

Sustainability Performance of the Retail Business and Supply Chain Collaboration-UK Perspective: A Literature Review

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ABSTRACT-The ever increasing pressure from the supply chain management stakeholders including governmental and non-governmental organization have indeed created the concerns for the firms to be more sustainable in their operational processes. The retail industry is considering potential solutions to enable them to be more sustainable and greener. This has called for a vertical collaboration within the supply chain stakeholders to promote the sustainable performance management. This research has analysed the article publications of years' span period, which was from 2012 to 2018. To compare the research endeavours with the practices, this thesis also scrutinized the sustainable retail practices of top ten retail shop in the world. The findings of this research shows that supply chain collaboration and sustainable practices are correlated to the performance optimization efforts. This research would help the retail business firms to understand the impact of supply chain collaboration in future business development and supply chain optimisation.

Keywords: Sustainability Performance, Risk Management, Transparency, Triple Bottom Line, and Supply Chain Collaboration

1. INTRODUCTION

1.1 Research Background

Sustainable performance management is considered as the most significant challenge for the retail industry, and this has raised concerns over the customers and stakeholders in managing business in a better way. According to Ref. [13] firms are showing a massive interest in sustainable practices, it is no doubt that most firms have now taken responsibility on their own to form a collaboration to ensure sustainable supply chain practices. This trend has supported the top retailers to be more collaborative in implementing sustainable policies for the achievement of sustainability goals there is a significant improvement of such firms in terms of their profit margins due to their percentage of the market share, good sustainable practices, and their competitive nature in the marketplace.

The entire sustainability initiative was not fully integrated and completed by previous research endeavours. Instead of considering the entire SCM activities, the supply and demand aspect are considered seriously. Hence, the researchers should now focus fully on researching sustainability initiative areas. As demonstrated by other authors, it is of great importance for firms to practice sustainability simultaneously with demand and supply, as this can promote sustainability and total performances. However, limited academic research has been done in this area to test for the market performance and sustainability. The triple bottom line (TBL) perspective has popularly been the subject area for researchers that mostly concentrate on the features of sustainability, and therefore widely suggest the firms to follow the path of achieving 'excellence in sustainability. Ref. [5] argued that TBL concern the three dimensions of sustainability that include the environmental performance, the financial performance, and the societal performance. Ref. [26] also noted that the definition of sustainability by most scholars does not fully consider the vital factors like transparency and risk management of the firm. Importantly, these factors also contribute significantly to the achievement of the firm's performance and sustainability.

Ref. [2], on the contrary have considered the challenges in achieving sustainability goal and mobilizing organizations towards a common goal as most challenging tasks as the iota of trust between firms cannot be fully achieved on a single platform. Ref. [3] stated, modern businesses are indeed characterized with immense competition, and the most effective way to be successful is to sustain a competitive advantage within the entire market [10]. Furthermore, Christopher (2016) has also supported that today's competition is between the supply chains, not between the individual firms.

1.2 Research Structure

The research work has been divided into six chapters. The first introduces and outlines the background of the research work. It clearly guides and demonstrates to the reader, topics relating supply chain collaborations, sustainability

concern of UK's retail Industry. Chapter two discusses the salient literature pertaining to the research. The chapter concludes with the reasons why attention needs to be given to the topics discussed to achieve collaboration and sustainability excellence. The third Chapter discusses the methodology adopted in executing this piece of work. The fourth chapter addresses the findings of this research work after the review. Chapter five discusses the overall research work. Finally, chapter six draws the conclusion of entire research work.

1.3 Research Objective

The research question is generated through the research objectives, it serves as a benchmark to clearly outline the research, and it is in accordance to (Sanders, 2007). It is for this reason why the research will address the following objectives:

1. To determine the connection between the retail sustainability and supply chain collaboration
2. To examine the extent at which the firms can collaborate in the retail supply chain Industry in the UK

2. LITERATURE REVIEW

2.1 Supply Chain Collaboration

The traditional way of doing business did build a transactional relationship among businesses, and the basis at which business actions prospered on concentrating on one-off item purchase without sharing any information between the buyer and the seller. Due to the economic recession and the oil crisis in the 1980s, doing business in that way was very important, because price negotiation was also tough, and it was at that moment when buyers and seller try their very best to benefit a lot from their customers so as their bottom line can be maximised. "Arm's-Length" was the famous named at that time given to this business practice, which is full of distrust and gigantic competition. It is also revealed from the analysis that the organization called it "Efficient Consumer Response Movement" (ECR) have four elements, which are very important in the achievement of an efficient integrated collaboration within organizations and firms in a common supply chain, these elements are listed as:

1. Well-organized in product introduction
2. Well-organized in replenishment
3. Well-organized in-store assortment
4. Well-organized in promoting the product

The companies achieve greater success when they work together with a common goal by sharing information and making joint decisions rather than working insolation. In

this research work, the above definition has been also accepted for it proposes.

It is noted the definition of "Collaboration" did confuse three concept areas. In the authors' view, these three concept areas involving collaboration, cooperation and coordination were distinguished but open market negotiations are not discussed. The authors demonstrated in their studies that, the initial connection between customers and suppliers is co-operation, this is the stage where basic information sharing is established, and the second step is coordination, which forms a stronger part of the process as it is the stage where important information is shared via the use of IT application such as IoT, ERP and EDI. Lastly, collaboration, which is higher than co-operation and co-ordination in the process, at this stage there is full involvement of trust and critical information sharing to satisfy the end customer.

The three concept is explained as follows:

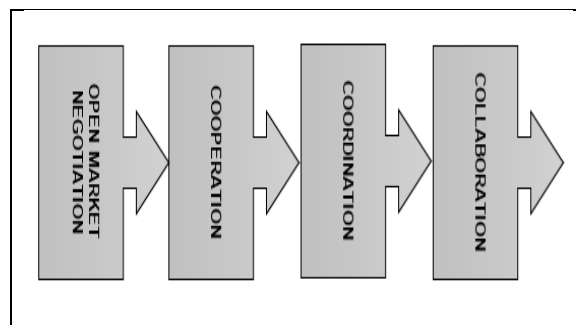


Figure 1 Demonstration of the three concepts

2.2 Sustainable Supply Chain Management

Companies and industries in recent days are contributors to environmental pollution and waste, this is now a threat to lives and livelihood on planet earth. This has drawn the attention of such companies and industries to their operational process of carrying out their businesses. Ref. [9] stated that the organizations are redesigning their supply chain due to the pace at which the environment is been affected by pollution from their operations. From the companies' viewpoint, the approaches of how they go about operating their business should be transparent for the benefit of the environment [65]. In addition, there is high pressure mounting on firms from customers, communities, governmental and non-governmental organizations demanding to know their operational processes as being a sustainable one or not. Similarly, as stated by Ref. [55] firms are to go beyond their sustainable practices outside the environment and get their suppliers and the whole supply chain involved.



Figure 2 Stakeholders demands for sustainability

As illustrated above, the figure demonstrates percentages of firms, who were asked to take both their environmental issues and social issues seriously due to concerns of the supply chain. It is clear from the figure that the customers are the biggest percentage rate calling for this practice

On the other hand, there is an evidence as an exhibit from the figure that, there is low motivational interest for organizations and their peers to be more sustainable, probably due to inadequate knowledge of being more sustainable within the supply chain and its associated merits. Nevertheless, sustainable supply chain management should be managed considering the total product life cycle and movement of the TBL for the measurement of total achievement [11][13]. Sustainable supply chain management is explained as the management of companies' operational processes, thus being responsible for their environmental and social impact due to their supply chain. It requires companies to be more aware of their decisions and actions when it comes to ecological and social aspects not just within but as well their supply chain that determines the economic value of their business. Although issues in relation to supply chain management are recently on the rise, awareness for it in these few years has also risen. Doane and McGillivray (2001) considered that the ability for a firm to operate within a set time being it financially or profit-making through effective production in one way or the other can be referred to as sustainability.

2.3 The Triple Bottom Line Concept

According to a broad review of several literatures, including that of Ref. [5], supply chain sustainability has three main elements, which are embedded in the sustainable supply chain; this includes environmental performance, economic performance and social performance. This can be demonstrated as:



Figure 3 TBL Perspectives (source: authors)

John Elkington introduced TBL perspective, and the author considered a concurrent balance among these three components giving equivalent standings to the microeconomic viewpoint. Nowadays, the firms are rewarded for minimizing the toxic waste produced into the environment, providing health care for the society, and the employees as a cooperative social responsibility is no more the case of being sustainable but instead, sustainability is now a basic rule for smart management in an organisation.

Ref. [5] have also considered that the TBL performance must not be in isolation. The authors indicated that, there are other factors that organizations should consider at the connection point of the TBL, since it can have environmental, societal impact and as well serve as a long-term benefit to the firms. In addition, it is noted that some supporting factors of sustainability were not stated as part of sustainability definition, however, these factors are also vital to the achievement of sustainability, the supporting factors include risk management and transparency. Similarly, it is also identified from the literature that taking the above supporting factors also seriously, as it is contributing elements to the success of supply chain sustainability.

2.4 Supply Chain Collaboration and Sustainability

According to Ref. [19], suppliers' attitudes besides the customers that are sustainable oriented can influence the supply chain. In addition, analysis of the literature revealed that there is sustainable management on both sides of supply and demand if only there is an appropriate implementation of sustainable supply chain collaboration. The sharing of high-level knowledge collaboratively can make firms sustainable in their product and operational process.

The sustainable collaboration takes into consideration the ideals of firms, customers and suppliers in the planning and decision-making process of issues relating to the

environment. It is a clear demonstration that exhibits the passions firms have in submitting their assets for the achievement of sustainable goals in relation to customers and supplies. According to Ref. [14], it is also evident that supply chain collaboration enhances sustainable activities and minimises production cost. Again, supply chain collaboration helps in establishing the commitment to the sustainability of each member of the supply chain [19]

2.5 Focus Industry: The UK Retail Industry

It is noted that changes have occurred in the UK retail sector since the 1980s; this is in accordance to the London Borough of Hillingdon convenience goods and retail update. Recent review or new update indicates that these changes are because of customer shopping behavioural and as well as factors affecting economic conditions. It is no doubt that this sector is now very careful about how they do business with people and attention been focused on how they also operate in the environment. In accordance to a report issued by the Office of National Statistics by the government of UK in relation to the retail industry, it is mentioned that, this sector contributes 8% to the UK’s GDP and as well contribute 10% to the UK’s employment, a representation of about 4.8 million workers in the retail industry. In addition, the report elaborates that, in terms of percentage-wise, this sector forms a total of 5% of the economic value every year with a tax contribution of 18.5 billion to the UK government.

From the year 2008, it has been very tough and difficult in the global market for the retail industry due to the recession which brought about job losses, higher inflation, higher customer expenditure, firms’ liquidation and as well as daunting pleasure on the public funds. The consequence of this is the knock effect on the retail industry customers. It is no doubt a bailout was issued to the banking sector by the UK government to rescue the economy from the recession. Despite this economic hardship as mention in the report, there was still growth in the sales in the retail sector due to it efficient planning strategies by way of introducing discounts and promotions to attract customers.

Again, there were indications of a decrease in customer’s expenditures in areas like vacation holiday travels and capital assets. Moreover, there saw a significant rise to Fast-Moving Consumer Goods (FMCG) which included foods and grocery items that formed the largest growth in the retail sector.

The figure below exhibits some market shares of retail firms in the grocery and convenience goods sector. It is an evidence from the figure below that, some firms like Asda, Tesco Morrison’s and Sainsbury’s have a greater market share than that of Netto, Aldi, Iceland and Lidl as per the same report.

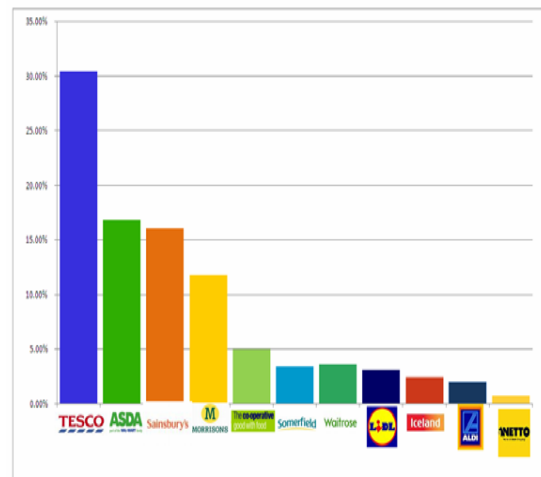


Figure 4 SP and TNS Global share

The analysis reveals that despite the locality been in more demand of the retail products, top firms within the industry like Tesco are as well trading in the international global market. The below graph exhibited the performance of UK retail industry in relation to its outlets business and employment as from 2003 up to 2007. Although it is not the newest, it however indicates the British retailer’s performance.

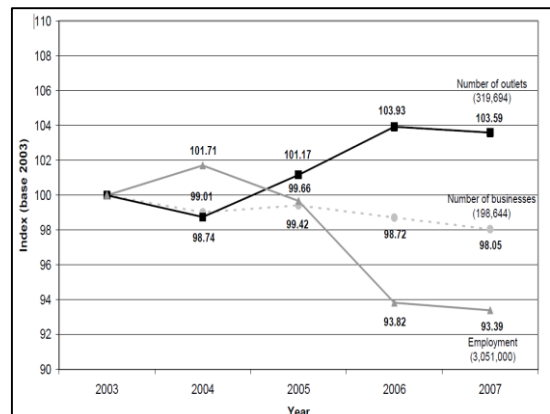


Figure 5 Source: British Retail Performance (Mintel, 2010)

As demonstrated above, it can be noted that whenever there is a decline in businesses it has a consequence on the employment trend. On the other hand, a decline in the employment does not have any negative consequences on the outlet, but instead, we notice an increase. It is clear to conclude that UK retail industry significantly contribute to the entire economy.

3. RESEARCH METHODOLOGY

3.1 Research Approach:

Ref. [18] clearly stated systematic literature review as a methodology for locating existing Literatures, synthesized data and adding to it so that an intense conclusion will be made on the know or the unknown in a research study. In addition, the author stated that a traditional literature review is not the same as systematic literature review, systematic literature review finds answers to specific questions simply because it is on its own self-contained research work.

According to the NHS Centre for Reviews and Dissemination, the merits of a systematic literature review is that, it produces clear outcomes, which are replicable, in addition a scientific based result, which are usually distinct and exact in nature. Systematic literature review is also a good method for hypothesis testing as well as for summarization of past studies. On the other hand, other researchers have also criticised systematic literature review despite its numerous benefits, as per Ref. [6] systematic literature review in the authors view mentioned that, it does not take into account the established findings, ethics and conclusions. Although Ref. [7] stated the fact that narrative literature review has various weaknesses, in the context of this project, the methodology adopted is a systematic literature review, this is because this research identifies existing reports and then progress to analysis and select for review.

3.2 Search Engines / Database Utilised for the Research/ Journals Used

Emerald insight, science direct and Google scholar were the main search engines or database used for this project due to the fact that, this database is highly related and well known as a reliable source for finding articles in areas of management's and businesses which includes logistics and supply chain management articles. Words which include "supply chain sustainability", "supply chain collaboration" and "supply chain and collaboration and sustainability" were rephrased in the database for a precise result. The outcome of the above search significantly reduced the articles displayed at this time, which was exactly in line with the topic to be discussed. The outcome of the articles after this process was significantly reduced from Five hundred and twenty (520) to four hundred and forty (440) articles. An illustration for the various published articles from 2002–2018. Articles publications was plotted against the year of publication as exhibited in the figure below.



Figure 6 Article on supply chain and sustainability from 2002-2018 (source: authors)

Surprisingly, it is noted that there is a considerable increase in supply chain sustainability and collaborations publications from the year 2010 to 2018. This has indeed introduced firms to collaboration for the purposes of operational excellence and for the triple bottom line's achievement. Awareness has now been created all over the world for the importance of companies to be more sustainable in carrying out their operations. Below is an illustration of the methodology used for the research.

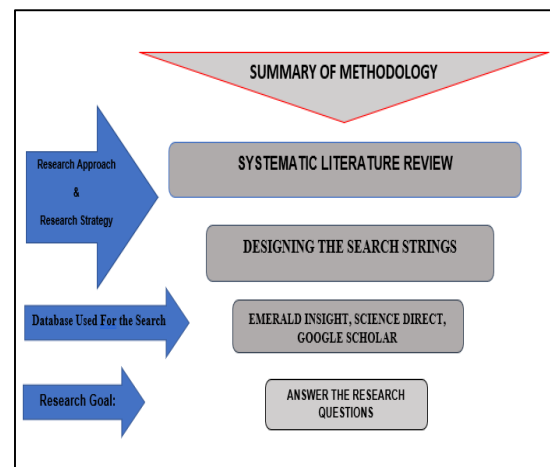


Figure 7 Methodology summary (source: authors)

4. FINDINGS

4.1 Relating to Sustainability, Supply Chain and Collaboration:

Sustainability, supply chain and collaboration are the most published article which was noticed throughout the review. As per the research findings, the most potent feature that enhances sustainability is supply chain collaboration. The author talked about stakeholder theory in their article which implies the involvement of every stakeholder towards a sustainable environment. In addition, the author suggested the vitality of green environmental purchases to the achievement of sustainability. According to Ref. [3] supply

chain collaboration is considered as the effective way of building supply chain sustainability. In addition, the author summarised that in achieving sustainability within the supply chain there is the need to take into consideration (CPFR) approach. Moreover, Ref. [4] advised that the modern way of achieving a stronger supply chain collaboration within the supply chain is putting together a CPFR and VMI approach. In a case study conducted by the authors they concluded that, about 2100 executives have stated CPFRS as finding stands within the retail industry, it was also mentioned that 25% are users of CPFR, and again there was an indication that \$15 billion transactions within the supply chain are being controlled by CPFR in North America.

4.2 The Level at which collaboration can be form: UK Retail Industry Perspective

Upon a meticulous review, no traces of articles were established as to the level at which collaboration can be form in the supply chain. Majority of the articles place more emphasis on collaboration for the firm's improvement towards performances in the supply chain, but no limitations were given on the extent to which collaboration should finish. However, Ref. [9] stated the level of vertical collaboration but omitted to establish the degree at which firms can form collaboration. To that effect, the grey area for further research, is the ability for firms to establish the precise limitation as to how far they can take collaboration.

5. DISCUSSION

5.1 Supply Chain Collaboration and Supply Chain Sustainability

Ref. [16] stated that sustainability concentrate on the enhancement of management of supply chain systems via continues knowledge and understanding. An effective competitive advantage is achieved in the retail sector by a stable and sustainable supply chain. In accordance to Ref. [8], sustainable supply chain implies attainment of firms, economic, social and environmental goals for the improvement of their economic performance.

In hindsight, sustainable supply chain achievement is also associated with some trials and problems. As noted by Ref. [6] sustainable supply chain achievement do require some sort of frustrating collaborative working styles with reduce risk and prolong innovation. However, Ref. [1] stated sustainable supply chain achievement promotes firms profit performance and enhances competitive advantages in the marketplace.

It is evident through the systematic literation review that, the definite path for the achievement of supply chain collaboration is for firms to collaborate effectively. It is also noted that collaboration enhanced supply chain

sustainability, therefore consideration should be given to it before collaborating. In addition, it is also noted that collaboration via CPFR is very expensive in the initial state, hence why firms must consider it capacity regarding collaboration before starting it. Furthermore, it also noted that the rate at which article of the importance of collaboration is emerging is on the rise. It is clear that retailers are the forefront of the retailing sector, they can also influence suppliers to commit to sustainable practices which in return will enhance supply chain sustainability.

5.2 The Level at which collaboration can be form: UK Retail Industry Perspective

Importantly, what needs addressing is, can firms collaborate vertically at all levels? The phases of vertical collaboration including analysis, projecting, implementation, and planning stage was discussed by Friedman (2005). It is evident from the author's discussion that, under no circumstances was it categorically stated the extent to which firms should collaborate. Noticeable, with the current impact of private brands in the UK retail industry against the supplier's products, it has become difficult to sharing information, more especially the kind of information to be shared among partners in the collaboration process. To summarise it up it should be noted also that, in the food and grocery sector of the UK retail industry, retailers are in command and so have powers over suppliers, as a result of this they capitalize on them and utilise suppliers' information against them.

6. CONCLUSION

6.1 Summery of the Study

In summary of the findings, it is noted that there is a dramatic increase in publications regarding supply chain collaborations and sustainability. A clear demonstration of the changes of publications in areas of supply chain collaboration and sustainability. This research seeks to find out the degree to which collaboration should be formed in the retail Industry (UK). This is due to the current rise in competition within the retail industry and as well the recent introduction of the retailer's brands in the supply chain. In regard to the various articles which has been published, it can be concluded that there is no definite direction that defines the level at which collaborations within supply chain partners can be formed in the retail industry.

This research also tries to find the effect of supply chain collaborations on sustainability. Upon a meticulous analysis, it was noted that majority of the published articles, mentioned clearly that supply chain collaboration contributes to the achievement of supply chain sustainability. Despite the fact that firms are still in dilemma to the full acceptance of sustainability as a result of finical constraint at the initial stage, it is categorically

stated in the articles that firms are now being forced by their stakeholders to be more sustainable in the daily operations.

It is clear that, pressure is now mounted on firms to be more sustainable in all aspects of their businesses, not just for the interest of profit maximisation but consider all the supporting features of the TBL. In addition, more publications on the importance of collaboration for sustainability achievement will serve as criteria for consumers to do business with firms. Evidence exhibited above proves that an effective collaboration in return enhances partners to take full control of the business especially on what to sell, purchase or what to produce. Finally, the outcome of the research shows that supply chain collaboration have positive impact on the future retail business development, sustainable practices considering three dimensions of financial, environmental, and social aspects will benefits the industries to achieve supply chain optimisation.

6.2 Recommendations

The following suggestions can be made for future consideration in academic research and as well as business improvement. The implementation of an effective vertical collaboration serves as a benefit to the partners of the supply chain collaboration. The companies who maintain sustainable collaboration with their partners, benefit from sharing information for decision making. On the other hand, lack of accurate sharing of information can jeopardise the entire supply chain, to that effect, firms are recommended to collaborate effectively by considering transparency for risk reduction in the supply chain.

The firms can improve their transparency policies within its supply chain by using the support of the Supplier Ethical Data Exchange (SEDEX) in conducting safety audits. Since collaboration through CPFR is very expensive in the initial state, it is recommended that firms consider its capacity regarding collaboration before starting it. Since stakeholders and the entire public are interested to know how sustainable firms are, it is recommended that firms publish their environmental reports so as it can be available for public scrutiny.

6.3 Limitations and Future Research

Even though this research was a successful one, some restrictions still need to be mentioned. Firstly, time was a limitation, it was indeed difficult for the researchers to review all the initial articles searched on the subject area with the allocated short time given. For future study, the project can also take into consideration case studies within the retailing industry. It is also evident from this study that the analysis of more case studies can help provide a common presence and performance of that particular industry. Furthermore, the research would not use only the

supporting features such as risk management and transparency for the achievement of sustainability via effective collaboration but also can consider other facets such as cooperate strategy and culture.

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