Ecological entrepreneurial orientation and sustainable supply chain management. The formation of dynamic capabilities for social value creation: evidence from micro and small enterprises in the East London fashion cluster

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Abstract

Purpose: This research was stimulated by the launch of several East London fashion cluster innovation initiatives. The research aimed to understand how micro and small enterprises (MSEs):

1. develop sustainable supply chain management dynamic capabilities?
2. create social value through their supply chain management practices?

Social value creation is a complex topic and is under-represented in the sustainable supply chain management (SSCM) literature. The study therefore takes a multi-disciplinary perspective and draws on both entrepreneurial orientation (Covin & Lumpkin, 2011), and the emerging concept of ecological value creation (Montabon, 2016) to explain the development of dynamic capabilities for social value creation.

Methodology
The research uses an critical realist philosophy (Easton, 2010) with a five step abductive design and two phases of data collection (see Fig. 1). Forty-seven interviews were conducted, culminating in six geographically bounded MSE case studies.

Findings
Social value is identified as being co-created through enhancing human and community welfare, diversity and human rights as well developing skills and knowledge to protect the natural environment and the society dependent upon it. Social is therefore positioned as an integral aspect of ecological sustainability.
The research identified a distinct group of MSEs with an ecological entrepreneurial orientation who seek collaborative R&D to transform their own and future industry supply chain practices, where social and environmental outcomes are prioritised over competitive advantage. These firms collaborated in visionary entrepreneurial networks to co-create ecological knowledge and innovative practice over the long term in the local and global extended supply chain.

Figure 1 The five-stage abductive process

An ecological entrepreneurial orientation and a long-term supply chain learning orientation are identified as driving these MSE’s SSCM activities and cluster value co-creation, which iteratively form the micro foundations of dynamic capabilities (Teece, 2007). EEO is identified as a causal mechanism of high level sustainability DCs (Buzzao & Rizzi, 2021), where the move from transitional to transformational capabilities explain social value creation (see Fig. 2).

An ecological entrepreneurial orientation is proposed as a multi-dimensional construct consisting of the entrepreneurial dimensions of risk, innovation, and proactivity, plus the new dimensions of pro-ecological purpose, co-creation, and activism.

Figure 2 The conceptual framework
Practical implications

The research provides cluster stakeholders with a deeper understanding of the motivational and behavioural typology of MSEs likely to create social value through supply chain innovation.

Relevance/contribution:

The study extends knowledge in the field of SSCM by:

1. Extending the dynamic capabilities framework to consider dynamic SSCM capabilities for social value creation. This challenges the construct of inimitability for competitive advantage, where the purpose of collaborative innovation and co-creation is to provide open-source knowledge to transform industry practice.
2. Proposing the construct and dimensions of an ecological entrepreneurial orientation.
3. Proposing the EEO and the long-term supply chain learning orientation of firms as antecedents of the micro foundations of SSCM dynamic capabilities.

This study also addresses a methodological gap in the field of supply chain management by applying critical realism to understand causal relationships between strategic orientations and the development of dynamic capabilities.

Keywords: Ecological entrepreneurial orientation, sustainable supply chain management, dynamic capabilities.

References


