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Sustainable Operations Management: Institutional Barriers to Execution

Abstract

In 2010, the UN Global Compact – Accenture survey of 107 CPG CEO's from 46 countries reported that 97% of surveyed CEOs embraced sustainability as an important aspect of business strategy; while 51% of those surveyed reported difficulties in the implementation of sustainability across functions. They also shared that intra-firm complexity is the most significant barrier to embedding sustainability within the day to day operations of the firm (Lacey et al., 2010).

Execution difficulties have appeared in academic case studies but otherwise have not been given much attention. Instead, academic literature is replete with studies focused on determining what drives organizational adoption of corporate social responsibility initiatives. Because inter-discipline research focuses on the reasons for sustainability initiative adoption and modeling of “green” tasks, the obstacles of intra-firm complexity and barriers to execution have been largely ignored. This paper addresses the perceived intra-firm complexities of execution through the lens of institutional theory.

Research Question

What factors contribute to intra-firm complexity such that it inhibits the execution of embedding sustainability within the day to day operations of the firm?

Theory

The recent flurry of sustainable development activity gives researchers an unparalleled opportunity to explore a sweeping societal phenomenon and its complex implications to the firm. Not only does this movement apply external pressures that require the firm to change its internal processes, it also demands that the firm interact differently with its environment. This perfect storm of diverse external pressures provides an extraordinary setting to study how firms interact with their environment through the lens of institutional theory.

Institutional theory has been used to study why firms adopt sustainability initiatives; however, it has not been used to provide a perspective of how external forces may be working *against* the embedding of sustainability in day to day operations. By studying the roles of normative and mimetic pressures (DiMaggio & Powell, 1983) and the intra-firm responses to the trade-off of legitimacy and efficiency (Meyer & Rowan, 1977), researchers may gain insight into why barriers to execution exist.

Research Paper

This is a conceptual paper that develops the theoretical construct, research propositions and an institutional theory framework within which to study the phenomena. The paper will also include recommendations for development of empirical studies to explore this topic further.

The research question will be addressed from an OM perspective and specifically focus on the core functions of sustainable operations management; for example, green purchasing, green manufacturing, closed loop supply chain and design for environment.

The proposed unit of analysis is US consumer product manufacturing firms.

Possible institutional determinants include:

1. professionalism;
2. sustainability education in business schools;
3. political views;
4. accepted ethical norms;
5. accepted social norms;
6. upstream and downstream supply chain environmental activities;
7. competitors' green strategies; and,
8. uncertainty (ex. consumer expectations).

Importance and Applicability

This research will contribute to the body of knowledge by providing insight into the factors that reduce a firm's ability to embed sustainability initiatives into day to day operations. Understanding these factors will provide researchers new insight into the effects of environmental pressures within the firm. Further, a well-developed construct and clearly articulated variables will pave the way for later empirical studies.

Institutional theory has been proposed for application in productions and operations management; however, there is a paucity of research in this area. By using institutional theory as a framework, this paper will give OM researchers new insight into its use to address OM topics.

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