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**Sustainability governance and diversity of value chain management
practices:
insights from European businesses**

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Introduction

Investigating markets for sustainability remains pressing due to the ongoing lack of knowledge on their effectiveness for creating social and environmental value relative to conventional markets. In particular, some of our key knowledge gaps regarding imperfections underlying those markets relate to the effectiveness of governance mechanisms and sustainability practices in value chains, and the complexity regarding the relationship between those practices, sustainability impact and organizational identity (e.g. Georgallis et al., 2020; Steiner 2007, 2017). It is in this realm of complexity and imperfections that our paper aims to make a contribution. The key pressing challenge we address here is reflected in the increasing pressures by civil society stakeholders on businesses to address concerns of un-sustainability and create corresponding markets. The manifestation of these external pressures into action, for example through social movements, have been found to be part of solutions when creating markets for sustainability, for example by scaling those markets (Hedberg et al. 2021) or by

helping with the creation of collective identities (Weber et al. 2008). Our objective is to address these issues in a value chain context, in order to explore how chain stakeholders and sustainable business practices interact with the identities of partaking organizations, in the context of markets for sustainability standards.

Strikingly, the literature on sustainability governance of supply chains treats sustainable supply chain management (SSCM) as entailing a largely unanimous set of practices (O'Rourke, 2014;) while ambiguities remain as to how sustainability practices translate interrelated sustainability objectives into actions (Imbrogiano, 2021). Our objective here is to unveil the diversity of SSCM practices while exploring how organizational sustainability identities (OSI) can act as their drivers . In doing so, we advance our understanding regarding OSI, their ambiguity, and the necessary translation work for stakeholders. As we highlight, a plethora of diverse OSI meanings get constructed, so that expectations for sustainability markets and standards can be cumbersome.

Through a comparative qualitative inquiry comprising organizations from food and metal products supply chains, as well as from stakeholders of their sustainability markets, we provide novel insights into this translation work. We also contribute with a novel model of OSI co-construction that shows how the diversity of SSCM practices unfolds. This model and the empirical insights obtained contribute to our understanding of previously unexplored links between organizational identity co-construction, its impacts on SSCM practices in markets for sustainability, and our understanding of SSCM as an effective set of governance practices with specific sustainability objectives for value chains.

Methods approach

We conducted this research as a qualitative grounded theory study (Glaser et al., 1967). Data was collected through in-depth interviews with 29 organizations (20 European businesses and nine stakeholder organizations), as well as through secondary data in the form of sustainability reports, website entries, and image videos etc.. The data was collected among businesses of food and metal value chains. These were chosen as part of their participation in two sustainability schemes that started their certification operations between 2010 and 2020, and which both emphasize SSCM practices as a major pillar for sustainability transitions.

We analyzed the data inductively and iterated between participants' experiences, emerging concepts, and the literature. We continued data collection with the gained insights that continuously sharpened our inquiry and analysis as suggested by the constant comparative method (Glaser et al., 1967). We concluded the data collection and analysis once further data collection didn't seem to reveal any new results and our model appeared theoretical saturated, meaning until we reached the ability to offer a faithful explanation of the diversity of SSCM experiences our research participants undergo.

Key findings

Our analysis exposes the diversity of SSCM practices, unveiling that the adoption of organizational sustainability identities (OSI) does not affect sustainable business practices comprehensively and equally across practices, and demonstrating how OSI can act as their drivers in the context of markets for sustainability standards. We demonstrate that the co-construction of OSI is a crucial driver of SSCM diversity that affects effectiveness of sustainability markets. More specifically, we find that OSI of SSCM-practicing organizations affect (i.) which organizations, within the overall set of potential supplying organizations, are perceived as relevant to engage in SSCM, (ii.) which sustainability criteria are applied to which types of supplying organizations, and (iii.) how the latter are managed in diverse ways to contribute to sustainability transitions. We present a novel model of OSI co-construction which shows how the diversity of SSCM practices unfolds through three process dimensions, namely OSI balancing, OSI translation, and OSI structuration. This model and the empirical insights obtained document the imperfections and previously unexplored links between OSI co-construction, its impacts on SSCM practices, and the effectiveness of governance in the context of markets for sustainability standards. Furthermore, we have identified a new notion of "organizational sustainability identities", and show its relevance and unfolding as part of our model of OSI co-construction. Our work contributes to the identification and clarification of the roles of relevant organization stakeholders in OSI in value chains. Since our empirical analysis and process model of OSI co-construction reveals that the extent to which buyer organizations' sustainability objectives are imposed on supplier organizations depends on what OSI the buyer and supplier organizations need to achieve through SSCM practices, a targeted support of OSI structuration in terms of prior OSI balancing and translation processes, and in terms of practices of OSI implementation, is essential for those wishing to improve the governance of markets for sustainability.

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