

# Procurement Sustainability Tensions An Integrative Perspective

Fayezi, Sajad; Zomorodi, Maryam; Bals, Lydia

*Document Version*

Accepted author manuscript

*Published in:*

International Journal of Physical Distribution & Logistics Management

*DOI:*

[10.1108/IJPDLM-01-2017-0013](https://doi.org/10.1108/IJPDLM-01-2017-0013)

*Publication date:*

2018

*License*

Unspecified

*Citation for published version (APA):*

Fayezi, S., Zomorodi, M., & Bals, L. (2018). Procurement Sustainability Tensions: An Integrative Perspective. *International Journal of Physical Distribution & Logistics Management*, 48(6), 586-609. <https://doi.org/10.1108/IJPDLM-01-2017-0013>

[Link to publication in CBS Research Portal](#)

**General rights**

Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

**Take down policy**

If you believe that this document breaches copyright please contact us ([research.lib@cbs.dk](mailto:research.lib@cbs.dk)) providing details, and we will remove access to the work immediately and investigate your claim.

Download date: 14. May. 2024



# Procurement Sustainability Tensions: An Integrative Perspective

**Sajad Fayezi, Maryam Zomorodi, and Lydia Bals**

Journal article (Accepted manuscript\*)

## Please cite this article as:

Fayezi, S., Zomorodi, M., & Bals, L. (2018). Procurement Sustainability Tensions: An Integrative Perspective. *International Journal of Physical Distribution & Logistics Management*. DOI: 10.1108/IJPDLM-01-2017-0013

DOI: [10.1108/IJPDLM-01-2017-0013](https://doi.org/10.1108/IJPDLM-01-2017-0013)

This article is © Emerald Group Publishing and permission has been granted for this version to appear here: <https://research.cbs.dk/da/publications/procurement-sustainability-tensions-an-integrative-perspective>.

Emerald does not grant permission for this article to be further copied/distributed or hosted elsewhere without the express permission from Emerald Group Publishing Limited.

\* This version of the article has been accepted for publication and undergone full peer review but has not been through the copyediting, typesetting, pagination and proofreading process, which may lead to differences between this version and the publisher's final version AKA Version of Record.

Uploaded to [CBS Research Portal](#): July 2019

## **Procurement Sustainability Tensions: An Integrative Perspective**

**Please cite as:** Fayezi, S., Zomorodi, M., & Bals, L. (forthcoming): Procurement Sustainability Tensions: An Integrative Perspective, *International Journal of Physical Distribution and Logistics Management*.

### **Abstract**

**Purpose:** Our paper aims to unpack tensions faced by procurement professionals as part of their triple bottom line (TBL) sustainability activities. We take an integrative perspective based on the procurement sustainability and organizational tensions literature, as well as stakeholder and institutional theory.

**Design/methodology/approach:** We use a multiple case study approach. Data are collected through multiple interviews and archival data from eight case companies in Australia.

**Findings:** We identify supply chain and company procurement sustainability tensions (PSTs) and explain their multi-level nature. Our analysis also dissects the multi-stakeholder and multi-institutional environments where PSTs operate. We discuss such environments in terms of various temporal and spatial legitimacy contexts (LCs) that, through their assessment of institutional distance, can characterize the manifestation of PSTs.

**Practical implications:** Our findings are instrumental for managers to make informed decisions when dealing with PSTs, and they pave the way for paradoxical leadership given the increasing importance of simultaneous development and balancing of TBL dimensions, as evidenced in this study.

**Originality/value:** This is one of the first studies to empirically investigate PSTs by drawing on an integrative approach to identify PSTs, and to discern various LCs that underpin stakeholder judgments of procurement's TBL sustainability activities.

### **Keywords**

Procurement sustainability; organizational tensions; stakeholder theory; institutional theory; procurement sustainability tensions; case study

## Introduction

A current debate among scholars and managers deals with the emerging discourse examining interactions among social, environmental, and economic (or triple bottom line, hereafter referred to as TBL) dimensions of sustainability (Markman and Krause, 2016; Schneider and Wallenburg, 2012; Walker *et al.*, 2014). Organizing such a multi-dimensional issue (i.e. sustainability) raises multiple tensions (Smith and Lewis, 2011) that have so far been studied in a piecemeal fashion, with minimal attention being paid to their types, dynamics, and contexts (Hahn *et al.*, 2015). However, a company's fate may lie in its response to such tensions (Quinn, 1988), where plurality of internal/external stakeholders (Carter and Easton, 2011; Meixell and Luoma, 2015) requires integration of multiple and potentially interrelated demands. This is a significant issue even for sustainability exemplar companies. For instance, a recent report by Amnesty International (2016) reveals labor abuses by Wilmar International (the world's biggest palm oil grower), which supplies to big brands such as Nestlé, Colgate, and Kellogg's. The report states that "companies are turning a blind eye to exploitation of workers in their supply chain. Despite promising customers that there will be no exploitation in their palm oil supply chains, big brands continue to profit from appalling abuses." (Amnesty International, 2016). Since then Nestlé, Colgate, and Kellogg's have had to deal with various competing stakeholder claims relating to habitat loss for endangered species; pollution; social conflicts; and human rights abuses from government, NGOs, media and consumer groups. Since these are a consequence of the decision to source from Wilmar International, this example illustrates how procurement professionals might be inundated with multi-stakeholder claims and the tensions that result.

While tensions have been investigated as part of, for example, operations strategy, ambidexterity, and trade-off literature (e.g. Andriopoulos and Lewis, 2009; Kristal *et al.*, 2010), they have not been explicitly recognized and studied by procurement scholars. So far, different approaches to prioritizing the TBL criteria have mostly been discussed in terms of archetypes (e.g. Schneider and Wallenburg, 2012), but an integrative perspective on the antecedents and consequences of sustainability tensions is still missing. This is a crucial shortcoming of this stream of the literature and is of great importance to procurement professionals. If we do not understand sustainability tensions in procurement, and how their manifestation can be characterized, we cannot manage them. Awareness about such tensions

by procurement managers would be a precondition for finding measures to overcome them, and thus ultimately achieve TBL sustainability.

Therefore, we aim to unpack tensions faced by procurement professionals as part of their TBL sustainability activities. Our study uses the term ‘procurement sustainability tensions’ (PSTs) based on an integrative perspective of the literature on procurement sustainability (e.g. Johnsen *et al.*, 2017) and organizational tensions (e.g. Hahn *et al.*, 2015; Hahn *et al.*, 2014; Hargrave and van de Ven, 2016). We adopt a microeconomic perspective towards sustainability, which emphasizes the creation of “a wise balance among economic development, environmental stewardship, and social equity” (Sikdar, 2003, p. 1928). Also, we draw on the organizational tensions literature to understand and define organizational tensions. Tension and its various types (e.g. paradox, trade-off, compromise) have been studied in some areas of organizational research, such as organizational identity (Albert and Whetten, 1985), institutional contradiction (Creed *et al.*, 2010), and organizational ambidexterity (Andriopoulos and Lewis, 2009), to explore the contradictory stakeholder demands and the resulting ambiguity that fuel the decision environment.

Further, our study considers stakeholder (Mitchell *et al.*, 1997) and institutional (DiMaggio and Powell, 1983) theory to dissect the multi-stakeholder and multi-institutional environments that characterize PSTs. Companies tend to attend to their stakeholders’ interests, as they may reward or punish them (Donaldson and Preston, 1995). Further, companies’ behaviors are shaped not only by efficiency considerations but also by their desire for legitimacy (i.e. conformance with expectations in a given institutional context) (DiMaggio and Powell, 1983; Scott, 2014). Stakeholder theory has been found to be the most frequently applied theory in the context of sustainable procurement, not least because of “its facility for identifying and prioritizing conflicting requirements”, directly followed by institutional theory (Johnsen *et al.*, 2017, p. 137).

We recognize paradigmatic diversity in sustainability investigations in developing what Matthews *et al.* (2016, p. 83) described as an “interesting theory” of sustainability. However, we build and extend on recent research that has focused on issues pertinent to PSTs but has been undertaken with different levels and scales of focus. For example, we build on Smith and Lewis’s (2011) and Hahn *et al.*’s (2015) conceptualizations of organizational tensions and sustainability. At the same time, we expand on Foerstl *et al.*’s (2015) exploration of supplier sustainability drivers, Busse *et al.*’s (2016) focus on country-level legitimacy context

(LC) (to understand paradoxical sustainability-related risks), and Schmidt *et al.*'s (2017) investigation of supply chain position paradox as a contextual determinant of green practices and firm performance. We therefore take an integrative (and holistic) perspective to address the following two research questions: 1. *What PSTs do procurement professionals face in their stakeholder environment?* and 2. *How do legitimacy contexts of the stakeholders explain these PSTs and characterize their manifestation?* Such questions have yet to be addressed in the literature despite their crucial role in enhancing procurement's TBL sustainability performance.

The remainder of the paper provides a review of the literature and a description of our methodology, which is based on eight case studies using interviews and archival data. The subsequent sections offer a discussion of findings in accordance with the research questions. A revisited conceptual framework and an integrative PSTs model are presented in the concluding section, followed by a discussion of theoretical and practical contributions and implications. Finally, limitations and future research areas are outlined.

## **Literature review**

### *Procurement sustainability tensions*

The notion of PSTs has not been specifically discussed in the literature; however, its key premise lies in the intersection of procurement sustainability research and the literature on organizational tensions. There has been growing interest in various aspects of sustainable procurement, whether as a standalone concept (e.g. Pagell *et al.*, 2010; Schneider and Wallenburg, 2012) or in conjunction with corporate (Schneider *et al.*, 2014) and supply chain (Pagell and Wu, 2009) sustainability. Achieving procurement sustainability requires management of “all aspects of upstream supply chain to maximize [TBL] performance” (Pagell *et al.*, 2010, p. 58). Sustainability should be integrated into all procurement processes. Moreover, stakeholders at the supply chain level do include both supply chain–internal (e.g. customers and suppliers) and supply chain–external (e.g. regulatory authorities, NGOs) parties (Schneider and Wallenburg, 2012). This indicates the intricacy associated with integrating sustainability into sourcing practices, testified by increasing attention to contingency-based approaches for building procurement sustainability portfolios (Pagell *et al.*, 2010), archetypes (Schneider and Wallenburg, 2012), and configurations (Akhavan and Beckmann, 2017).

On the other hand, organizational tensions predominantly relate to comprehending and addressing challenges resulting from an organization's desire to excel across multiple (competing or contradictory) demands, such as collaboration-competition (Murnighan and Conlon, 1991), flexibility-control (Osono *et al.*, 2008), and exploration-exploitation (Smith and Tushman, 2005). Smith and Lewis (2011) show the complexity of organizational tension and its manifestation in their discussion of *types* and *categories* of tensions. Their extensive review of the literature identifies 'paradox' as a key type of tension that results from pursuing contradictory yet interdependent demands (Lewis, 2000; Smith and Lewis, 2011). This rests on the premise that organizations may follow paradoxical demands in order to safeguard their short- and long-term goals and enhance performance. However, this is easier said than done, as businesses face extreme pressures due to diametrically opposed interaction logics of paradoxes. Other types of organizational tensions are 'compromise/dialectic', which arises when demands, while contradictory, are not interdependent; and 'trade-off/dilemma', which manifests when organizations tackle competing (rather than contradictory) stakeholder claims (Smith and Lewis, 2011). While these types of tension may overlap conceptually, a distinguishing feature of paradox is that the elements of concern exist simultaneously and persist over time. In other words, one does not make a choice or attempt to integrate demands in paradoxical situations.

According to Smith and Lewis (2011), key *categories* of organizational tensions that permeate various organizational activities and elements are learning, belonging, organizing, and performing. Learning tensions surface during organizational changes and innovations, while belonging (identity) tensions involve conflicts surrounding individual and group interactions. Organizing tensions can result when companies adopt competing design and production processes. Finally, performing tensions arise from conflicting needs of shareholders, customers, employees, communities, and suppliers. Not only are tensions inherent in organizational systems, but they can also be cognitively and socially constructed (Smith and Lewis, 2011). These characteristics are important to understand, as they shed light on forces that render latent tensions salient to organizational decision makers.

The link between procurement sustainability and organizational tensions lies in TBL sustainability being replete with and exposed to plurality of stakeholders (Carter and Easton, 2011; Meixell and Luoma, 2015) and multiplicity of institutions (Busse *et al.*, 2016) in corporate settings. For example, tensions arise because procurement function and company

TBL activities are both embedded in a wider organizational and supply chain context (Hahn *et al.*, 2015), in which TBL activities are not conceptually equivalent across function, company, and supply chain levels (Rousseau, 1985). Tensions also arise from contexts within which procurement function operates, which, according to Hahn *et al.* (2015), can be temporal and stem from long-term TBL sustainability orientation of firms (versus their short-term priorities) as well as those of their key stakeholders. Equally important is the spatial context, which can encompass engagement of procurement function with developed and developing regions (e.g. via suppliers), and internal/external horizontal and hierarchical commitments. This requires procurement professionals to constantly battle to integrate contradictory (and sometimes interrelated) demands relating to economic, environmental, and social issues, which has the potential to create ambiguity for decision making in terms of PSTs.

The following section lays down our initial conceptual framework and explains how it is informed by stakeholder and institutional theory to guide the multiple case study design adopted in this paper.

#### *Stakeholder and institutional views on PSTs*

It is well established that organizational tensions are, directly or indirectly, associated with differing and sometimes conflicting stakeholder demands (Donaldson and Preston, 1995). This is highly relevant to sustainability, as sustainability is by its very nature built around balancing priorities (Wu and Pagell, 2011), which poses a challenge when dealing with multiple trigger points (Seuring and Müller, 2008). Stakeholder theory can assist with analyzing the portfolio of stakeholders and their salience whether demands from those stakeholders are self-regarding or reciprocal (Bridoux and Stoelhorst, 2014). Therefore, stakeholder theory can aid in characterizing the manifestation of PSTs by digging deeper into the attributes of different stakeholders, and considering how they may trigger tensions associated with TBL sustainability in procurement. In this regard, Mitchell *et al.* (1997) focused on power, legitimacy, and urgency to identify various types of stakeholders that dominate the business and management environment. For example, dormant stakeholders are considered to possess power while lacking legitimacy and urgent claims, whereas dependent stakeholders have both legitimacy and urgency but do not exercise power. Such a stakeholder typology demonstrates that procurement professionals constantly deal with varying levels of influence while interacting with a broad set of stakeholders, such as buyers, suppliers,

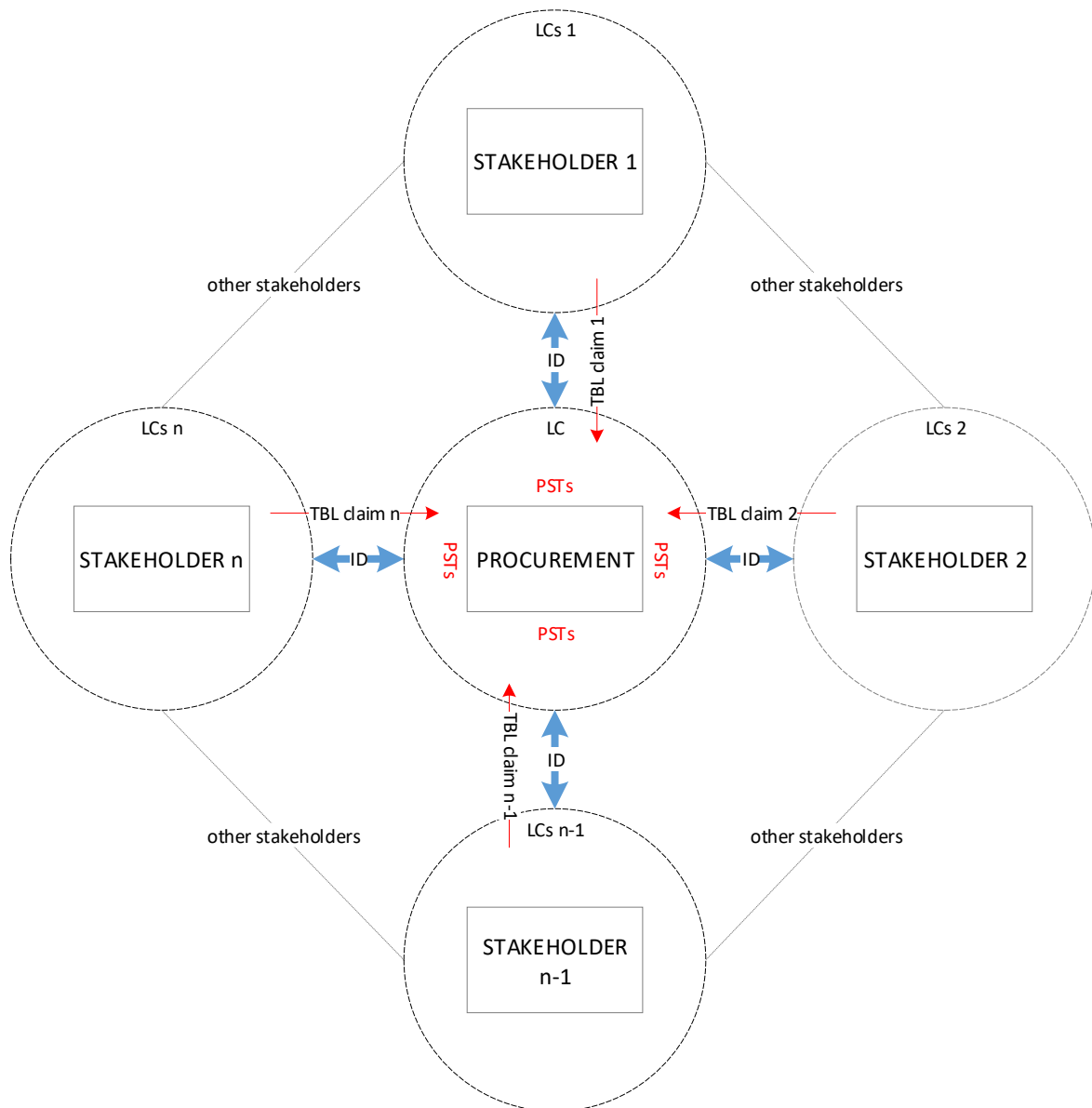


contractors, communities, non-governmental organizations (NGOs), and other functional areas. Therefore, PSTs can be argued to predominantly stem from procurement's engagement with competing claims of salient stakeholders. While stakeholder theory explains plurality of stakeholder demands and their salience (or lack thereof) to procurement managers, it fails to provide insights on how these stakeholders form their perceptions and judgments. The latter actually explicates another important dimension associated with manifestation of PSTs that can be characterized via the institutional context within which salient stakeholders develop their judgments to exercise legitimacy (Eisenhardt, 1988).

Institutional theory can therefore be useful to dissect the institutions that motivate and influence stakeholder behaviors. Institutions are “multifaceted, durable social structures, made up of symbolic elements, social activities, and material resources” (Scott, 2014, p. 57) that construe the thoughts, behaviors, and interactions of social actors (Busse *et al.*, 2016, DiMaggio and Powell, 1983). Identification and assessment of these institutions is pivotal to the diagnosis of PSTs, as they portray how legitimacy-seeking (in addition to efficiency-seeking) behaviors of stakeholders inform their judgments and thereby give rise to sustainability tensions (Busse *et al.*, 2016). An institution is defined by its regulative, normative, and cognitive characteristics (Scott, 2014), which represent the appropriateness, expectations, and basis for judgment of behaviors in that institution (Bitektine and Haak, 2015). The link between institutions and judgments can be further understood by attending to the notion of legitimacy (Bitektine, 2011; Tost, 2011), which is “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed systems of norms, values, beliefs, and definitions” (Suchman, 1995, p. 574). In relation to our study, the subject of legitimation is TBL sustainability-related decisions of procurement managers. We argue that stakeholders draw on their subjective understanding of legitimacy to judge a procurement function's TBL sustainability activities. Tensions largely come from differences between “contexts in which [stakeholder judgments] takes place” (Busse *et al.*, 2016, p. 318). Such differences in LC can be explored by drawing on the notion of institutional distance, that is, the extent of similarity or dissimilarity between the regulative, normative, and cognitive institutions of two contexts (Kostova and Zaheer, 1999). We argue that PSTs are driven by both conflicting stakeholders claims and institutional distance between the LCs of procurement and its salient stakeholders.

Consequently, our discussion reveals two important questions that require further investigation. First, what PSTs do procurement professionals face in their stakeholder environment? And second, how do the LCs of the stakeholders explain these PSTs and characterize their manifestation? Figure 1 outlines our basic conceptual framework, which integrates procurement sustainability, organizational tensions, stakeholder theory, and institutional theory to inform the theoretical underpinning for studying PSTs. We have used a numbering system (i.e. 1, 2, ..., n-1, n) in this figure to illustrate the multiple internal and external stakeholders and multiple institutions that surround the procurement function. Further, key concepts used in our paper and their definitions can be found in Appendix A. We aim to extend existing theory (Ketokivi and Choi, 2014); hence, we take a theory elaboration case study approach, as will be explained in the next section.

Figure 1: Basic conceptual framework



Note: ID = institutional distance

## Methodology

With the aim to extend existing theory (Ketokivi and Choi, 2014), we have used a multiple case study approach (Meredith, 1998) in an area that is relatively new and complex. In this regard, we have adopted guidelines and principles suggested by Eisenhardt (1989), Yin (2009), and Miles *et al.* (2014), and undertaken precautionary measures to ensure rigor (Gibbert *et al.*, 2008; Yin, 2009).

### *Case selection*

This study focuses on PSTs, with procurement function of the company as the unit of analysis. We used a purposive sampling technique for the identification and selection of information-rich cases (Coyne, 1997; Patton, 2015). Our cases were selected from Australian-based companies that have taken steps towards TBL sustainability in their procurement. To ensure the companies were sustainability-active in their procurement process, the following criteria were applied: Companies must: 1) source both domestically and internationally, 2) have adopted environmental/social standards (e.g. ISO 14001, SA 8000), 3) be a member of reporting initiatives (e.g. GRI, COP), and 4) have achieved government/industry sustainability awards (e.g. State Premiers' Sustainability Awards).

We purposefully selected companies of various industries, operating environments, and types of ownership. This mix allowed us to examine the research questions in a broad range of settings and helped minimize the generalizability issue (Eisenhardt, 1989; McCutcheon and Meredith, 1993) associated with case-based studies. However, our results are by nature limited in the sense that we do not directly control for the above-noted selection criteria.

We identified and invited fifteen companies to participate in the study, of which we were able to access eight. This number of cases is large enough to allow transferability of data to other contexts (Miles *et al.*, 2014), yet small enough to be manageable for data analysis (Eisenhardt, 1989). Profile of the case companies, research participants and sources of evidence used in our study are all available upon request. We used generic industry names for each case company to ensure anonymity and easy reference: Construction, Cookware, Packaging, Grocery, Beverage, Textile 1, Food, and Textile 2.

### *Data collection*

To enhance the construct validity of the study, multiple methods of data collection were used (Yin, 2009). Within each case company, semi-structured interviews were conducted with senior/middle managers in charge of procurement and operations, and the person (directly/indirectly) responsible for procurement sustainability. To get a balanced picture and differentiated perspective on procurement sustainability, we interviewed other functional managers and stakeholders from both governments and NGOs. Knowledge or experience

with sustainable sourcing was the main criterion for choosing our participants; however, availability and willingness to participate (Baker and Edwards, 2012) were also considered.

Interviews of 60–90 minutes were conducted face-to-face or via teleconferencing, and an interview protocol was used to ensure reliability (Yin, 2009). This also assisted in better implementing the case study and standardizing its pertinent procedures. Interviews started in March 2016 and finished in May 2017. In addition to multiple interviews, we collected archival data from, for example, annual review reports, company websites, industry news, and reports published by government agencies such as the Australian Packaging Covenant Organization (APCO). These archival data helped us to triangulate data (Jick, 1979) and develop a general understanding of each firm's procurement sustainability practice and performance.

#### *Data analysis*

We started data analysis by developing case descriptions for each of the case companies, including their key stakeholders. In parallel, we worked on the institutional setting and stakeholder analysis of each case company. In the next stage, we undertook *first cycle* coding (Saldaña, 2009) of interviews, field notes, and archival data. This entailed analysis of the interview transcripts, identification of the keywords, and transformation of descriptive codes into first-level codes in a deductive and inductive fashion. More specifically, to facilitate the coding process, we elaborated a list of PSTs/codes (see Table 1) and LCs/codes (see Table 2) from the literature on procurement sustainability and organizational tensions (Miles *et al.*, 2014). The next stage, *second cycle* coding (Saldaña, 2009), involved regrouping of multiple first-level codes into categories and themes (see Appendices C and D). In this stage, we started to connect our codes to the constructs established as part of our basic conceptual framework (see Figure 1).

Two authors and a member of the research team individually coded the data using guidelines developed from the literature, as well as discussions. The codes were then compared to ensure consistency. Disagreements were worked out through rounds of intensive discussion and comparison of codes until a group consensus was achieved. Finally, we looked for similarities and differences in the constructs, categories, and themes in our cross-case analysis. Eventually, a coherent understanding of PSTs and LCs emerged. We combined the data to describe the overall pattern and incorporated existing literature to develop the final

framework and an integrative PSTs model. The entire data analysis was carried out with NVivo.

Table 1: PSTs/first-level codes identified across case companies

<b>Case company</b>	<b>First-level codes</b>
Construction	Supply chain position, supply market conditions, KPIs
Cookware	Supply chain position, strategic priorities, product characteristics, value creation center, KPIs
Packaging	Supply chain position, supply market conditions, relationship governance, product characteristics
Grocery	Supply chain position, supply market conditions
Beverage	Supply chain position, strategic priorities, product characteristics, value creation center
Textile 1	Supply chain position, supply market conditions, relationship governance, product characteristics
Food	Supply chain position, supply market conditions, relationship governance, strategic priorities, KPIs
Textile 2	Supply market conditions, strategic priorities, KPIs
<i>Notes:</i> The sample of stakeholders considered for each case company is based on our multiple interviews as well as the specific focus of the interviewees on these stakeholders. Where the stakeholder is external to the case company, a mix of follow-up with interviewees and secondary data were used for the analysis. UNGC=United Nations Global Compact	

Table 2: LCs/first-level codes identified across case companies

<b>Case company</b>	<b>First-level codes</b>
Construction	<b>Procurement function:</b> structured approach to sustainability; nature of the business/values; sustainability awareness and education programs <b>Stakeholders:</b> <i>Sustainability function:</i> structured approach to sustainability; nature of the business/values; sustainability awareness and education programs; internal structures across functions; misaligned KPIs across functions <i>Community:</i> TBL balancing orientation; focus on outcomes; hierarchical engagement; multi-tier interface <i>Supplier:</i> bounded by structure and design; lack of ability to leverage resources; engagement in profit-driven transactions; horizontal engagement
Cookware	<b>Procurement function:</b> bounded by structure and design; lack of ability to leverage resources <b>Stakeholders:</b> <i>Operations function:</i> TBL balancing orientation; focus on outcomes; use of TCO as a driver for sustainability programs; customer-focused decisions; internal structures across functions; misaligned KPIs across functions <i>APCO:</i> structured approach to sustainability; nature of the business/values; sustainability awareness and education programs; hierarchical engagement <i>Parent company:</i> bounded by structure and design; lack of ability to leverage resources; engagement in profit-driven transactions; hierarchical engagement; highly dispersed operations; multi-tier interface; mix of local/global and developed/developing country operations
Packaging	<b>Procurement function:</b> TBL balancing orientation; use of TCO as a driver for sustainability programs; strategic use of supply chain; customer-focused decisions <b>Stakeholders:</b> <i>Chinese supplier:</i> bounded by structure and design; lack of ability to leverage resources; engagement in profit-driven transactions; mix of local/global and developed/developing country operations; complex procurement structure <i>UNGC:</i> structured approach to sustainability; nature of the business/values; sustainability awareness and education programs; hierarchical engagement

Grocery	<p><b>Procurement function:</b> TBL balancing orientation; focus on outcomes; use of TCO as a driver for sustainability programs; strategic use of supply chain; customer-focused decisions</p> <p><b>Stakeholders:</b>  <i>Consumers:</i> TBL balancing orientation; focus on outcomes; horizontal engagement; multi-tier interface  <i>Local farmers:</i> structured approach to sustainability; nature of the business/values; sustainability awareness and education programs; horizontal engagement</p>
Beverage	<p><b>Procurement function:</b> TBL balancing orientation; focus on outcomes; use of TCO as a driver for sustainability programs; strategic use of supply chain; customer-focused decisions</p> <p><b>Stakeholders:</b>  <i>Parent company:</i> structured approach for sustainability; nature of the business/values; sustainability awareness and education programs; hierarchical engagement; highly dispersed operations; multi-tier interface  <i>Sustainability function:</i> structured approach to sustainability; nature of the business/values; internal structures across functions; misaligned KPIs across functions</p>
Textile 1	<p><b>Procurement function:</b> bounded by structure and design; lack of ability to leverage resources; engagement in profit-driven transactions</p> <p><b>Stakeholders:</b>  <i>Subcontinent supplier:</i> bounded by structure and design; lack of ability to leverage resources; engagement in profit-driven transactions; horizontal engagement;  <i>APCO:</i> structured approach to sustainability; nature of the business/values; sustainability awareness and education programs; hierarchical engagement</p>
Food	<p><b>Procurement function:</b> TBL balancing orientation; focus on outcomes; use of TCO as a driver for sustainability programs; strategic use of supply chain; customer-focused decisions</p> <p><b>Stakeholders:</b>  <i>Rural farmers:</i> bounded by structure and design; lack of ability to leverage resources; horizontal engagement; mix of local/global and developed/developing country operations  <i>Coffee supplier:</i> TBL balancing orientation; use of TCO as a driver for sustainability programs; strategic use of supply chain; customer-focused decisions; horizontal engagement; multi-tier interface  <i>NGO:</i> structured approach to sustainability; nature of the business/values; sustainability awareness and education programs; hierarchical engagement; highly dispersed operations</p>
Textile 2	<p><b>Procurement function:</b> structured approach to sustainability; nature of the business/values; sustainability awareness and education programs</p> <p><b>Stakeholders:</b>  <i>Rural farmers:</i> bounded by structure and design; lack of ability to leverage resources; engagement in profit-driven transactions; horizontal engagement; mix of local/global and developed/developing country operations  <i>Sustainability function:</i> structured approach to sustainability; nature of the business/values; sustainability awareness and education programs; internal structures across functions; misaligned KPIs across functions</p>
<p><i>Notes:</i>  TCO=total cost of ownership</p>	

## **Findings**

We used the constructs shown in our basic conceptual framework (see Figure 1) to structure and conduct both within-case and cross-case analyses. Findings are organized and discussed in the order of the research questions of our study.

### *Procurement sustainability tensions*

We grouped PSTs based on whether they operate at the supply chain or the company level, which corresponds to the procurement's stakeholder environment. We also identified the intensity of PSTs and their spots (nuclei of tension) for all the case companies.

### *Supply chain PSTs*

Supply chain position – Procurement professionals' efforts on TBL sustainability are driven by the relative position of their company within the supply chain, shaping their power, legitimacy, and urgency differentials with key stakeholders on sustainability claims (Schmidt *et al.*, 2017; Schneider and Wallenburg, 2012). Hence, tensions may arise as despite their interest (or lack thereof) in social and/or environmental activities, procurement managers should constantly tackle downstream (or upstream) pressures fueled by asymmetrical power distribution. In the Beverage case, sustainability programs were affected by limited interest of retailers in the ethical sourcing requirements which was, in turn, demanded by the parent company of the Beverage case. On the other hand, the Grocery, Textile 1, and Food cases leveraged their positional power in some of their supply chains to push their sustainability agendas. A key PST for Textile 1 was their focus on creating financial sustainability via process optimization and flexible operations, which was in conflict with APCO's push for recycling and waste management programs. A key complication is that as companies start to create ceremonial or cosmetic sustainability behaviors (Meyer and Rowan, 1977) and/or concentrate their resources on the requirements of their key stakeholders due to positional tensions, the potential for dysfunctional supply chain behavior increases (Cookware, Beverage, Textile 1). To avoid such complications, for example, the Cookware case decided to focus on economic sustainability at the cost of *relegating* the responsibility for social/environmental programs to their upstream supply chain.



Supply market conditions – A range of PSTs at supply chain level relate to supply market conditions. We found a consensus among interviewed managers that mutual understanding and perception of sustainability is fundamental to procurement's engagement with suppliers on TBL projects. Tensions emerge when the procurement function has urgent sustainability claims backed by power and legitimacy for its enforcement yet, as in the Food case, work with rural farmers who, due to limited financial resources, do not share similar sentiments. Such PSTs, regardless of their impact on sustainability, have the potential to damage relationship quality (as stressed by Construction, Food, Textile 2). We also found PSTs relating to the nature of input materials, sourcing strategies, and ensuing relationships. Strategic inputs (where there might be limited sources of supply) and non-strategic inputs (where there might be abundance of sources of supply) demand different procurement responses and relationships. This is due to power differentials between companies and their suppliers, which influence their ability to continue behaving legitimately in view of their TBL sustainability commitments (Construction, Packaging). Tension develops when finding *strategic* suppliers and devising relationship strategies that positively contribute to the TBL sustainability of procurement become difficult to unravel (Packaging, Textile 1). Further, local versus non-local sourcing produces PSTs that center on procurement managers' ability (degree of visibility and oversight) to gauge the level of compliance (and commitment) of their suppliers for TBL sustainability projects (e.g. Construction, Packaging, Grocery, Textile 1, Food).

Relationship governance – Another source of tension relates to contractual versus non-contractual relationship governance of TBL sustainability projects. As a means of controlling and harmonizing internal and external efforts, contracts can foster mutual understanding among partners as to what they want to achieve (Construction, Textile 1, Food). However, we observed that at times case companies (Cookware, Textile 1) experienced tensions when dealing with the binding requirements of stakeholders (such as APCO) as their focus started to skew toward avoiding punishments. Yet some interviewees (e.g., Cookware) admitted that responding to such legitimacy standards can trigger further TBL sustainability programs. This is of less concern in heavily regulated industries such as food (Food, Grocery), where stakeholders give legitimacy and urgency to contractual enforcement and sustainability verification programs (despite its implementation challenges in, for example, base-of-pyramid economies). Some interviewees (e.g. Textile 2) argued that despite its utility for signaling information and commitment, when a contract is exclusively seen as an

enforcement mechanism, it can adversely impact relationships with partners, especially in culturally and institutionally different settings. For example, some case companies indicated that, to remain both efficient and legitimate, they tend to engage in contracts that transfer risks (including sustainability risks) to their supplier (Cookware, Textile 1). It is this mentality that subjects social and non-contractual relationships to PSTs. This is exacerbated in situations where lack of incentives and changing priorities affect joint social and environmental projects. Thus, the relationship governance of TBL sustainability beyond compliance is somewhat ambiguous, yet this highlights the vital role of incentives and motivational drivers. The latter has been extensively discussed by Foerstl *et al.* (2015), who identify product- and process-related drivers that motivate sustainability *commitment* of supplier organizations.

### *Company PSTs*

Strategic priorities – An important company level PST relates to misalignment of procurement strategic priorities with those of the wider organization, particularly in global operations. This can be understood by delving into the values of procurement professionals dealing with various international partners and institutions that inform their sense making of TBL sustainability. This was articulated by the interviewees (e.g. Cookware, Textile 1, Food) in terms of tensions emerging from using corporate strategic priorities to assess legitimacy of procurement sustainability behaviors. The government advisor of the Food case maintained that “the starting point [for TBL decisions] needs to be part of [the] business model and core value.” However, conflicts start to develop when, as some interviewees noted, the practicalities (e.g. competitor moves, leadership change) of operating a business impart pressures on procurement professionals to make decisions that are not necessarily aligned with their functional strategic priorities (Wu and Pagell, 2011). In the Textile 1 case, for example, the leadership demanded revision of their sourcing strategy through extensive engagement in high profit-margin relationships, and development of a strong financial capacity to accommodate any potential sustainability risks. This contrasted with the individual values held by some interviewees in the Textile 1 case, who described the company approach as short term and only addressing symptoms.

Product characteristics – Onshoring versus offshoring decisions driven by type (e.g. functional, innovative) and demand (e.g. stable, volatile) of products was found to create tensions affecting procurement TBL sustainability programs (Packaging, Grocery, Textile 1).

The Packaging case's interviewees shared their experience of PSTs associated with 'waste paper', one of their key input materials. They discussed how its fluctuating profit impact prompted the procurement function to transform a predominately push-oriented design of sourcing into a pull-oriented design driven by 'customer needs', 'fit for purpose' and 'design to cost' measures. This also enabled the Packaging case to respecify their 'waste paper' material to fit the exact requirements of the customer. This investment in higher-quality raw materials resulted in lower total cost and better TBL sustainability performance. Tensions, however, reside in whether customers share with suppliers a similar perception of the influence of such a measure on the sustainability performance of a product (Foerstl *et al.*, 2015). We also found that companies face tensions when deciding what aspects of their input materials should be assessed/audited as part of their sustainability efforts. It was stressed (e.g. Beverage, Food) that companies should get the *basic criteria* right (e.g. material does not contain ingredients such as palm oil) without being overly concerned about what they called 'minor' issues (e.g. electricity used, source of packaging). This conservative approach, however, gives rise to confusion, as there is not always a clear internal consensus on what constitutes the basic criteria and their priorities (especially in the absence of any regulatory/legislative frameworks), and whether this resonates with the LC of the organization. Further, high-priority issues might create bias and make companies less concerned about what they perceive as minor.

Value creation centers – Another PST relates to whether the procurement function is perceived as a value creation center (a primary contributor to profit generation) within a company (Foerstl *et al.*, 2015). Interviewees (Cookware, Packaging, Beverage, Textile 1) emphasized that it is important to be perceived as a value creation center, as companies are often inclined to concentrate resources on their perceived value centers when creating (and investing in) TBL sustainability. Further, procurement decisions can be the organizational benchmark for cross-functional synchronization of processes as part of developing TBL sustainability (Food). However, the value center view comes at the cost of lack of attention to other functions (or activities) that may not act as main contributors to profit generation, yet support the value creation process. If TBL sustainability is not systematically built into these so-called non-value creation centers (such as the operations function in the Packaging case), the value creation centers, in order to remain viable, may need to use their own resources to compensate for the shortcomings of the non-value creation centers. This has the negative potential to transform the value centers into the *cost* centers of an organization.

Key performance indicators (KPIs) – TBL sustainability trade-offs within procurement are also associated with procurement KPIs and whether they resonate with KPIs from other functions/divisions. Such KPIs portray a ‘micro’ framework (or LC) that drives functional decisions and can act as a PST (e.g. Construction, Packaging, Food, Textile 2). Procurement functions need to formulate their strategies and initiatives to address their KPIs, and of course this needs to be managed in light of the business strategy (‘macro’ framework). It is the power and urgency of the functional areas within which these KPIs are constructed that affect TBL sustainability in procurement and create PSTs. For example, Textile 1 interviewees cited cost, style, range, and quality as their functional KPIs in relation to suppliers. This clearly specifies the impact of KPIs on TBL sustainability, which, in the case of Textile 1, entails less attention to social/environmental issues.

#### *Manifestation of procurement sustainability tensions*

Having clarified the PSTs at the supply chain and company levels in the previous section, the manifestation of PSTs will now be further characterized. Through deeper analysis of the case companies and their key stakeholders, we find several LCs, which we categorize as temporal (economist, social environmentalist, and all-round perfectionist) and spatial (horizontal, hierarchical, and geographical). These LCs identify and explain the institutional distance associated with varying stakeholder judgments on TBL sustainability activities, which characterizes the manifestation of PSTs.

#### *Temporal legitimacy context*

Temporal LC characterizes long-term outcomes (and their implications for short-term focus) that dominate the sustainability behavior of procurement and its stakeholders. Our analysis of stakeholders and their institutions shows three temporal LCs: ‘economist’, ‘social environmentalist’, and ‘all-round perfectionist’. These terms are adopted from Schneider and Wallenburg (2012).

Economist – Here, the institutions reflect a strong emphasis on economic sustainability. In some instances, this was found to be associated with the structure and design of the supply chain (e.g. steel-fixing supplier of Construction, Textile 1, rural farmers of Food), which imposes certain restrictions on TBL activities. The Cookware case, for example, operates in a vertically integrated supply chain with key sources of supply outside of Australia. The

interviewees from the Cookware case, who acknowledged their high environmental footprint associated with global logistics, maintained that they did not have much leverage to manipulate their supply network and that, in most instances, economic considerations outweighed environmental and social priorities. They were basically adopting the legitimacy standards of their parent company, who had a minimal focus on product sustainability yet a comprehensive quality-control program. In the ‘economist’ temporal LC, companies tend to comply with the minimum environmental and social sustainability requirements and occasionally (e.g. Cookware) assign the responsibility of TBL activities to their upstream partners.

Social environmentalist – We found institutions and sustainability claims that feature social and environmental concerns of case companies and their stakeholders (e.g. Construction, local farmers of the Grocery case) beyond instrumentalism (Gao and Bansal, 2013). Common characteristics of such LCs are, for example, targeted sustainability investments (e.g. COP policy by UNGC) and a formal approach to social/environmental programs (e.g. National TBL sustainability framework by Construction). In the ‘social environmentalist’ temporal LC, companies engage in sustainability training and awareness campaigns and develop documentation, reporting, guidelines, and metrics to address their TBL projects and performance at various levels.

All-round perfectionist – Companies operating under the ‘all-round perfectionist’ LC (e.g. Packaging, Grocery, Beverage, Food) follow institutions that call for balancing TBL sustainability priorities. This, our findings indicate, is partly because the operating environment encourages social and environmental projects for economic benefits. For example, economic sustainability of the Grocery, Beverage, and Food cases is intertwined with their social/environmental activities, whether through buying or making sustainable products. Therefore, ‘all-round perfectionists’ tend to subscribe to the mantra that TBL sustainability should result in lower total cost of operation. For instance, the Packaging case favors multiple sourcing for sustainable operations, as it allows systematic (risk) portfolio management that balances potential health, social, transportation, and underutilized capacity measures.

### *Spatial legitimacy context*

The spatial LC is formed by the social and physical location of procurement stakeholders. This is important, as it sheds light on the differences between operating principles and perceptions across organizational levels and beyond (Mosakowski and Earley, 2000). Identifying such LCs can reduce the ambiguity associated with tracing the manifestation of multiple PSTs based on their social/physical location against the procurement function. We found the following spatial LCs: ‘horizontal’, ‘hierarchical’, and ‘geographical’.

Horizontal – The ‘horizontal’ spatial LC includes ‘intra-firm’ and ‘inter-firm’ horizontal LCs. Intra-firm horizontal LCs highlight the internal structures and *modus operandi* of business functions, and the ways in which they inflate or deflate conflicts in stakeholder judgments of TBL activities. A lack of intra-firm compatibility of function-specific institutions could exacerbate PSTs due to different interpretations of TBL sustainability. For example, the Cookware case identified the logistics function as a crucial intra-firm functional stakeholder because, through design and delivery to market (including warehousing and distribution), logistics is the Achilles heel of the procurement. Therefore, higher institutional distance between logistics’ and procurement’s LCs and conflicting TBL claims aggravates PSTs. In contrast, compatibility of operating structures across sustainability and procurement functions in the Construction case resulted in a low-distance intra-firm horizontal LC where differences in KPIs were accommodated. The procurement function is also exposed to multiple inter-firm horizontal LCs through its linkages with multi-tier suppliers/customers. In this regard, a key complication was found to be associated with stakeholder assessments of sustainable behaviors. Such assessments might be affected by unintended consequences of global operations, including lack of compatibility of processes, which actually lengthens the supply process and creates PSTs. As such, it is important that inter-firm horizontal LCs are unpacked in order to characterize the manifestation of PSTs. This is embodied by a Grocery case interviewees’ emphasis on communication and “walking the chain” initiatives, and the Beverage case’s focus on transforming their sourcing structure to better influence suppliers. The latter is a challenging undertaking, though, unless the suppliers are wholly and solely reliant on the company.

Hierarchical – Based on analysis of procurement function’s engagements beyond multi-tier suppliers/customers in dispersed operating environments, we found hierarchical LCs affecting the case companies: ‘inter-entity’, and ‘intra-firm’. The inter-entity hierarchical LC

views procurement function as nested in a wider stakeholder environment composed of community, industry, governments, and NGOs. The key premise of the intra-firm hierarchical LC, however, is attention to stakeholders within the broader corporate structure of the procurement function, including the parent company. The case companies (e.g. Cookware, Textile 1, Food, Textile 2) indicated that, in product categories where they source globally, this exposes them to a wide range of claims from stakeholders such as buying agents, governments, and NGOs. In this context, for instance, analysis of a supply chain level PST (i.e. the company versus the supply chain TBL sustainability agenda) experienced by the Construction case was traced back to an inter-entity hierarchical LC as part of their engagement with community stakeholders who had a legitimate and urgent claim regarding a major delay in delivery of a key healthcare infrastructure project. Multi-tier supply chains, in which companies form multiple partnerships (e.g. with NGOs) and engage with local agencies and governments as part of their supply chain sustainability programs, are replete with such LCs. We also noted that, for example, in the Beverage case, the source of PSTs is the parent company (intra-firm hierarchical LC) who has imposed changes centered on extending social/environmental programs beyond their existing (internal) activities. Hence, the Beverage case has been under constant pressure to restructure its resources (for TBL sustainability), which otherwise would be largely tied up with operational efficiencies. This shows that multiple hierarchical LCs (with varying degrees of institutional distance to the company) influence procurement's TBL sustainability activities. Such hierarchical LCs characterize PSTs in which stakeholders pressure the company to engage in various programs and initiatives for the sake of both legitimacy and efficiency.

Geographical – The 'geographical' spatial LC arises when procurement deals with operations in local versus non-local sites or developed versus developing countries with different TBL sustainability standards and expectations (Christmann, 2004). As articulated by Busse *et al.* (2016), this LC can become an important catalyst for sustainability-related risks in global supply chains. The interviewees acknowledged their customers' support for local concentration of operations. For example, the Grocery case indicated their favor of the use of the 'Australian made and grown' logo in response to customers' requests. However, this was found to be heavily product-specific (e.g. fresh and near-fresh products) and somewhat risky, as consumers do not always 'walk the talk'. Such stakeholder demand affects the geographical LC that the Grocery case will experience (local or non-local). A further challenge lies in companies' perceptions of the capabilities of local suppliers. While there is

an interest in local concentration of operations, local suppliers are not in a position to meet buyer requirements at all times. Hence, TBL sustainability activities of the procurement function will be judged in light of the (horizontal) LC of customers, as well as pressures from other salient stakeholders to engage with global suppliers (with very different geographical LCs). According to our findings, it is such diverse spatial LCs (with varying institutional difference) that contribute to the manifestation of PSTs by compounding the influence of TBL sustainability claims.



Table 3: Example of TBL claim, LCs, institutional distance and PSTs – Grocery case

TBL sustainability claim of sample stakeholder group 'local farmers'	Institutions of sample stakeholder group 'local farmers'	Institutions of the procurement function at Grocery	Institutional distance between Grocery and 'local farmers'	PSTs of the procurement function at Grocery
<p>Farmers are extensively engaged in animal welfare programs and creating humane condition for cows. They want the Grocery case to value the milk produced in accordance with the Australian dairy industry sustainability framework and stop selling cheap milk from countries with less sustainability restrictions and weak animal welfare monitoring.</p> <p>SAs: <b>Legitimacy</b></p>	<p><i>Regulative</i> They are required to fulfill various government (Department of Environment and Agriculture) and dairy industry requirements, such as the Australian Cattle Standard, and Australian Dairy Industry Sustainability Framework.</p> <p><i>Normative</i> They regularly check cow health, making sure that all animals are correctly fed and in good health. They are keen to reduce the environmental impact of their activities by using the environmental self-assessment tool designed for Australian dairy farmers.</p> <p><i>Cognitive</i> Their value system is shaped around the concept of doing the right thing by people, animals, and the planet.</p> <p>LCs: <b>social-environmentalist; horizontal (inter-firm)</b></p>	<p><i>Regulative</i> They are committed to abide by a responsible sourcing program and meet customers' requirements. They have embraced a number of international standards and certifications in relation to different dimensions of sustainability. If appropriate programs are not available, they develop in-house programs and standards.</p> <p><i>Normative</i> They work with their suppliers and industry experts to adopt responsible sourcing practices that look after people, animals, and the environment. They engage in a continuous price war with competitors to offer cheaper items that are good quality and sustainable.</p> <p><i>Cognitive</i> They have a customer-centric culture based around a hierarchy of values in which quality, safety, and legitimacy are considered fundamental to customer satisfaction and loyalty. They believe that placing customers high in the value hierarchy encourages customer loyalty and willingness to pay a premium price, which results in more profitability.</p> <p>LC: <b>all-round perfectionist</b></p>	<p>The institutional distance is <b>high</b>. The Grocery case takes an instrumental perspective towards their sustainability programs. Although they care about social and environmental aspects of their sourcing activities, their main concern is satisfying customers and maintaining their loyalty by providing low-cost products (e.g. sourcing milk internationally, where animal welfare standards are not as strong as Australia's). However, local farmers are truly committed to meeting sustainability requirements and concerned about the poor animal welfare standards involved in production of the cheap milks sourced by Grocery.</p>	<p><i>Type</i> Supply chain position; supply market conditions</p> <p><i>Intensity</i> The intensity of tensions is <b>high</b> due to ongoing pressure from the local farmers for the procurement function to change their share of local sourcing while covering social and environmental issues. The Grocery case can hardly satisfy its pricing regime under these conditions. The procurement function must juggle investment in production efficiency programs for local farmers with ongoing customer demands for lower price milk. This places extra pressure on resource allocation and utilization for TBL sustainability implementation, and exacerbates the tensions experienced by the procurement function.</p>

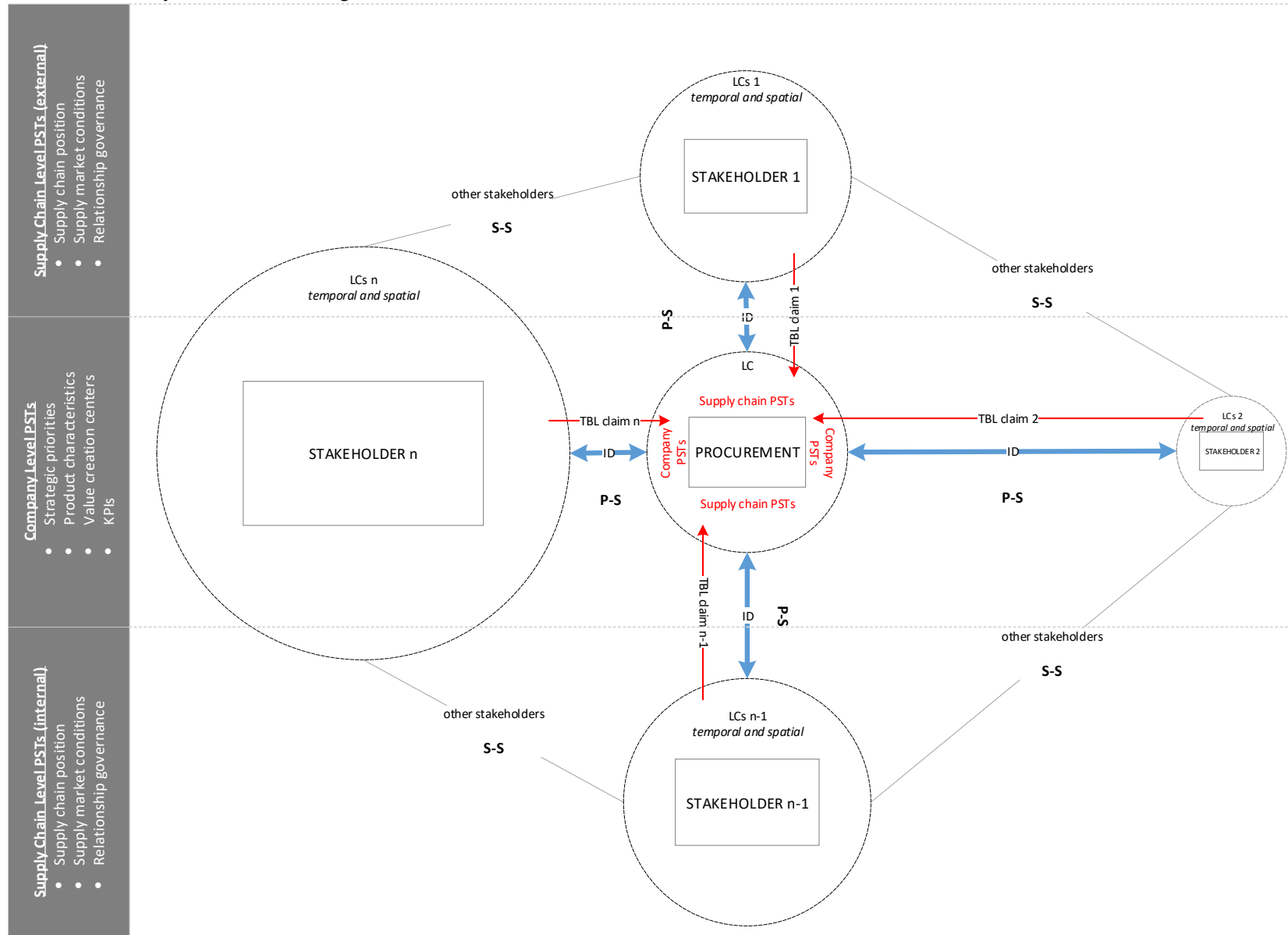
*Notes:*

1. We conducted the same analysis presented in this table for all of the case companies and their key stakeholders.
2. We assessed the intensity of PSTs via three factors – plurality, change, and resource scarcity (Smith and Lewis, 2011) – associated with TBL sustainability claims experienced by the procurement function (see Appendix A for definitions). Change and resource scarcity were assessed for *each* procurement-stakeholder relationship (e.g. procurement–local farmers), while plurality was assessed based on *all* procurement-stakeholder relationships (e.g. procurement–consumers/local farmers) for each case company. We also used SAs to validate our assessment of PSTs intensity.  
SAs=stakeholder attributes

*Institutional distance and stakeholder attributes*

Our findings indicate that it is the institutional distance between LCs (both temporal and spatial) in the procurement-stakeholder (also stakeholder-stakeholder) relationships that characterizes the manifestation of PSTs stemming from multi-stakeholder TBL sustainability claims. This is shown in Figure 2, which encapsulates the overall findings of our study by revisiting the original conceptual framework (see Figure 1). The “extent of similarity or dissimilarity between the regulatory, cognitive, and normative institutions” (Xu and Shenkar, 2002, p. 508) has varying effects on the intensity of the PSTs and impact they may have upon TBL activities. In other words, the level of institutional distance explains procurement professionals’ TBL sustainability behaviors in the face of PSTs (with varying intensities), and ambiguities associated with their interpretation of temporal and spatial LCs. Institutional distance can become so powerful as to set the paradigm of operations and sometimes a false sense of legitimacy (see Busse *et al.*, 2016), especially in the absence of sustainability governance frameworks in global supply chains. In such environments, social structures shaped around cognitive (and normative) institutions of the most powerful (but not necessarily the most salient) stakeholders determine the rules of engagement (Rivera-Santos *et al.*, 2012).

Figure 2: Revisited framework



Accepted version status February 2018; forthcoming in IJPDLM

Notes:

1. ID = institutional distance
2. Varying size of circles around stakeholders represents their power, legitimacy, and urgency differentials against procurement.
3. Varying length of TBL claim arrows represents intensity of PSTs experienced by procurement.
4. Varying length of ID arrows represents ID differentials between procurement and its stakeholders.
5. S-S = Stakeholder-Stakeholder and P-S = Procurement-Stakeholder indicate tension spots.

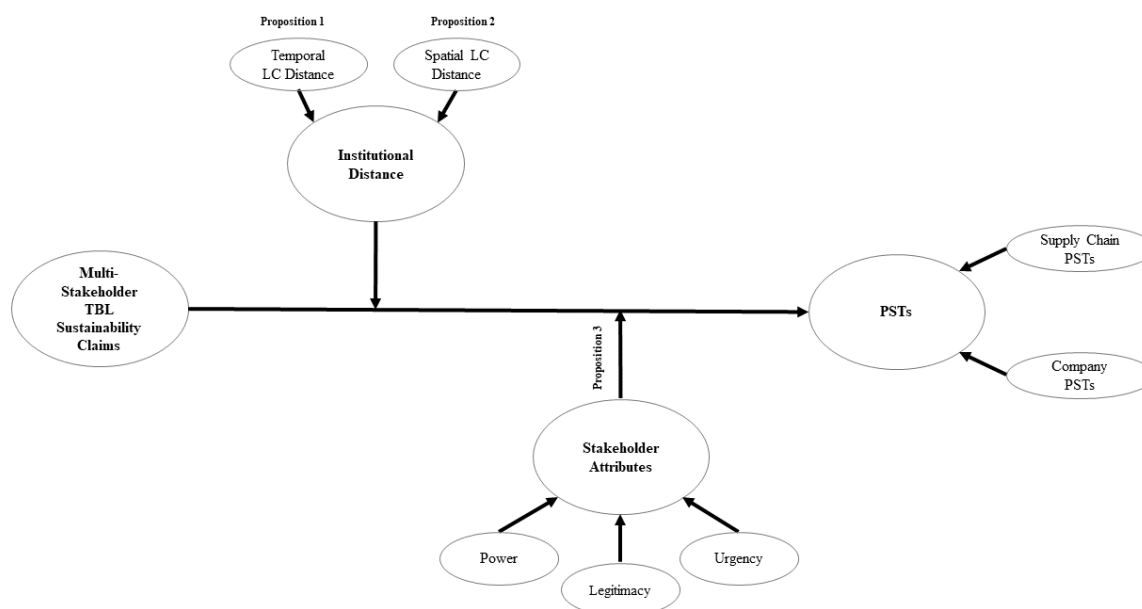
The temporal and spatial LCs discussed earlier enable us to show institutional distance between the procurement function and stakeholders (which contributes to divergence/convergence of their claims) and explain the manifestation of PSTs. By way of example, one of the cognitive institutions identified within the Grocery case (all-round perfectionist LC) relates to their customer-centric culture, based around a hierarchy of values where quality, safety, and legitimacy are considered fundamental to customer satisfaction and loyalty. The mentality of the procurement function of the Grocery case is that procurement can become a center of profit (as opposed to cost) by placing customers high in the hierarchy of values and attempting to answer their questions about food sources, animal welfare, organics, and presence or absence of certain additives. Such a cognitive institution has resulted in a LC built on instrumental TBL sustainability, where any other LCs with high institutional distance to the Grocery case (e.g. social environmentalist and horizontal LCs of local farmers; see Table 3) exacerbates PSTs associated with TBL sustainability claims (e.g. TBL claims of local farmers; see Table 3). Related to this discussion, an overview of the analysis undertaken across the eight case companies is available upon request.

Consequently, institutional distance can explain how procurement professionals make sense of the collective pressure from significant differences in their stakeholders' TBL claims and LCs in terms of the PSTs that they experience. For example, analysis of data from the Textile 1 case shows that institutional distance both frames and explains procurement professionals' preference for not engaging with suppliers from the Indian subcontinent as opposed to the remainder of Asia. Such behaviors arising from procurement managers' circumvention of institutional distance can and do change response behavior towards TBL sustainability implementation. Therefore, development of TBL sustainability in procurement requires not only attention to the type and intensity of PSTs but also an understanding of what characterizes their manifestation. Building on Figure 2, we now consider the relationships among variables extracted from the case studies to develop Figure 3 and make the following propositions:

*Proposition 1: Institutional distance in the temporal LCs of the procurement function and its stakeholders moderates the impact of TBL sustainability claims of stakeholders on PSTs.*

*Proposition 2: Institutional distance in the spatial LCs of stakeholders against the procurement function moderates the impact of TBL sustainability claims of stakeholders on PSTs.*

Figure 3: An integrative model of PSTs



In addition to institutional distance, our analysis established that the balance of power between the procurement function and its key stakeholders also influences the manifestation of PSTs and subsequent TBL decisions. In other words, ‘powerhouses’ or ‘channel captains’ (Jüttner, 2005; Kampstra *et al.*, 2006) in the supply chain can dictate the TBL priority that serves their interests by manipulating the strength of TBL claims experienced by the procurement managers in form of PSTs. The latter was prevalent across, for example, the Construction (steel-fixing supplier), Packaging (Chinese supplier), and Textile 1 (Subcontinent supplier) cases. Therefore, manifestation of PSTs can also be characterized by assessing whether stakeholders (individually or through joining forces) exercise power, legitimacy, and/or urgency attributes in their TBL claims (e.g. APCO-Cookware, sustainability function of Textile 2). Our findings substantiated that stakeholder attributes do influence procurement managers’ perception of PSTs when facing multi stakeholder claims. In essence, while the content of the claims was identified to be moderated by the institutional distance to characterize PSTs (see Propositions 1 and 2), the strength of the claims was found to determine how PSTs are prioritized based on power, legitimacy and urgency of the stakeholders. Ultimately, our cross-case analysis led to the following proposition:

*Proposition 3: Stakeholder attributes (power, legitimacy, urgency) moderate the impact of TBL sustainability claims of stakeholders on PSTs.*



## Conclusions

The aims of this paper were, first, to identify the PSTs that procurement professionals face in their stakeholder environment, and second, to discern how LCs of stakeholders explain those PSTs and characterize their manifestation. The procurement literature stresses the importance of TBL sustainability (Johnsen *et al.*, 2017). Yet existing studies provide limited insights into the integrative aspects of developing TBL priorities where tensions (in terms of paradoxes, trade-offs, and compromises) present themselves. Hence, we drew on the organizational tensions literature to formally recognize the notion of PSTs, and used stakeholder and institutional theory to understand how manifestation of PSTs can be characterized (see Figure 2). We believe this informs antecedents of PSTs, as explained next.

### *Contributions and implications*

Theoretical – This is one of the first studies to empirically investigate PSTs by drawing on an integrative approach to identify PSTs, and discern various LCs that underpin stakeholder judgments of procurement’s TBL sustainability activities. We build on the organizational tensions debates of Smith and Lewis (2011) and Hahn *et al.* (2015) in the context of sustainability. Our study shows the impact of institutional distance between LCs on the manifestation of PSTs, expanding on the studies of, for example, Busse *et al.* (2016) and Schneider and Wallenburg (2012). Our findings address an important gap in the literature related to PSTs, their manifestation, and the role of stakeholder and institutional environments therein. We believe our paper takes an important step in extending beyond the functional scope of procurement (Schneider and Wallenburg, 2012) towards the context it is embedded in, as well as the ideas of Hahn *et al.* (2015), Busse *et al.* (2016), and Matthews *et al.* (2016) contributing to empirical studies in procurement sustainability that draw on organizational tensions (Kristal *et al.*, 2010).

More specifically, we identified important PSTs at supply chain and company levels. At the supply chain level, PSTs center on supply chain position (company versus supply chain TBL sustainability agenda) (Hahn *et al.*, 2015), supply market conditions (e.g. congruent versus incongruent perceptions of TBL sustainability between procurement and its suppliers) and relationship governance. Regarding the latter, at the interface with suppliers, contractual versus non-contractual governance was found to resemble the classic agency tension in terms

of outcome versus behavior-based controls (Eisenhardt, 1989). At a company level, PSTs can arise from decisions focused on product characteristics (e.g. offshoring versus onshoring, push versus pull sourcing, low-priority versus high-priority inputs), and the perception of procurement as a value creation or non-value creation center within a company. KPI differences across interfunctional transactions were also classified as prone to tensions for procurement sustainability programs similar to the sentiments shared by Foerstl *et al.* (2015) on the procurement-marketing integration.

Our second contribution is an exploration of what really characterizes the manifestation of PSTs. Procurement professionals need to ensure that their TBL sustainability behaviors are judged as legitimate in view of stakeholders, in addition to ongoing efficiency improvement programs (Dowling and Pfeffer, 1975; Suchman, 1995). We show various LCs (temporal and spatial) surrounding the procurement function, and explain the impact of institutional distance between the LCs of procurement and their salient stakeholders on the manifestation of PSTs (Propositions 1 and 2). This corroborates the importance of social systems, structures, beliefs, and values in the realization of PSTs not only when companies have global operations where cross-country institutional difference is apparent, but also in their horizontal and hierarchical engagements with salient stakeholders who are largely internal to their operations. These stakeholders' power, legitimacy, and urgency were found to moderate how TBL claims lead to tensions (Proposition 3). This was explored particularly in the context of TBL sustainability activities of procurement to emphasize the importance of legitimacy-seeking behaviors, which should be assessed in conjunction with the somewhat overreaching economic perspectives dominating the literature. Such an encompassing view provides more opportunities for characterizing methods of dealing with PSTs in order to develop a truly sustainable procurement.

Moreover, beyond the particular functional focus of procurement, the developed framework and model are of interest for research on other functions as well, in particular supply chain, marketing, and sustainability functions. These functions require reconciliation of demands from a diverse range of internal and external stakeholders, making tensions more likely.

Practical – Our findings have important practical implications for mapping and responding to PSTs (as part of corporate sustainability tensions) by focusing on long-term orientation of partners, choice of supplier, location of supplier, and cross-functional integration. Also, we

highlight some important skills and capabilities that enable senior procurement managers to lead their TBL sustainability projects and programs towards success.

First, we show that tensions associated with developing TBL procurement sustainability reside not only within internal functional operations and the corporate setting, but also within the wider supply chain. This raises some critical areas of concern (and attention) for procurement professionals in terms of their extent of stakeholder leverage within the organization and participation in supply chain decisions, which will allow them to respond to PSTs through pushing for the right TBL sustainability resources, investments, and incentives. In this regard, for example, systematic assessment of procurement's position against supply chain level PSTs will provide useful insights to identify what internal transformation might be required, as well as what type of communications and organizational politics procurement should engage with to facilitate TBL sustainability projects. In this regard, joining forces with the sustainability function or the operations function can prove instrumental in getting top management support for either aligning with stakeholders' demands or pushing their own sustainability agenda. Related to this are skills and capabilities that allow procurement managers to thrive in multi-stakeholder and multi-institutional environments, which center on stakeholder influence, internal negotiation and leverage, problem solving, systems thinking, and communication.

We also provide procurement professionals with a framework that not only allows tracing of PSTs' manifestation but also enables proactive design for TBL sustainability. Our framework considers various salient stakeholders and institutions to characterize the environment within which procurement operates. This is explained in terms of LCs that define stakeholder judgments of TBL sustainability behaviors of procurement. The core idea here is that management should attend to temporal/spatial LCs (in addition to industry, national, or international legitimacy standards) both internally and externally. Procurement managers should be cognizant of normative, cognitive, and regulative differences between temporal/spatial LCs to gain a better sense of the social and legal systems (and economic and technical systems) that characterize their operating environment, as well as manifestation of PSTs. Our framework illustrates that engagement with distant LCs increases the probability of PSTs (whether at supply chain, company, or functional levels) and may adversely impact TBL sustainability programs. Thus, in addition to the content and strength of stakeholder claims, procurement professionals should consider the institutional distance between their

functional LC and that of their stakeholders to align their TBL sustainability and minimize exposure to PSTs.

In relation to governments and customer advocacy groups, our findings can shed further light on the complexities that procurement functions face and the rationales they use when attending to the varied interests of different stakeholders in different institutional contexts. This can assist governments and customer advocacy groups to become more aware of, and thus more easily bridge, the distance between their own LC and judgments of TBL sustainability activities and the LC of the procurement function.

### *Limitations*

In this study we did not explicitly differentiate whether PSTs are paradoxical, or can be classified as trade-offs/compromises. Future research should address this limitation by exploring the nature of PSTs and their associated contingencies. This is important to provide practical insights for contingency-based management of PSTs. While we have undertaken all the necessary steps to minimize methodology-related limitations, our study still faces the usual issues (reliability, validity, generalizability) associated with case study research. The cross-sectional nature of data collection is another limitation – longitudinal studies can offer rich insights on, for example, transformation of PSTs (e.g. tension changing from paradox to trade-off or compromise). Finally, quantitative assessment of the propositions discussed in our paper requires development of measurement instruments by future research.

## Note

1. Illustration of coded data across the eight case studies is available upon request.

## References

- Akhavan, R.M. and Beckmann, M. (2017), "A configuration of sustainable sourcing and supply management strategies", *Journal of Purchasing and Supply Management*, Vol. 23 No. 2, pp. 137-151.
- Albert, S. and Whetten, D.A. (1985), "Organizational identity", *Research in Organizational Behavior*, Vol. 7, pp. 263-295.
- Amnesty International (2016), "The great palm oil scandal: Labour abuses behind big brand names", London, UK.
- Andriopoulos, C. and Lewis, M.W. (2009), "Exploitation-exploration tensions and organizational ambidexterity: Managing paradoxes of innovation", *Organization Science*, Vol. 20 No. 4, pp. 696-717.
- Baker, S.E. and Edwards, R. (2012), "How many qualitative interviews is enough?: Expert voices and early career reflections on sampling and cases in qualitative research", National Centre for Research Methods Review Paper.
- Bitektine, A. (2011), "Toward a theory of social judgments of organizations: The case of legitimacy, reputation, and status", *Academy of Management Review*, Vol. 36 No. 1, pp.151–79.
- Bitektine, A. and Haack, P. (2015), "The macro and the micro of legitimacy: Towards a multi-level theory of the legitimacy process", *Academy of Management Review*, Vol. 40 No.1, pp.49-75.
- Busse, C., Kach, A.P., and Bode, C. (2016), "Sustainability and the false sense of legitimacy: How institutional distance augments risk in global supply chains", *Journal of Business Logistics* Vol. 37 No. 4, pp. 312-328.
- Bridoux, F. and Stoelhorst, J.W. (2014), "Microfoundations for stakeholder theory: Managing stakeholders with heterogeneous motives", *Strategic Management Journal*, Vol. 35 No. 1, pp.107-125.
- Carter, C.R. and Easton, P.L. (2011), "Sustainable supply chain management: Evolution and future directions", *International Journal of Physical Distribution and Logistics Management*, Vol. 41 No. 1, pp. 46-62.
- Christmann, P. (2004), "Multinational companies and the natural environment: Determinants of global environmental policy standardization", *Academy of Management Journal*, Vol. 47 No. 5, pp. 747-760.
- Coyne, I. (1997), "Sampling in qualitative research. Purposeful and theoretical sampling; merging or clear boundaries?", *Journal of Advanced Nursing*, Vol. 26 No.3, pp. 623-630.
- Creed, W.E.D., DeJordy, R., and Lok, J. (2010), "Being the change: Resolving institutional contradiction through identity work", *Academy of Management Journal*, Vol. 53 No. 6, pp. 1336-1364.
- DiMaggio, P.J. and Powell, W.W. (1983), "The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields", *American Sociological Review*, Vol. 48 No. 2, pp. 147-160.
- Donaldson, T. and Preston, L.E. (1995), "The stakeholder theory of the corporation: Concepts, evidence, and implications", *Academy of Management Review*, Vol. 20 No. 1, pp. 65-91.

- Dowling, J. and Pfeffer, J. (1975), "Organizational legitimacy: Social values and organizational behavior", *Pacific Sociological Review*, Vol. 18 No.1, pp.122-136.
- Eisenhardt, K.M. (1988), "Agency- and institutional-theory explanations: The case of retail sales compensation", *Academy of Management Journal*, Vol. 31 No. 3, pp. 488-511.
- Eisenhardt, K.M. (1989), "Building theories from case study research", *Academy of Management Review*, Vol. 14 No. 4, pp. 532-550.
- Elkington, J. (1998), "Partnerships from cannibals with forks: The triple bottom line of 21st-century business", *Environmental Quality Management*, Vol. 8 No. 1, pp. 37-51.
- Fayezi, S., O'Loughlin, A., and Zutshi, A. (2012), "Agency theory and supply chain management: A structured literature review", *Supply Chain Management: An International Journal*, Vol. 17 No. 5, pp. 556-570.
- Foerstl, K., Azadegan, A., Leppelt, T. and Hartmann, E. (2015), "Drivers of supplier sustainability: Moving beyond compliance to commitment." *Journal of Supply Chain Management*, Vol.51 No. 1, pp. 67-92.
- Freeman, R.E. (1984), "Strategic management: A stakeholder approach", Pitman, Boston.
- Gao, J. and Bansal, P.J. (2013), "Instrumental and integrative logics in business sustainability", *Journal of Business Ethics*, Vol. 112 No. 2, pp. 241-255.
- Gibbert, M., Ruigrok, W. and Wicki, B. (2008), "What passes as a rigorous case study?", *Strategic Management Journal*, Vol 29 No. 13, pp. 1465-1474.
- Hahn, T., Preuss, L., and Pinkse, J. (2014), "Cognitive frames in corporate sustainability: Managerial sensemaking with paradoxical and business case frames", *Academy of Management Review*, Vol. 39 No. 4, pp. 463-487.
- Hahn, T., Pinkse, J., and Preuss, L. (2015), "Tensions in corporate sustainability: Towards an integrative framework", *Journal of Business Ethics*, Vol. 127 No. 2, pp. 297-316.
- Hargrave, T.J. and van de Ven, A.H. (2016), "Integrating dialectical and paradox perspectives on managing contradictions in organizations", *Organization Studies*, Vol. 37, pp. 1-21. doi:10.1177/0170840616640843
- Jick, T.D. (1979), "Mixing qualitative and quantitative methods: Triangulation in action", *Administrative Science Quarterly*, Vol. 24 No. 4, pp. 602-611.
- Johnsen, T. E., Miemczyk, J., and Howard, M. (2017), "A systematic literature review of sustainable purchasing and supply research: Theoretical perspectives and opportunities for IMP-based research", *Industrial Marketing Management*, Vol. 61, pp. 130-143.
- Jüttner, U. (2005), "Supply chain risk management: Understanding the business requirements from a practitioner perspective", *International Journal of Logistics Management*, Vol.16 No. 1, pp.120-141.
- Kampstra, R. P., Ashayeri, J., and Gattorna, J. L. (2006), "Realities of supply chain collaboration", *International Journal of Logistics Management*, Vol.17 No. 3, pp. 312-330.
- Ketokivi, M. and Choi, T. (2014), "Renaissance of case research as a scientific method", *Journal of Operations Management*, Vol. 32 No. 5, pp. 232-240.
- Kostova, T. and Zaheer, S. (1999), "Organizational legitimacy under conditions of complexity: The case of the multinational enterprise", *Academy of Management Review*, Vol. 24 No. 1, pp. 64-81.
- Kristal, M.M., Huang, X., and Roth, A.V. (2010), "The effect of an ambidextrous supply chain strategy on combinative competitive capabilities and business performance", *Journal of Operations Management*, Vol. 28 No. 5, pp. 415-429.
- Lewis, M.W. (2000), "Exploring paradox: Toward a more comprehensive guide", *Academy of Management Review*, Vol. 25 No. 4, pp. 760-776.

- Markman, G.D. and Krause, D. (2016), "Theory building surrounding sustainable supply chain management: Assessing what we know, exploring where to go", *Journal of Supply Chain Management*, Vol. 52 No. 2, pp. 3-10.
- Matthews, L., Power D., Touboulis A., *et al.* (2016), "Building bridges: Toward alternative theory of sustainable supply chain management", *Journal of Supply Chain Management*, Vol.52 No.1, pp. 82-94.
- McCutcheon, D.M. and Meredith, J.R. (1993), "Conducting case study research in operations management", *Journal of Operations Management*, Vol. 11 No. 3, pp. 239-256.
- Meixell, M.J. and Luoma, P. (2015), "Stakeholder pressure in sustainable supply chain management", *International Journal of Physical Distribution and Logistics Management*, Vol. 45 No. 1/2, pp. 69-89.
- Meredith, J. (1998), "Building operations management theory through case and field research", *Journal of Operations Management*, Vol. 16 No. 4, pp. 441-454.
- Meyer, J.W. and Rowan, B. (1977), "Institutionalized organizations: Formal structure as myth and ceremony", *American Journal of Sociology*, Vol. 83 No. 2, pp. 340-363.
- Miles, M. B., Huberman, A. M., and Saldaña, J. (2014), *Qualitative data analysis: A methods sourcebook*, 3rd edn, Sage Publications, Thousand Oaks.
- Mitchell, R.K., Agle B.R., and Wood, D.J. (1997), "Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts", *Academy of Management Review*, Vol. 22 No. 4, pp. 853-886.
- Mosakowski, E. and Earley, P.C. (2000), "A selective review of time assumptions in strategy research", *Academy of Management Review*, Vol. 25 No. 4, pp. 796-812.
- Murnighan, J.K. and Conlon D.E. (1991), "The dynamics of intense work groups: A study of British string quartets", *Administrative Science Quarterly*, Vol. 36 No. 2, pp. 165-186.
- Osono, E., Shimizu, N., and Takeuchi, H. (2008), *Extreme Toyota: Radical contradictions that drive success at the world's best manufacturer*, Wiley, Hoboken, NJ.
- Pagell, M., Wu, Z., and Wasserman, M.E. (2010), "Thinking differently about purchasing portfolios: An assessment of sustainable sourcing", *Journal of Supply Chain Management*, Vol. 46 No.1, pp. 57-73.
- Pagell, M. and Wu, Z. (2009), "Building a more complete theory of sustainable supply chain management using case studies of 10 exemplars", *Journal of Supply Chain Management*, Vol. 45 No. 2, pp. 37-56.
- Patton, M. (2015). *Qualitative research & evaluation methods: Integrating theory and practice*, 4th edn, Sage Publications, Thousand Oaks.
- Quinn, R. E. (1988), *Beyond Rational Management: Mastering the paradoxes and competing demands of high performance*, Jossey-Bass, San Francisco.
- Rivera-Santos, M., Rufín, C., and Kolk, A. (2012), "Bridging the institutional divide: Partnerships in subsistence markets", *Journal of Business Research*, Vol. 65 No. 12, pp. 1721-1727.
- Rousseau, D.M. (1985), "Issues of level in organizational research: Multi-level and cross-level perspectives", *Research in Organizational Behavior*, Vol.7 No. 1, pp. 1-37.
- Saldaña, J. (2009), *Coding manual for qualitative researchers*, Sage Publications, Thousand Oaks.
- Schmidt, C.G., Foerstl, K., and Schaltenbrand, B. (2017), "The supply chain position paradox: Green practices and firm performance", *Journal of Supply Chain Management*, Vol. 53 No.1, pp. 3-25.
- Schneider, L., Wallenburg, C.M., and Fabel, S. (2014), "Implementing sustainability on a corporate and a functional level", *International Journal of Physical Distribution and Logistics Management*, Vol. 44 No. 6, pp. 464-493.

- Schneider, L. and Wallenburg, C.M. (2012), “Implementing sustainable sourcing—Does purchasing need to change?” *Journal of Purchasing and Supply Management*, Vol. 18 No. 4, pp. 243-257.
- Scott, W. R. (2001), *Institutions and organizations*, 2nd edn, Sage Publications, Thousand Oaks.
- Scott, W.R. (2014). *Institutions and organizations: Ideas, interests, and identities*, 4th edn, Sage Publications, Thousand Oaks.
- Seuring, S. and Müller M. (2008), “From a literature review to a conceptual framework for sustainable supply chain management”, *Journal of Cleaner Production*, Vol. 16 No.15, pp. 1699-1710.
- Sikdar, S.K. (2003), “Sustainable development and sustainability metrics”, *AIChE Journal*, Vol. 49 No. 8, pp. 1928-1932.
- Smith, W. and Lewis, M. (2011), “Toward a theory of paradox: A dynamic equilibrium model of organizing”, *Academy of Management Review*, Vol. 36 No. 2, pp. 381-403.
- Smith, W.K. and Tushman, M.L. (2005), “Managing strategic contradictions: A top management model for managing innovation streams”, *Organization Science*, Vol. 16 No. 5, pp. 522-536.
- Suchman, M.C. (1995) “Managing legitimacy: Strategic and institutional approaches”, *Academy of Management Review*, Vol. 20 No. 3, pp. 571-610.
- Tost, L.P. (2011) “An integrative model of legitimacy judgments”, *Academy of Management Review*, Vol. 36 No. 4, pp. 686-710.
- Walker, H., Seuring, S., Sarkis, J., and Klassen, R. (2014), “Sustainable operations management: Recent trends and future directions”, *International Journal of Operations and Production Management*, Vol. 34 No. 5.
- Wu, Z. and Pagell, M. (2011), “Balancing priorities: Decision-making in sustainable supply chain management”, *Journal of Operations Management*, Vol. 29 No. 6, pp. 577-590.
- Xu, D., and Shenkar, O. (2002) “Note: Institutional distance and the multinational enterprise”, *Academy of Management Review*, Vol. 27 No. 4, pp. 608-618.
- Yin, R.K. (2009), *Case study research: Design and methods*, Sage Publications, Thousand Oaks, p. 240.

### **Acknowledgments**

We are extremely grateful to the three anonymous reviewers who have provided insightful and constructive suggestions to improve our paper. We would also like to sincerely thank the Editor, Alexander E. Ellinger, for his support during the review process.



## Appendices

### Appendix A: Key concepts and definitions

<b>Concepts</b>	<b>Definitions</b>	<b>References</b>
Procurement sustainability tensions	Tensions that may adversely affect TBL sustainability activities of the procurement function. The key premise of PSTs lies primarily in the intersection of procurement sustainability research and the literature on organizational tensions.	Newly developed in this study
TBL sustainability	The intersection of environmental, social, and economic performance	Elkington (1998)
Stakeholders	“Any group or individual who can affect or is affected by the achievement of the organization’s objectives”. Stakeholders characterized by power, legitimacy, and urgency will be perceived as salient.	Freeman (1984, p.46); Mitchell <i>et al.</i> (1997)
Legitimacy context	“The context in which a legitimacy assessment takes place”; can be studied at various levels of analysis.	Busse <i>et al.</i> (2016, p. 318)
Regulative institution	Entails “rule-setting, monitoring, and sanctioning activities”	Scott (2001, p. 52)
Normative institution	Refers to “a prescriptive, evaluative, and obligatory dimension” of institutions	Scott (2001, p. 54)
Cognitive institution	Regards “shared conceptions that constitute the nature of social reality and the frames through which meaning is made”	Scott (2001, p. 57)
Institutional distance	The extent of similarity or dissimilarity between the regulative, normative, and cognitive institutions of two contexts	Kostova and Zaheer (1999)
Plurality	Refers to “multiplicity of views [...] that expands uncertainty and surfaces competing goals and inconsistent processes”	Smith and Lewis (2011, p. 390)
Change	Adjustment to systems, processes, and/or operations that “spurs new opportunities for sensemaking as actors grapple with conflicting short- and long-term needs”	Smith and Lewis (2011, p. 390)
Resource scarcity	Refers to “resource limitations, whether temporal, financial, or human resources. As leaders make choices about how to allocate resources, this exacerbates tensions between [...] alternatives”	Smith and Lewis (2011, p. 390)