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Procuring sustainably in social housing: The role of social capital

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ABSTRACT

In order to explore its many complexities, scholars have called for a move beyond, descriptions of sustainable procurement. This study responds by seeking insights into sustainable procurement through the lens of social capital theory. Social capital is conceptualized as comprising cognitive, social and relational elements. Sustainable procurement is seen as a means of pursuing environmental, economic and social goals through the purchasing and supply process. The study, proposes and empirically tests the operational measures of social capital and their relationship with, sustainable procurement activity on a sample of 135 procurement professionals in organizations, providing social housing. The results indicate partial support for the study proposition; structural, social capital, rather than structural, social and relational taken together, is found to be the most robust predictor of sustainable procurement. The results highlight the importance of broadening, collaboration models for sustainable procurement beyond an exclusive focus on dyadic relations. It, also demonstrates that this broader engagement with other stakeholders focused on knowledge creation, as well as knowledge sharing, is a significant contributor to sustainable procurement activity.

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1. Introduction

Scholarly interest in sustainable procurement is growing as it is recognized that an organization's impact is a function of its procurement choices (Tate et al., 2012). Procurement has a critical role in sourcing sustainably and through its supplier development work it can positively change behaviors so that organizations act more sustainably. Equally, suppliers can provide resources that buyers can use and learn from (Cousins et al., 2004). Implementation of sustainable procurement practices though is not yet widespread (Tate et al., 2012). Specific areas identified in the literature as needing further research to understand and remove the barriers to implementation include; strategic sourcing and inter-organizational cooperation (Gold et al., 2010), education and training of procurement staff and suppliers (Lee and Klassen, 2008; Seuring and Müller, 2008), and supplier engagement (Carter and Easton, 2011).

The education of buyers and suppliers is important as this requires both parties to own and embrace sustainability. Pushing the issues back down the supply chain without internalizing the challenge and ethos of sustainability can create conflict and only surface-level change. Recognizing the inter-functional challenge of

sustainability is at the heart of developing and understanding collaboration (Ellinger et al., 2006; Fawcett and Magnan, 2002; Schneider and Wallenburg, 2012) and supports the notion that sustainable procurement must extend to a wider network. A shift from controlling suppliers towards collaboration and incentivizing is identified as a success factor in previous studies (Carter and Dresner, 2001; Simpson, 2010; Vachon and Klassen, 2006) yet this narrow, linear approach to collaboration focused only on the buyer–seller dyad can be limiting and procurement must engage with broader networks particularly when addressing complex economic and social impacts and trade-offs (Hoejmose and Adrien-Kirby, 2012).

This study responds to the call by supply management scholars to move beyond mere descriptions of sustainable procurement and to explore its complexity (De Bakker et al., 2005; Hoejmose and Adrien-Kirby, 2012). Our response is to investigate sustainable procurement activity through the lens of social capital theory, which is a concept of emerging interest in procurement research (Cai et al., 2011; Cousins et al., 2006; Krause et al., 2007; Lawson et al., 2008). The positive relationship between accumulated buyer–seller social capital and improved buyer performance has been established in prior studies (Krause et al., 2007; Lawson et al., 2008), evidenced through operational and information linkages (Cai et al., 2011) and socialization processes (Cousins et al., 2006).

Based on this emergent social capital agenda in the procurement field we posit that the establishment of cooperative norms

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through social capital is important to drive sustainable procurement activity and address its challenge of inter-organizational cooperation (Gold et al., 2010). The overall aim of the paper is to bring together the topics of social capital and procurement to unearth new insights and explanations into how sustainability-related practices develop in organizations. As part of this synthesis we focus on the supply network, an approach identified as necessary but challenging for work related to sustainable procurement (Crespin-Mazet and Dontenwill, 2012).

We begin with an overview of the empirical context of the research, which is the social housing sector. The conceptual background of social capital and its relationship with sustainable procurement is then explored, from which research hypotheses are developed. The methods and analysis procedures are outlined and justified before the results are presented. We then provide an analysis and discussion of the findings and our key contributions. The paper finishes with a section containing some concluding remarks, implications for policy development and suggested future work.

2. Empirical context

Social housing networks provide the empirical context for this study. In a European context, social housing describes residential properties owned by local authorities, or agents acting on their behalf, which are let to tenants at regulated affordable rents. CECODHAS Housing Europe represents 45 national and regional federations responsible for managing over 27 million social homes –approximately 12% of existing dwellings in EU member states. Similar provision, albeit often on smaller levels, exist in North America, Australasia and Africa/Middle East. Recipients of social housing are usually amongst the most vulnerable in a society and the sector is often characterized by high unemployment and social exclusion amongst tenants (Hills, 2007). In the UK, social housing is government-regulated and represents approximately a fifth of homes (Reeves et al., 2010). Homes are provided by Registered Providers (RPs), most of which have explicit social objectives (Gibb and Nygaard, 2006). RPs have broad remits typically involved with constructing new social homes, refurbishing and maintaining existing housing stock and increasingly they are tackling broader social and community issues.

An organization's role in sustainability is predicated on their ability to influence economic development and their access to resources and knowledge (Shrivastava, 1995). The significant economic and social impacts of social housing ensures sustainability is a core value for RPs and the issues in sustainability raises are familiar to procurement professionals in the sector (Harwood and Humby, 2008). Beyond the rhetoric, sustainable procurement is impeded by the complexity of the industry's networks consisting of public sector regulators, third sector registered providers, private sector suppliers, procurement consortia, tenants and local communities (Clarke and Herrmann, 2004; Meehan and Bryde, 2011). In addition, the government regulates the move towards sustainable procurement in the sector, yet this can lead to a 'wait and see' mentality to change, driven by the desire to avoid punitive measures, or to gain incentives and funding. To illustrate the point, RPs' remits cover construction, maintenance and disposal of housing stock and is conducive to life cycle approaches, yet the absence of regulatory financial incentives to adopt these methods often leads to a predominance of short-term measures focused on reducing capital costs (Ford et al., 2011).

3. Conceptual framework and hypotheses development

The conceptual framework for the study is illustrated in Fig. 1. Social capital is conceptualized as having three main elements:

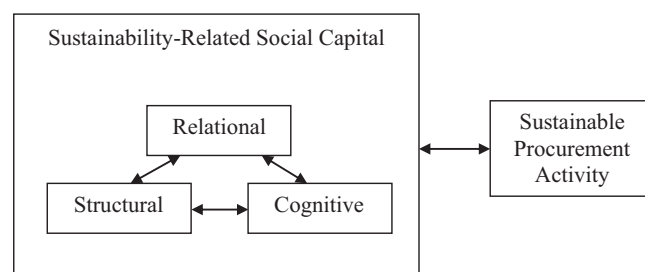


Fig. 1. Conceptual framework of the dimensions of social capital and sustainable procurement activity.

relational, structural and cognitive (Nahapiet and Ghoshal, 1998). We posit that there is a positive covariant relationship between the levels of sustainability-related social capital and sustainable procurement activity. However, it must be noted that the direction of the relationship is less clear, as the nature of the social capital and sustainable procurement constructs are likely to be interdependent. Hence, whilst we focus on aspects of the relationship we are not seeking to make any claims of causality.

An overall proposition and three hypotheses are developed to frame our exploration of the relationship between the concepts of social capital, with its three constituent parts and sustainable procurement activity. In the next section we discuss each part of the conceptual framework in more detail and, from that discussion, derive the proposition and hypotheses.

3.1. Sustainable procurement activity

Much of the extant procurement literature has taken an attenuated view of sustainability, focused predominantly on environmental impacts (see, Ball et al., 2006; Dyllick and Hockerts, 2002; Tate et al., 2012) with economic and social dimensions lacking in many academic and corporate agendas (Diniz and Fabbe-Costes, 2007; von Geibler et al., 2006; Yongvanich and Guthrie, 2006). However, for the purposes of this study we take a more holistic perspective and define sustainable procurement as “the pursuit of sustainability objectives through the purchasing and supply process, incorporating social, economic and environmental elements” (Walker and Jones, 2012, p15), which integrates the three pillars of the triple bottom line (TBL) (Elkington, 1997). Sustainable procurement potentially changes the orientation and practice of the procurement function to ensure the three dimensions and temporal elements are considered throughout their decision making. This involves an increased engagement with, and sensitivity to, different stakeholder perceptions that demands good internal and external networks, beyond tier one suppliers (Schneider and Wallenburg, 2012). The exposure to these new stakeholders alters the traditional role of procurement and has the potential to create further changes in direction and decision making.

3.2. Sustainability-related social capital

Social capital is contextually defined (Nahapiet and Ghoshal, 1998), in this case to the goal of sustainable development, although it is broadly acknowledged as a valuable resource made available through the establishment of relationships (Dreyer et al., 2006). Social capital theory is emerging as a concept of interest in procurement research (Cai et al., 2011; Cousins et al., 2006; Krause et al., 2007; Lawson et al., 2008), which is perhaps unsurprising given the dominance of the relational view, where buyer–seller partnerships can deliver a strategic advantage (Dyer and Singh,

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