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

by

Stefan Gold (University of Kassel, Germany) & Martin C. Schleper (Nottingham University Business School, UK)

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 essay 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 in order 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 companies the way to take on 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 integral part of such a society. We conclude by discussing in how far the theoretical perspective of recognition is enrooted in the European tradition of institutionalised business-society relationships, and therefore could be seen as rediscovery of a genuinely European way of making business and managing supply chains.

Keywords

Supply chain management; true sustainability; critical management studies; recognition; reification; stakeholder management.

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 supply chain management from the beginning (Maignan, Hillebrand, & McAlister, 2002). More recently however, interest has also shifted towards emerging and developing countries with 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, Trautrimis, & 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 (Touboulic, Chicksand, & Walker, 2014), socially sustainable supply chains (Moxham and 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. Yet, still 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 essay, we strive to give a first outlook on how to create ‘truly’ sustainable supply chains, i.e., supply chains that could 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 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, 2001), 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 to 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 to have 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 firm-internal and firm-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 (Honneth, 2008) could facilitate sustainable business and sustainable supply chains and discuss in 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, at least on the firm-internal side, heterogeneous and vague and therefore 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).

Contrary, more unity appears to be present on the firm-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 criticized 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 a large extent, this barrier to welfare-related issues revolving around questions of ethics are a result of the paradigm of epistemological positivism taught and practiced in North American scholarly institutions which 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). As a consequence of this epistemological positivist paradigm, sustainability tends to require the measurability of inputs and outcomes to be justified in Northern American discourses, leading to an instrumental logic.
Regarding the normative question of which principles companies should follow for integrating sustainability principles 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. And yet 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). However, 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.

Even more problematic though seems to be the fact 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 respect is in 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., Golicic & 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 engagement with their stakeholders (Brown & Fraser, 2006).

An argumentative reference to stakeholder needs (e.g., Ahi & Searcy, 2013; Seuring & Müller, 2008) implies that companies are obliged to respond to the expectations of their key stakeholders (Hofmann et al., 2014), ideally including all stakeholders along their supply chain, i.e. they manage stakeholder claims by managing their supply chains (Freeman, 1984). Firms’ key stakeholders are often those who are crucial for their profit and survival and who are powerful, legitimate, and willing to execute their power (Mitchell, Agle, & Wood, 1997), although it has been pointed out that so-called ‘fringe stakeholders’ (i.e., poor, powerless, or isolated stakeholders) are also important for an organisation, e.g. as sources of knowledge and creativity (Hart & Sharma, 2004) and as potential ‘deprived’ risk sources with legitimate claims that might be supported by powerful third parties (Busse, Schleper, Weilenmann, & Wagner, 2017b).
Be that as it may, we conclude that through the concept of stakeholder management, the translation of the sustainability idea into the business realm has largely transformed a formerly value-laden, normative concept into an instrumental one with mainly profits—not sustainability—as its ultimate goal. Today’s discourses on sustainability and CSR are “obfuscated” (Prasad & Mills, 2010, p. 231) with questions of corporate reputation, branding, and ultimately profit maximisation (Frankental, 2001). This is not only true for corporate practice and mainstream management research but also with respect to management education (Adler et al., 2007; Ghoshal, 2005), which leads to a vicious circle of passing on and amplifying this perspective. As a consequence, this instrumental logic has deprived the idea of sustainable development of its authority and potential to spur change.

3. The emerging debate on how to reach true sustainability in SSCM

A recent wave of papers in SSCM have sensed the current insufficiency of SSCM conceptualisations and SSCM research to bring about real change towards sustainable production and consumption patterns. Pagell and Shevchenko (2014) point to the fact that current SSCM research does not generate the necessary knowledge to lead SCM practice towards true sustainability and they rightly highlight the limited stakeholder focus as main underlying problem. The primacy of profits pervades most SSCM research that still asks the questions of whether and when it pays to be green or social or sustainable, featuring different variations of the theme (e.g., Mitra & Datta, 2014). The authors state that the fact “that we are still debating the economic value of sustainability today is indicative of outdated assumptions and a very limited stakeholder perspective in much of the SCM/SSCM literature” (Pagell & Shevchenko, p. 46) and they conclude: “Future research will have to explicitly recognise the claims of stakeholders without an economic stake in the chain, treat these claims as equally valid to economic claims, and start to focus on ways to deal with situations where synergies cannot be created” (Pagell & Shevchenko, p. 47).

Taking on a risk based perspective and emphasising stakeholder pressures as a major driver of integrating sustainability into business, Shevchenko, Lévesque, and Pagell (2016, p. 915) claim that to “fully alleviate stakeholder pressure [and related risks], firms need to become truly sustainable”. Montabon, Pagell, and Wu (2016, p. 12) denounce the pursuit of shared value and win-win outcomes (referring to Hahn, Preuss, Pinkse, & Figge, 2014) as a major obstacle towards achieving sustainability, and call for more decisive and radical action by proposing the “ecologically dominant logic” that places the eco-system—instead of the focal company—in the centre of the stakeholder network.

Similarly, Matthews, Power, Touboulic, and Marques (2016) call for radically transforming SSCM research and practice so to keep production and consumption patterns within the planetary boundaries that define humanity’s safe space of development. There are further authors who have recently contributed (or at least alluded) to the debate of how to reach true sustainability, as for example Busse, Meinlschmidt, and Foerstl (2017a) and Dyllick and Muff (2016).
Although the diagnosis of these papers is certainly to the point and the call for urgent, radical, and decisive action (Matthews et al., 2016; Montabon et al., 2016; Pagell & Shevchenko, 2014) seems well-justified in the light of continuously deteriorating environmental conditions (Dyllick & Muff, 2015), a coherent theoretical foundation for guiding companies towards a stronger integration of sustainability into their operations and supply chains is still missing. In the following, we apply a recognition-based theoretical perspective (Honneth, 2008) and outline in how far such a perspective would lead “back to the roots” of European business-society relationships.

4. Reification and SSCM

Back in the early 20th Century, influential European sociologists and philosophers, such as Karl Marx, Max Weber, Georg Simmel, and foremost Georg Lukács, coined the concept of reification. As a key leitmotiv for social and cultural critique, reification described “a climate of cold, calculating purposefulness (...) and an atmosphere of mere instrumental command” (Honneth, 2008, p. 17). Yet, after World War II and mainly through the triumphal course of capitalism over the last three decades, reification has almost completely stopped serving as a critical perspective despite its niche existence in the tradition of critical theory and the Frankfurt School.

In an approach to unchain the description of reification processes from these Marxist overtones, Axel Honneth (1995; 2008) refers to Lukács’ classical analysis of reification and introduces his versions of reification and recognition theory. The definition of reification as “a type of human behavior that violates moral or ethical principles by not treating other subjects in accordance with their characteristics as human beings, but instead as numb and lifeless objects – as “things” or “commodities”” (Honneth, 2008, p. 19), matches exactly the shift from a normative stance of sustainable development to a purely instrumental one. The dominant economic logic of exchanging commodities and maximising profits has resulted in situations in which subjects become egocentric calculators who perceive each other as objects of utility, thereby reifying genuine social relationships. The development of considering sustainability and SSCM as an investment to foster reputation and increase profits has caused a neglect of the subjects involved in sustainability contexts.

Although far from being unprovocative, it can be argued that the recent shift in the SSCM literature to a risk-based approach to sustainability might even have amplified this process—at least if sustainability-related supply chain risks are numerically handled, as the traditional risk management model proposes. The concurrent invisibility and risk potential of suppliers beyond tier-1 (Busse et al., 2017b; Carter, Rogers, & Choi, 2015) bears the danger of buying firms reactively quantifying these unknown actors without further awareness.

However, these reified processes present “an atrophied or distorted form of a more primordial and genuine form of praxis” in which “the subject is no longer empathetically engaged in interaction with its surroundings but is instead placed in the perspective of a neutral observer, psychically and existentially untouched by its surroundings” (Honneth,
Thus, in line with Honneth (2008), in the following a recognition perspective of sustainability is proposed as an alternative.

5. From reification to a recognition view of sustainability: Back to the roots of the European way of business-society relationships?

Rather simplified, in his recognition perspective, Honneth (2008) bases his arguments on the Hegelian category of recognition and John Dewey’s criticism of the ‘spectator model of knowledge’ (i.e., the belief that human subjects observe an external reality). As a first and important step to overcome reification, we as social actors have to take on the ‘perspective of the participant’ which means that “human subjects normally participate in social life by placing themselves in the position of their counterparts, whose desires, dispositions, and thoughts they have learned to understand as the motives for the latter’s actions” (Honneth, 2008, p. 34). This recognition view demands that we constantly empathetically ascribe values to counterparts and objects and that these entities have values in themselves and do not primarily serve economic reasons.

Transferring this idea to corporate responsibility, corporate sustainability, and SSCM, this approach resembles the implicit interpretation of Matten and Moon’s (2008) conceptual distinction between explicit and implicit corporate social responsibility (CSR). In this form, CSR is an implicit element of the institutional framework of companies, which can be predominantly observed in European-type coordinated market economies. It should not go unmentioned that critical stances toward management studies have made their way also to American business practitioners, scholars, and policy-makers, of course. However, without running the danger of generalisation and applying a Manichean angle of black and white, it can be asserted that the dominant logic of explicit CSR, i.e. instrumentally-driven stakeholder management along the supply chain, is predominantly enrooted in the Northern American positivist thinking and hence national business system as a response to expectations of stakeholders that provide threats, incentives and opportunities for business success.

In contrast, the recognition theoretical view may be regarded in some aspects as a turn away from this American model that has been dominating management (scholarship) during the last decades, and as a rediscovery of a genuinely European way of making business and managing supply chains. The principle of recognition may dissolve the reified pursuit of profit-seeking and other merely economic performance targets in order to recall the genuine—and in its essence and early definitions truly radical—claim that the concept of sustainability development imposes on all of us. Recognition may lead companies the way to take on a caring stance by interacting more closely with people and the surrounding environment, and to organically embed corporate action “within the wider formal and informal institutions for society’s interests and concerns” (Matten & Moon, 2008, p. 410), while carefully shaping the social and institutional setting favourable for a fair, equitable and sustainable world (Macdonald, 2011).

In this way, corporations could respond to the legitimate expectations of all groups in society, while conceiving themselves as an integral part of such a society. Thereby the recognition view allows companies to empathically digest the norms and expectations within society—including those within the own organisation and along the supply chain—and to
look beyond dominant prejudices and reified obsolete thought patterns that are not properly aligned with the goal of contributing to sustainable development along supply chains. Hence, the turn to recognition allows responding to societies’ collective concerns and interests, without being irreversibly bound by them as companies may be able to detect and revise ossified structures through active acknowledging the actors in their environment.

At the same time, this perspective revives an anthropocentric view by putting stakeholders in the centre of interest—not as objects that are to be managed but as subjects that are to be acknowledged and recognised—and dismisses the logic of ecological primacy without anthropocentric grounding that seems to be wishful thinking driven by looming ecological disasters.

In this manner and as a first step, SSCM should meet the challenge of taking care of those who are sometimes ‘forgotten’ by processes of reification. Prior studies have already started to find ways to improve the lives of particularly those individuals who are at the bottom of the pyramid (e.g., Hahn, 2009; Hall & Matos, 2010). It is mainly those subjects deprived of resources that are prone to unsustainable and unethical conditions and who therefore require a genuine recognition in terms of sustainable development.

References


