


Chapter 11

Sustainable Value Chains: A Critical Analysis of Sustainable Supply Chain Failures in Developing and Developed Economies

Idahosa Igbinkhase

 <https://orcid.org/0000-0003-4667-2809>
University of KwaZulu-Natal, South Africa

Vannie Naidoo

University of KwaZulu-Natal, South Africa

ABSTRACT

This chapter explores sustainable value chains with a focus on sustainable supply chain failures in developed and developing economies. Sustainable supply chains are effective environmentally friendly systems that contribute to the delivery of products and services from suppliers to customers/clients, and there are several challenges that contribute to sustainable supply chain failures such as complexity of supply chains, unfair trade practices, lack of transparency, unfair labor practices, product sustainability, and dependence on multiple suppliers. Supply chain failures have adverse effects such as to wastage of resources. Firms must adopt more sustainable approaches to the design and implementation of their supply chains in order to reduce cases of future supply chain failures.

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INTRODUCTION

Sustainable businesses have become one of the resultant outcomes to achieve society's sustainable goals such as thriving lives and livelihoods; sustainable food security; sustainable water security, universal clean energy; healthy and productive ecosystems, and governance for sustainable societies (Griggs et al., 2013), which are the dominant theme of both past and current sustainable development narratives (Griggs et al., 2013; Kates et al., 2005), in a world that is becoming increasingly watchful of man's activities on the environment in a bid to salvage the environment and correct certain damages that have been done to the environment for the benefit of all. Sustainable business is defined as a business that meets the economic value needs of an organization in consideration of other types of value that are beneficial to diverse stakeholders in the business environment (Bocken et al., 2013). As important stakeholders in the sustainable development drive, sustainable businesses are part of a 'social movement' (Kates et al., 2005) whose activities reflects the definition of sustainable development in terms of goals, indicators, values and practice (Kates et al., 2005). It is based on the sustainability ideology that sustainable value chain has become an integral part of sustainable business activities in the society.

Sustainable value chain contains different environmental value chain functions that lead to the realization of the value chain set objectives. The 'value chain' in an ideal 'sustainable value chain' reflects different value - adding activities as opined by Porter (1985) and Porter (2001). According to Fearne et al. (2012), sustainable value chain are indicative of elements such as economic, environmental, and social considerations and value - adding activities that are beneficial to all stakeholders. It is important to add that the economic, environmental and social considerations and value - adding activities, have good motivations, opportunities and potentials (Power & Simpson, 2016). Despite the good intentions of a well designed sustainable value chain, which is to serve and benefit all stakeholders' interests, certain things still go wrong that lead to sustainable value chain failures and huge consequences for all intended beneficiaries / stakeholders. For example and using sustainable supply chain, Power & Simpson (2016) studied 'Aligning goals and outcomes in supply chain management' and notes that many businesses have found conflicting success stories in their use of sustainable supply chains despite integrating sustainable supply chains as part of their business process and activities. Furthermore, Mol (2015) investigated transparency and value chain sustainability and argues that due to the significance attached to transparency in value chains, issues of power struggles, with uncertain outcomes are always ever present as businesses interacts with the society.

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