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A pathway towards true sustainability: A recognition foundation of sustainable supply chain management

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ABSTRACT

Sustainable supply chain management has developed at an exponential rate into a distinct research field, but its progress towards sustainability is rather modest, and a coherent theoretical foundation for guiding companies towards a stronger integration of sustainability into their operations and supply chains is still missing. This article outlines how the tradition of critical management studies could foster higher levels of sustainable business and sustainable supply chains. We argue that the underlying instrumental logic of contemporary corporate engagement with sustainability, driven by stakeholder pressures, is a key obstacle when aiming for 'truly' sustainable supply chains. Referring to a recognition perspective may dissolve the reified pursuit of profit-seeking and other merely economic performance targets to recall the genuine—and in its essence truly radical—claim that the concept of sustainable development is inherently a normative one imposed on all of us. Recognition may lead the way for companies to adopt a caring stance for people and the surrounding environment and to respond to the legitimate expectations of all groups in society while conceiving themselves as an integral part of such a society. We conclude by discussing how far the theoretical perspective of recognition is enrooted in the European tradition of institutionalised business–society relationships and therefore could be seen as a rediscovery of a genuinely European way of making business and managing supply chains.

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1. Introduction

Sustainable supply chain management (SSCM) is a young and powerfully growing area of research (Ansari & Kant, 2017), which has emerged as an academic sub-conversation among European and Northern American supply chain management (SCM) scholars. Although initially focussing on environmental aspects of supply chains often labelled as 'green' SCM (Srivastava, 2007), some studies already highlighted the importance of social practices in purchasing and SCM from the beginning (Maignan, Hillebrand, & McAlister, 2002). More recently, however, interest has also shifted towards emerging and developing countries with a high percentage of population at the bottom of the pyramid that are plagued by a variety of negative impacts from unsustainable production practices (e.g. Huq, Chowdhury, & Klassen, 2016), epitomised, for

example, by instances of slavery (Gold, Trautrim, & Trodd, 2015), the consequences of conflict minerals trade (Hofmann, Schleper, & Blome, 2015) or the Rana Plaza collapse in Dhaka, Bangladesh (Sinkovics, Hoque, & Sinkovics, 2016).

Conceptualisations of SSCM keep advancing (e.g. Beske & Seuring, 2014; Carter & Rogers, 2008; Pagell & Wu, 2009), and the subject of enquiry continuously differentiates, thereby covering areas such as supplier development (Busse, Schleper, Niu, & Wagner, 2016), decision-making (Brandenburg, Govindan, Sarkis, & Seuring, 2014), sustainability reporting (Turker & Altuntas, 2014), power imbalances (Touboul, Chicksand, & Walker, 2014), socially sustainable supply chains (Moxham & Kauppi, 2014), sustainable supply chain risks (Hofmann, Busse, Bode, & Henke, 2014) and multi-tier supply chains (Wilhelm, Blome, Bhakoo, & Paulraj, 2016), just to name a few examples. However, confusion and inconsistencies persist regarding the motives of companies to engage in SSCM and the fact that the progress in SSCM is rather modest (Pagell & Shevchenko, 2014).

In this article, we strive to present a first outlook on how to create 'truly' sustainable supply chains, i.e. supply chains that could

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continue to do business forever and which at worst would do no net harm to environmental or social systems while being profitable (Pagell & Wu, 2009). In line with a more critical perspective on management studies, we believe the underlying instrumental logic of contemporary corporate engagement with sustainability and corporate social responsibility (CSR) to be a key obstacle in this endeavour (Adler, Forbes, & Willmott, 2007; Frankental, 2001; Prasad & Mills, 2010). Thereby, we touch upon the pristinely European field of critical management studies (Fournier & Grey, 2000), which criticise management research's and practice's turn from social welfare to motives of profit maximisation and performance outcomes (Prasad & Mills, 2010; Walsh & Weber, 2002).

More specifically, we propose to transcend the dominant reified perspective of sustainability and pave the way towards a coherent recognition foundation of SSCM. Our analysis is based on the European neo-Marxist philosophical tradition of reification and recognition, which we believe has the potential to guide supply chains towards true sustainability. By doing this, we also contribute to the call for a European perspective in management scholarship that grounds in its 'philosophical, cultural and social traditions and context' and which 'can actually contribute meaningfully to the real world of practice' (Chia, 2014, p. 684).

The remainder of this article is structured as follows: after briefly reviewing the current scholarly debate on a firm's internal and external antecedents and drivers for engaging in SSCM, we describe how the normative concept of sustainable development has been transformed into a dominant instrumental one through its operationalisation by businesses in the form of stakeholder management—in contrast, for example, to stakeholder accountability. These reification processes of sustainable development supersede the initial trinity of normative, descriptive and instrumental aspects of sustainable development (Donaldson & Preston, 1995), thereby forgetting the initial normative purpose of sustainable development as aiming for health, well-being and prosperity of future generations. It is this loss of recognition that impedes contemporary business reaching (or even approaching) true sustainability. Thus, we outline how the theoretical perspective of recognition (Honnet, 2008) could facilitate sustainable business and sustainable supply chains and discuss how far this perspective is enrooted in the European tradition of institutionalised business–society relationships (cf. Matten & Moon, 2008).

2. From a normative to an instrumental interpretation of sustainability along supply chains

The suggestions of antecedents of sustainable supply chain behaviour are heterogeneous and vague, at least on the firm's internal side, and therefore are largely inconclusive in current conceptualisations of SSCM. Overall, however, most of them follow the compelling logic that SSCM may contribute to the reputation of a company as a good corporate citizen (Wolf, 2014). Hence, the underlying mechanisms to foster this reputational effect go from managerial proactivity and organisational commitment (Pagell & Wu, 2009) over strategic values (Beske & Seuring, 2014) to corporate strategy, which is closely interwoven with sustainability initiatives and organisational culture (Carter & Rogers, 2008).

On the contrary, more unity appears to be present on the firm's external side. Pressures and incentives of governments, customers, rivals and other stakeholders are constantly named as pushing companies towards the strategic adoption of sustainability and to take care of the behaviour of other businesses along their supply and demand chains (e.g. Foerstl, Azadegan, Leppelt, & Hartmann, 2015; Seuring & Müller, 2008; Sharfman, Shaft, & Anex, 2009).

Bringing these discourses together, it may be noted that there is substantial agreement on the fact that companies conceive

sustainability in an openly instrumental way as a means of optimising profits and managing risks by keeping the societal license to operate through reputation building while taking a largely reactive stance vis-à-vis external stakeholder pressures (Adler et al., 2007; Frankental, 2001; Prasad & Mills, 2010). This dominant instrumentalist influence has mainly taken place in Northern America by shifting the focus from welfare-related issues to profit maximisation (Adler et al., 2007; Walsh & Weber, 2002; Walsh, Weber, & Margolis, 2003). Walsh et al. (2003, p. 860) put it straight when they criticised current management research by stating that 'the public interest and the social objectives that were supposed to stand alongside economic objectives in orienting the work of management scholars seem to have been misplaced'. To some extent, this neglect of welfare-related issues revolving around questions of ethics is a result of the paradigm of epistemological positivism taught and practiced in North American scholarly institutions that educate future leaders and academics (Bluhm, Harman, Lee, & Mitchell, 2010; Wicks & Freeman, 1998; Zald, 2002). Following this paradigm posed a conceptual barrier to ethical considerations in management research as ethics and normative arguments are 'both distinct from science and incapable of generating anything worthy of the title of "knowledge"' according to positivists (Wicks & Freeman, 1998, p. 125). Because of this epistemological positivist paradigm, sustainability tends to require the measurability of inputs and outcomes to be justified in Northern American discourses, promoting an instrumental logic.

With regard to the normative question of which principles should companies follow for integrating sustainability into their operations and supply chains, several papers go back to the seminal definition of sustainable development by the Brundtland Commission as 'a development that meets the needs of the present without compromising the ability of future generations to meet their own needs' (WCED, 1987, p. 8). This highly abstract definition enjoys general agreement among a wide variety of actor groups across political parties, academics and business professionals. However, it is clear that sustainable development is a normative concept that relies on our—shared or individual—values and which thus gains the necessary authority for defining our goals and guiding our actions (Waas, Hugé, Verbruggen, & Wright, 2011). If we accept this inherent normative perspective of sustainable development, it is far less likely to achieve consensus on the underlying values of various actors. This in turn could be seen as problematic for thoroughly implementing the global idea of sustainable development.

However, it seems to be even more problematic that the initial normative concept of sustainability has been transformed into a largely instrumental one through its adoption through the business realm. Certainly with best intentions, Dyllick and Hockerts (2002, p. 131) have seminally defined the idea of corporate sustainability as 'meeting the needs of a firm's direct and indirect stakeholders (such as shareholders, employees, clients, pressure groups, communities etc.), without compromising its ability to meet the needs of future stakeholders as well', proposing the triple bottom line to integrate social, ecological and economic capital stocks of companies. This central reference to stakeholder needs has often been translated into the concept of stakeholder management (Freeman, 1984) (indeed in a simplifying manner). The management of stakeholders, however, inherently implies an instrumental business case approach of corporate sustainability, which is dominating to date.

A pivotal question in this regard is how far SSCM investments lead to higher firm and supply chain performance, which is often reductionistically defined as the focal firm's financial profitability (e.g. Golobic & Smith, 2013). If sustainability is implemented as a business case, this means that very much 'business as usual' is carried on, with companies controlling and defining the terms of

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