

## Chapter 9

# A Stakeholder Perspective of Sustainable Supply Chain Management: Evidence from a Developing Country

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### ABSTRACT

*Industrialization leaves no doubt that our planet is suffering from global warming, depletion of natural resources, pollution, waste, and other environmental concerns. Consequently, businesses, communities, and governments have been environmentally conscious and shown growing concern for sustainable development, particularly following the establishment of the United Nations Environmental Program (UNEP). This chapter provides further insights into sustainability and supply chain research through adopting a stakeholder perspective to understand drivers and consequences of supply chain sustainability in the United Arab Emirates. The results indicate that pressures enforced by champions and customers are positively related to supply chain sustainability. However, the relationship between government pressures and supply chain sustainability is insignificant. Moreover, the findings provide evidence that the impact of supply chain sustainability on the organizational sustainable performance is significantly positive. Supply managers can learn from these results in developing sustainable initiatives earlier along their supply chain through selecting and evaluating suppliers based on sustainability-related standards. In addition, environmental collaboration with customers and suppliers based on knowledge sharing and application may identify and reduce the total environmental impact.*

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## **1. INTRODUCTION**

Industrialization leaves no doubt that our planet is suffering from global warming, depletion of natural resources, pollution, waste and other environmental concerns. Consequently, communities and governments have been environmentally conscious and shown growing concern for sustainable development, particularly following the establishment of the United Nations Environmental Program (UNEP) in 1972. Since then businesses have been encouraged to rethink how sustainable initiatives should be implemented and linked to products, services and processes. Today's firms are required to impose dramatic changes to their operations and strategies to remain competitive. It is common nowadays to observe banners as 'sustainable operations', 'sustainability for development', 'environmental initiatives', 'go green', or 'eco-designed' are highlighted in firm's documents and websites.

Growing environmental interest has to be a part of the organizational culture to help reengineer the strategies of firms (Madu et al., 2002). Stern (2007) shows that economic consequences of climate change, for example, would cost firms trillions of dollars and early prevention is more economically viable. The same applies to the processes of value creation of a firm which have to maintain environmentally sustainable procurement, production, distribution, use and recycling of products (Hart and Milstein, 2003). Global pressures have also prompted firms to improve their environmental performance (Zhu and Sarkis, 2006). For example, the European Union (EU) implemented Restriction of Hazardous Substances (ROHS) directive that prohibits electrical and electronic equipment containing lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls (PBB) and polybrominated diphenylethers (PBDE). Linking this directive to Sony's PlayStation game is an instance. Though it's a responsibility of Sony's suppliers, Sony Corporation had to endure much of the consequences when about 1.3 million of

PlayStation game consoles were stopped at the Dutch border because of high cadmium levels detected in its cables (Carlton, 2006). Moreover, The EU employed the waste electrical and electronic equipment (WEEE) directive in August 2005 that keeps producers responsible for the costs of the collection, recycling, reuse and recovery of their products at the end of product's usable life in order to reduce its environmental impact. Consequently, leading electrical and electronic firms such as Samsung, Dell, Fujitsu, Toshiba HP, IBM, Motorola, Sony, Panasonic and NEC begin to invest in developing green products and establishing standards associated with using and supplying of hazardous substances aiming at fulfilling environmental directives when exporting to EU countries. This implies that companies are now starting to recognize the role of environmental awareness in improving competitive advantage (Walton et al., 1998), promoting efficiency and synergy among business partners (Rao and Holt, 2005), and creating business value (van Hoek, 1999).

This chapter provides further insights into sustainability research through examining the interaction between sustainability and a business process, namely supply chain management. It also applies stakeholder perspective to understanding the role of stakeholder' pressures in influencing sustainably supply chain which, in turn, impacts sustainable organizational performance in a developing country context. In the next section, we provide a brief synthesis of sustainability from different perspectives including the Triple-Bottom-Line perspective. This synthesis provides the conceptual basis for developing sustainable supply management concept in the third section. Fourth section explores of risks associated with different stages of sustainable supply chain. This is followed by a literature review of sustainable supply chain in developing countries. Section six presents a stakeholder perspective of sustainable supply chain. Finally, empirical evidence from a

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