



## Full length article

## Enablers of sustainable supply chain management and its effect on competitive advantage in the Colombian context

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## ABSTRACT

This article aims to evaluate whether the enablers top and middle management support and strategic purchasing facilitate the development of sustainable supply chain practices, as well as the effect of the latter on competitive advantage. Partial least squares structural equation modelling (PLS-SEM) was applied to test the proposed model based on a sample from companies operating in Colombia. The main hypotheses of the research were supported, implying that a suitable combination between internal enablers and the adoption of sustainable supply chain practices is important to pursue competitive advantage. However, the hypothesis for the expected effect of environmental practices wasn't supported, suggesting that there is a win-win perspective between social practices in supply chains and competitive advantage in the context of emerging economies. And the analysis of the non-supported hypothesis is one of the contributions of the article.

## 1. Introduction

Currently, businesses and their supply chains are challenged to pursue their objectives and conduct their operations in an increasingly open and unstable world (Winston, 2014). This scenario is particularly demanding when considering stakeholders' requests for economic, social and environmental performance within focal firms' supply chains (Seuring and Muller, 2008). These requests are relative to the application of sustainability to supply chains, that is, sustainable supply chain management (SSCM) (Carter and Rogers, 2008). Recent literature suggests that in response to these requests, companies need to develop new specific capabilities (Bowen et al., 2001; Liu et al., 2013; Meixell and Luoma, 2015; Paulraj, 2011; Sarkis, 2012; Shi et al., 2012).

The above considerations are particularly important for developing or emerging economies, where SSCM practices and corporate social performance have not been widely addressed by the academic and business communities, in comparison to studies conducted in developed countries (Jabbour et al., 2017; Fahimnia et al., 2015; Kusi-Sarpong and Sarkis, 2017; Mani et al., 2018; Silvestre, 2015a, b).

Some of the factors that hinder the adoption of SSCM practices in developing countries are the high complexity and uncertainty of the business

environment. In turn, these factors can be associated with institutional voids, corruption, poor infrastructure, poverty, inequality, and informal employment (Silvestre, 2015a). Thus, the study of SSCM in Latin America can address the need for empirical and theoretical work in a context that lacks proper research on the subject (de Moraes, 2017, p. 33).

In particular, empirical studies of specific enablers and outcomes of social sustainability adoption in developing countries remain rare (Köksal et al., 2018; Mani and Gunasekaran, 2018, p. 150). Consequently, this article aims to evaluate whether two enablers – top and middle management support, and strategic purchasing – facilitate the development of SSCM practices (considered organizational capabilities), as well as the effect of the latter on the CA of focal firms located in the city of Bogotá, Colombia.

We intend to achieve these objectives by addressing the following research questions:

RQ1: Do top and middle management support and strategic purchasing affect the adoption of SSCM practices in the context of a developing economy?

RQ2: Does any competitive advantage accrue for firms that implement social and environmental supply chain management practices in the context of a developing economy?

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We expect to contribute to the field of SSCM by providing evidence on whether the development of social and environmental supply chain capabilities benefits from a strategic view of the purchasing function and top and middle management support. Additionally, we intend to fulfil the need for empirical studies that address the relationship between sustainable supply chain practices and competitive advantage in the context of Latin American countries.

The article has been underpinned by the following previous findings and arguments from the literature of the field of SSCM.

Golicic and Smith (2013, p. 82) argue that “specific supply chain practices, such as environmentally related practices, also represent capabilities that contribute to the variation in performance across firms”. In turn, CA depends on how well firms develop these capabilities to deal with the natural environment (Fowler and Hope, 2007; Masoumik et al., 2015). Thus, it can be inferred that the adoption of SSCM practices refers to an organizational capability and leads to firm performance. For example, Marshall et al. (2015a) and Lee et al. (2016) conceptualize environmental and social supply chain management with a resource-based logic.

Enablers are factors that facilitate the adoption of SSCM practices by a focal firm (Sancha et al., 2015). SP, understood as organizations’ recognition of the strategic relevance of the purchasing function, has been identified as an important enabler of the implementation of more advanced supply management practices (Chen et al., 2004; González-Benito, 2007; Sánchez-Rodríguez, 2009) and SSCM practices (Bowen et al., 2001; Jaenglom and Tariq, 2013; Tay et al., 2015).

On this subject, Large and Thomsen (2011) argue that SP exerts an important effect on facilitating the adoption of green purchasing and environmental collaboration with suppliers. However, with the exception of the studies by Bowen et al. (2001), Knight et al. (2017), Large and Thomsen (2011) and Paulraj (2011), the literature contains little empirical research on the relationship between SP and sustainable supply chain practices. Simultaneously, in many organizations, the purchasing function remains a low priority (Johnsen et al., 2014).

These studies emphasize that one of the main features of SP is a buyer-supplier collaborative relationship characterized by strong inter-organizational interactions as an enabler of sustainability practices in the supply chain. Therefore, the purchasing function plays a significant role in enabling firms to accomplish strategic objectives due to the increase in organizational efficiency through strong collaboration with the firm’s suppliers (Knight et al., 2017). Without a strategically orientated purchasing function, organizations cannot take advantage of the specialized capabilities from their suppliers (Johnsen et al., 2014), which is coherent with the work of Kirchoff et al. (2016) and Oelze (2017), who suggest that strategic aspects as enablers have been identified as crucial for the successful implementation of SSCM practices.

Although SP seems to be an important enabler of sustainable supply chain practices, SSCM requires support from top and middle management. Support from top management has an important role in strategy formulation and implementation, as well as in the provision of financial resources to promote social and environmental activities within the organization and in its supply chain (Dubey et al., 2016; Floyd and Wooldridge, 1994; Kor, 2006; Tobescu and Seuring, 2013). Thus, management commitment has been suggested as a central enabler for the sustainable management of supply chains (Mathivathanan et al., 2018; Oelze, 2017, p. 15;), which is coherent with studies that suggest that social and environmental practices in the supply chain have similar organizational antecedents (Marshall et al., 2015b).

In summary, this article aims to evaluate whether two enablers – top and middle management support and strategic purchasing – facilitate the development of SSCM practices (considered organizational capabilities), as well as the effect of the latter on the CA of focal firms located in the city of Bogotá, Colombia.

Colombia is the third largest economy in Latin America and the Caribbean. Although lower oil prices have put a strain on economic growth, Colombia is still one of the region’s best economic performers

(Jansen and Veeneman, 2016, p. 6). However, despite major economic, environmental and social advances made in Colombia in recent years, the country still has not been able to overcome structural problems associated with the concentration of economic activity in a few sectors, its reliance on products with low technological content, low levels of productivity and high inequality. In particular, social and environmental management activities are conducted primarily within companies but not integrated along value chains (OECD, 2015).

A key challenge for Colombia in the coming years deals with the implementation of signed peace agreements with the main insurgent group after an internal conflict of more than 50 years. The implementation of the agreement – which includes, among other actions, investment in the rural economy, land restitution, and the reintegration of combatants into society – without eroding Colombia’s natural and social capital is critical, as Clerici et al. (2016) point out. Thus, the post-conflict environment in Colombia could offer opportunities for companies to redefine their role in society and contribute to sustainable and inclusive economic growth.

In this regard, two important steps to boost the productivity and competitiveness of supply chains and thus contribute to making growth more resilient, greener and socially equitable in Colombia, are strengthening the role of higher-value primary and agriculture sectors, and developing sustainable value chain practices (OECD, 2015; Jansen and Veeneman, 2016). For these reasons, this context appears as a relevant background to study the enablers of sustainable supply chain management and its relationship with CA.

To achieve our research objectives, this paper is organized as follows. First, the hypotheses and the research framework adopted in this study are introduced. The next section describes the sample and research methods. The article continues with the study’s findings and a discussion of their implications, and then ends with the conclusions, which also identify the limitations of the study, provide some managerial implications and present directions for future research.

## 2. Hypotheses and research framework

This section briefly introduces a set of hypotheses that are organized into a conceptual framework that can be empirically tested to explore the stated relationships.

### 2.1. Internal enablers of SSCM practices

This article focuses on the identification of two internal enablers for the adoption of SSCM practices by focal firms: top and middle management support and strategic purchasing.

#### 2.1.1. Top and middle management support (TMMS)

TMMS addresses the extent to which senior and middle managers understand the importance of environmental protection and are committed to developing human potential and protecting humans from damage or hazards. Thus, TMMS provides an indication of the degree to which middle managers align environmental and social strategies with operations and that to which top managers create awareness related to sustainable production and consumption, and deploy budgetary and other resources to go beyond laws and regulations (Colwell and Joshi, 2013; Chen and Paulraj, 2004; Dubey et al., 2017, 2016; Krause, 1999; McFadden et al., 2009; Mentzer et al., 2000; Monczka et al., 2009).

The SSCM literature frequently highlights that top management support and commitment are important antecedents of the adoption of SSCM practices (Ageron et al., 2012; Bowen et al., 2001; Gavronski et al., 2011; Hojmosse et al., 2012; Krause et al., 2009; Luthra et al., 2018; Luthra and Mangla, 2018; Mathivathanan et al., 2018; Paulraj, 2011). Hence, we hypothesize the following:

**H1.** Support from top and middle management has a significant and positive effect on the implementation of social practices in the supply chain of the focal firm.

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