



Sustainable and responsible supply chain governance: challenges and opportunities



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ABSTRACT

This paper introduces the Special Volume on sustainable and responsible supply chain governance. As globalized supply chains cross multiple regulatory borders, the firms involved in these chains come under increasing pressure from consumers, NGOs and governments to accept responsibility for social and environmental matters beyond their immediate organizational boundaries. Governance arrangements for global supply chains are therefore increasingly faced with sustainability requirements of production and consumption. Our primary objectives for this introductory paper are to explore the governance challenges that globalized supply chains and networks face in becoming sustainable and responsible, and thence to identify opportunities for promoting sustainable and responsible governance. In doing so, we draw on 16 articles published in this Special Volume of the *Journal of Cleaner Production* as well as upon the broader sustainable supply chain governance literature. We argue that the border-crossing nature of global supply chains comes with six major challenges (or gaps) in sustainability governance and that firms and others attempt to address these using a range of tools including eco-labels, codes of conduct, auditing procedures, product information systems, procurement guidelines, and eco-branding. However, these tools are not sufficient, by themselves, to bridge the geographical, informational, communication, compliance, power and legitimacy gaps that challenge sustainable global chains. What else is required? The articles in this Special Volume suggest that coalition and institution building on a broader scale is essential through, for example, the development of inclusive multi-stakeholder coalitions; flexibility to adapt global governance arrangements to local social and ecological contexts of production and consumption; supplementing effective monitoring and enforcement mechanisms with education and other programs to build compliance capacity; and integration of reflexive learning to improve governance arrangements over time.

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1. Introduction

Globalized supply chains¹ strongly shape contemporary circumstances of production and consumption. Every day, people eat,

drink, wear, drive, process, remake and play with products originating across the globe; often from developing and/or transitioning countries with either real or perceived deficits in regulatory capacity. Multi-national brand-owning companies in the developed world play a central role in the organization of global supply chains. These companies focus on activities such as product design, marketing and brand management, while low-skill manufacturing activities are outsourced to low-income countries. NGOs and citizen-consumers in OECD countries express concern that the social and environmental protections expected in their own countries are not necessarily enforced in the places their products are now made. While trade rules have been liberalized and the economic costs of production have been cut – favoring the growth of inexpensive

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¹ This article will not be concerned with the (decreasing) differences in supply chains and networks, value chains, global production networks and other conceptualizations (see [Bush et al., 2014](#)). For ease of writing all are referred to under the heading of supply chains and networks.

consumer products – questions arise regarding the regulation of unwanted economic, social and environmental side-effects of globalized production.

Globalization, consequently, has triggered new views on the boundaries and responsibilities of the firm, as well as in relation to public procurement. Organizations are pressured by consumers, NGOs, other firms and even governments to reframe their conceptions of responsibility away from a narrow national mind-set and beyond their own organizational borders. These pressures have been manifested both in conflict (e.g. name-and-shame campaigns and consumer ‘boycotts’ targeting big brands) and in the pro-active development of multiple institutional and regulatory innovations for ‘sustainable supply chain management’, including eco-labels, codes of conduct, auditing procedures, product information systems, procurement guidelines, and eco-branding. A number of scholars interpret these innovations as evidence of a generalized shift away from the hierarchical imposition of governmental authority and a weakening of the nation state. Distributed *governance*, they argue, is replacing centralized *government*. There are certainly circumstances in which this is true. However, global supply chains must traverse complex regulatory terrains and innovations in supply chain governance are often directed towards the coordination and harmonization of multiple legal requirements rather than their replacement (e.g. Mayer and Gereffi, 2010).

Governance is therefore, conceptualized broadly in this Special Volume (SV) not as an alternative to government but as the regulation and coordination of activities by public and private institutions through a variety of formal and informal instruments. Instruments of governance may include policies and guidelines, rules or laws, norms, standards, monitoring and verification procedures, financial and other incentives, the exercise of authority, and so on. Understanding how such instruments impact businesses, communities and environments is a multidisciplinary task requiring both techno-scientific and social-scientific expertise. Tools oriented towards assessing and improving environmental and economic performance of supply chains (e.g. life cycle analysis) must therefore, be complemented with social and political analyses on power, preferences, willingness and capacities. To this end, a rich literature has evolved to understand the social and political characteristics and implications of globalized supply chains and their governance arrangements.² Reviewing this literature, Bush et al. (In this SV) argued that we might usefully distinguish between governance *in* chains, *of* chains and *through* chains. In other words, at the same time that actors in supply chains create their own internal governance arrangements, a variety of external actors may also seek to influence chain activities and/or outcomes. This points us usefully towards the inherently multi-institutional nature of supply chain governance. In this introductory article, we are concerned less with the characteristics and implications of globalized supply chain governance and more with what may be learned from existing research to improve supply chains’ social and environmental performance.

Our primary objectives for this paper are to explore the governance challenges facing globalized supply chains and networks that must become sustainable and responsible, and thence to identify opportunities for promoting sustainable and responsible governance. In doing so, we drew upon papers published in this SV of the *Journal of Cleaner Production* as well upon the broader sustainable supply chain governance literature. We used the spatial metaphor of a ‘gap’ to illustrate six sustainability challenges derived from the literature: geographical gaps, informational and knowledge gaps, communication gaps, compliance gaps, power gaps and legitimacy gaps. We then addressed the question of how these gaps might be bridged by drawing upon the articles in this SV and upon the wider literature to identify potential governance strategies to solve or to bridge those gaps.

2. The challenge: existing gaps in sustainable supply chain governance

Challenges to achieve sustainable and responsible global supply chains and networks stem from economic globalization and outsourced production. To simplify, products for our every day consumption were previously made ‘here’, while they are now made ‘elsewhere’. It makes sense to conceptualize the governance and responsibility challenges in terms of gaps that need to be bridged in order to contribute to sustainable supply chains and networks. Here, six gaps will be explored. These gaps often have a significant degree of interdependence, and we do not suggest a hierarchy among the gaps.

First there are **geographical gaps**, which the very ‘globality’ of global supply chains and networks signifies. This geographical distance between the consumption of commodities and their production also often implies a distance (unseen, unfelt, unknown) from the many serious environmental and social impacts of production, which help to contribute to public ignorance towards these circumstances and make public debate and opinion-formation difficult.

Governance of global supply chains involves ‘governing at a distance’ (e.g. Loconto, In this SV). Some efforts to create more sustainable or governable supply chains, involve the reduction of geographical distances, such as shortening of the supply chains, thus, a return to ‘here’ again. For example, Chkanikova & Lehner (In this SV) show that eco-branding can sometimes result in efforts to source products directly from local farmers, which decreases the complexity of the supply chain, and makes communication with suppliers as well as traceability much easier. Mylan et al. (In this SV) show that supermarket-induced eco-innovation in food chains (comparison of milk-, beef-, and bread-chains) were positively related with shorter and less complex chains, because this facilitated direct interaction among supply chain actors. This is being articulated in many calls for urban agriculture and local food provision.

Given the magnitude of economic globalization, the return to localized supply chains is however not likely to be a panacea for the majority of the supply chains and their products. Governance arrangements will have to face indirect and distant interactions among various supply chain actors, for instance through generic ‘standards’ (Brunsson and Jacobsson, 2000; Busch, 2000; Ponte et al., 2011), through advanced information flows on production and product characteristics, and through new ways of mediated communication. Sustainability risks related to such abstract and indirect communication, through, for example, standards, are big however. Several articles in this SV, for instance, show the risk of global, generic standards – which create a new kind of ‘global’ vs ‘local’ gap – and stress the importance that standard setters develop proximity and sensitivity to the norms, histories, practices

² This includes the environmental sociology of flows (e.g. Spaargaren et al., 2006), commodity or value chain and network approaches (e.g. Gibbon et al., 2008; Bair, 2009), global production network approaches (Miller, 2014), studies within sustainable consumption, procurement, and certification (e.g. Boström and Klintman, 2008; Spaargaren and Mol, 2008; Tamm Hallström and Boström, 2010; Oosterveer and Sonnenfeld, 2012; Stolle and Micheletti, 2013); studies of responsible and sustainable supply chain management (e.g. De Bakker and Nijhof, 2002; Seuring and Muller, 2008), as well as the studies of codes of conduct (e.g. Locke, 2013) and standards (e.g. Brunsson and Jacobsson, 2000; Busch, 2000; Ponte et al., 2011).

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