

## Chapter 4

# Collaboration for Sustainability: Trust-Based Supply Chain Collaboration (SCC) for Sustainable Supply Chain (SSC)

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### ABSTRACT

*The road to sustainable supply chain (SSC) is passing from suppliers which are the critical elements of supply chain. It is very important to have supply chain collaboration (SCC) with major suppliers to maintain a long-term stable relationship with them. The aim of this chapter is to find the relationship between trust and SCC established with major suppliers. An empirical research is conducted to measure the relationship between trust and SCC with major suppliers. Positive relationships between trust and supply chain collaboration is hypothesized. It is empirically proved that there is a strong positive relation between two constructs. This research will provide theoretical and practical contributions to both academicians and practitioners working in supply chains.*

### INTRODUCTION

In recent years, due to rising awareness of environmental protection and social well-being while supporting the economic goal of organizations, the concept of sustainability has been active from the fringes of supply chain management (SCM) to the mainstream and has been a widely-discussed subject among academics and practitioners (Brandenburg, Govindan, Sarkis, & Seuring, 2014; Carter & Rogers, 2008; Govindan, Khodaverdi, & Jafarian, 2013; Pagell & Wu, 2009; Seuring & Müller, 2008; Wilkinson, Hill, & Gollan, 2001). The overall purpose of the terms like social responsibility, sustainability, green management, ethical management used together and interchangeably is to establish conscious, honest and green business policy in the society by thinking not only today's society but also tomorrow and future society. Since organizations are part of supply chains, sustainability is the concern for not only in orga-

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nization but also in whole supply chain. This idea emerges Sustainable Supply Chain (SSC) approach for organizations which are in relation with supply chain partners in supply chain.

Today's one of the main trends is to outsource important business activities from suppliers and sub-suppliers. In outsourcing, while some suppliers become more important than others, it prolongs the responsibility through the life cycle and causes specific shifts on firm's environmental, health and security risks and opportunities. Today, 50% value of the product is created by suppliers. It is impossible to operate without considering this fact in outsourcing. It seems also impossible to achieve sustainability targets without involving suppliers to processes and extend to all supply chain. Yet, a chain is as strong as the weakest link, even one supplier fails to meet sustainability standards, this will affect whole supply chain. According to Krause et.al. (2009), *A firm is sustainable as much as its supplier*. Focal firms which manage the supply chain, have direct connection with customers and provide products and services, requires sustainable products from suppliers. These requirements make organizations more cautious about supplier selection to have long term relationship. Organizations need to establish strong supply chain relations with their trusted suppliers and collaborate with them to have sustainability both internally and externally.

The main idea of collaboration is that an organization cannot successfully compete alone because customers are more demanding competition is increasing. Therefore, many organizations look for opportunities to coordinate inter-organizational operations mutually to produce outstanding performance (Anderson & Narus, 1990). SCC is two or more supply chain members that set long term partnership and plan operations together to build a competitive advantage by sharing information, making joint decisions, and achieving more benefits by having customer satisfaction than acting individually (Simatupang & Sridharan, 2002, p.45).

Supply Chain Collaboration (SCC) has been studied with many aspects in literature by researchers, one of the most frequent used subject is trust as antecedent of collaboration (e.g. Bunduchi, 2008; Dyer & Chu, 2003; Zaheer, McEvily, & Perrone, 1998; Akyuz, Gursoy, & Celebi, 2014). Trust is a very important facilitator for collaboration (e.g. Hosmer, 1995; Das & Teng, 2001; Sundaramurthy & Lewis, 2003). Organizations which have trust to their partners are generally eager to collaborate with their partners because they assume that there won't be any opportunistic behavior from those partners (Barney & Hansen, 1994; Bradach & Eccles, 1989). The degree of trust established between the supply chain partners is a major determinant of the level of collaboration that is possible in a relationship (Hoyt & Huq, 2000).

## **BACKGROUND**

### **Sustainable Supply Chain (SSC)**

The concept of sustainability has been a popular research topic for academics and practitioners. Since organizations choose outsourcing for important business activities from suppliers and sub-suppliers, organizations' sustainability responsibility prolongs through the life cycle and causes specific shifts on firm's environmental, health and security risks and opportunities. Selecting major suppliers and maintaining long term relations with suppliers via trust based collaboration becomes more important than ever.

Sustainability concept recently has become an inevitable part of organizations' corporate social responsibility to show their responsibility to the future generation. World Commission on Environment

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