliers, and the tradeoff between cost of relationship and relationship performance. The magnitude of a relationship depends upon the capacity, capability and intention of the supplier to adopt and accept sustainability standards (Vachon & Klassen, 2008; Hall, 2000; Ageron et al., 2011; Salloum et al., 2015).

Due to a lack of consensus among existing studies on how to develop a sustainable supply chain, there is a need to determine generally acceptable sustainability practices adoption mechanisms and related activities. Seuring & Muller (2008) presented a review of 191 papers that conceptualized the framework of, and a model to develop a sustainable supply chain. Carter & Roger (2008) also proposed a sustainable supply chain framework in their paper which focused on balancing economic, environmental and social sustainability. Gimenez & Tachizawa (2012) reviewed 41 research papers on sustainable supply chains and emphasized the importance of a governance mechanism in developing a sustainable supply chain while also identifying the enablers of this governance mechanism.

This study contributes to existing literature on sustainable supply chains by providing a systematic review of literature on sustainability practices adoption through buyer-supplier relationship management across supply chains. The paper benefits both practitioners and academics; researchers will benefit from the comprehensive information on sustainable supply chain and professionals of supplier and buyer firms will gain a deeper understanding of the processes, indicators, barriers and enablers of adoption of sustainable practices in the supply chain.

The rest of the paper is structured as follows: The next section describes the procedure followed for the search and selection of literature. Section 3 presents a taxonomical analysis of literature selected. Section 4 gives an elaborate conceptual analysis of literature. This analysis comprises: identification of indicators of a sustainable supply chain; determination of triggers, enablers and barriers of sustainability adoption; and explanation of importance of buyer-supplier relationship in a sustainable supply chain. The analysis is concluded by presenting a conceptual model for developing a sustainable supply chain. The outcomes of the each section/subsection are discussed at the end of respective section/ subsection. Finally, conclusions and implications of the study are given in section 5.

2. Literature Search and Selection

Fink (2008) stated, "A literature review is a systematic, explicit, and reproducible design for identifying, evaluating, and interpreting the existing body of recorded document". The literature review in this paper accomplishes the following:

- 1) Relevant patterns, themes, and issues in publications are identified and summarized.
- 2) A conceptual framework and corresponding theory for supply chain sustainability are developed.

For the purpose of this study, papers published in peer-reviewed journals of management were targeted. The literature review covered papers published over 20 years, from 1994 to 2013. 1994 has been taken as base year because no significant study on sustainability of supply chain was found before that year. Nearly all research papers on sustainable supply chain, green supply chain, reverse logistics, eco-friendly supply chain, eco-efficient supply chain, social standards and green logistics were identified (Tuteberk & Wittstruck, 2010). Multiple databases such as ABI Informa, Elsevier Science Direct, JSTOR, Emerald, Taylor and Francis, EBSCO (Business source complete), John Wiley, and Springer were used to select literature.

Papers were selected based on the following two criteria:

1. The paper must have included an aspect of sustainability (environmental, social and economic) and its implementation in a supply chain.
2. The paper must have discussed relationship management with supply chain partners.

Papers fulfilling these criteria were selected from databases. The initial search was conducted using the following key words: sustainability, environmental supply chain, sustainable supply chain, reverse logistics, green supply chain, social supply chain, and relationship management. Key words related to sustainability and relationship management were used in different combinations (e.g. environmental supply chain–buyer supplier relationship, reverse logistics–relationship management, social supply chain–buyer supplier integration). This search yielded 1,408 papers. After removing duplicates, the number of papers was reduced to 597. A careful reading of abstracts led to further elimination of 350 papers leaving the authors with 247 papers. These papers were then given complete reading and 102 papers were finally selected.

3. Taxonomical Analysis of Literature

The number of papers selected for this study was 102. The majority of papers have been published in the Journal of Cleaner Production (13), followed by Supply Chain Management: An International Journal (10). Other environment oriented journals published (Management of Environmental Quality: An International Journal, Business Strategy and Environment and others) 11 papers. Journals focusing on business strategy accounted for 8 publications. A significant number of papers came from journals discussing operation and logistics, such as International Journal of Operations & Production Management (5), European Journal of Operational Research (1), International Journal of Physical Distribution & Logistics (6).

Some of the papers selected were published in journals from diverse disciplines such as: Journal of Wine Research, Biological Science, Employee Responsibilities and Rights Journal, Corporate Governance and Corporate Environmental Strategy.

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