

Effect of Instrumental motive, Relational motive and Moral motive on Sustainable Supply Chain Practices: A Case of Manufacturing Firms

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ABSTRACT

This study's main objective was to identify how Instrumental motive, Relational motive and Moral motive are related and impacting Sustainable Supply Chain Practices of the manufacturing firms in the emerging economy. In the manufacturing industry, manufacturing firms play a vital role in developing and progressing any country's economy. The research's primary purpose is to examine the relationship between Instrumental motive, Relational motive, Moral motive, and Sustainable Supply Chain Practices. This study proposes new research directions and hypotheses development to examine the relationship among Pakistan's manufacturing sector variables.

Key words: *Instrumental motive, Relational motive, Moral motive, Sustainable supply chain practices and Manufacturing firms.*

1 INTRODUCTION

In today's fast-paced world, a rapid increase in globalization and industrialization have challenged the concept of sustainability (Fornasiero et al., 2016), moreover, the problems instigated by dishonest, immoral, and irresponsible operations while procuring or sourcing materials for manufacturing, delivering it to final consumer and its disposal after its life span have also raised the issue of sustainability (Foo et al., 2018). Researchers conducted previously to check the impact of corporate activities on sustainability and concluded that around 3000 globe's major corporations contribute over \$2 trillion of negative environmental externalities (negative performance) a year (Foo et al., 2018; Hohensee, 2014). The manufacturing sector is also negatively affecting the operational and environmental externalities (Sutherland et al., 2016).

The concept of supply chain management (SCM) has become one of the reasons for the firms to surge efficiency and effectiveness by controlling cost and to gain competitive advantage by improving economic performance in a competitive market. However, concerns for environmental safety, transparency in firms' processes, security issues, and welfare for employees need the firms to change the supply chain (SC) models accordingly. Firms must focus on environmentally friendly products by following the legal and activist approach of green management to make the entire supply chain sustainable instead of just giving attention to economic performance. Renowned companies in the world have already started practicing sustainable supply chain management (SSCM) to get sustainable advantages (Hong et al., 2018).

Motives are considered as the antecedents as they are the reasons that encourage a firm to act accordingly. Without any motive, a firm cannot expand its business locally and globally. In this study three essential antecedents which include instrumental, relational and moral motives are considered to investigate that which motive contributes towards sustainability development. It is important to analyze that what encourages people to promote sustainability and how they think that sustainability is important for environmental performance, operational performance and organizational innovation. The research aspires to analyze the motives that encourage a firm to follow sustainability-related practices and to check the influence of such motives on SSCM practices and up to what degree do SSCM practices affect the firm's environmental performance, operational functions and organizational innovation. The role of various motives in adopting SSCM practices could be answered by such an empirical study. Besides this, it is substantial to explore that how SSCM practices influence environmental performance as its environmental issues are rising day by day in Pakistan. Remarkable SSCM is required for the growth of a firm as SSCM practices can improve the overall operational performance (Maulina & Natakusumah, 2020). Organizational innovation is imperative for long term sustainable growth and SSCM practices can be a good way to bring innovation in organization.

The current study can classify that up to what magnitude do instrumental, relational and moral motives encourage a manager or the whole firm to adopt SSCM practices. Sustainable supply chain management practices can improve the environmental

performance which can be linked with the 13th sub-goal of sustainability i-e about overall environmental changes. The impact of SSCM practices on organization innovation can make a significant contribution in sub goal 9 of sustainability i-e about industry, innovation, and infrastructure(PSX & UN, 2019).

It is appealing to explore the benefits or advantages a firm could get if they engage themselves in sustainable supply chain management (SSCM), and how it could reach the goals without compromising on operational and environmental conditions. It is interesting to discover that how SSCM can give value to the firm (instrumental motives) or how SSCM helps the firm to consider the interests of multiple stakeholders (relational motives)? And can a firm be motivated to exercise SSCM because they consider it morally right (moral motives)? (Paulraj et al., 2017).

2. LITERATURE REVIEW

Instrumental Motive and SSCM

The occurrence and control of instrumental motives are certainly unquestionable on SSCM practices (Paulraj et al., 2017). There is a pool of knowledge on business sustainability. Researches based on organization responses on both environmental as well as social issues have been revolved around instrumental logic i-e what benefits a firm can get by addressing societal concerns (Ferraro & Pfeffer, 2005). A single time frame is inherited in decision-making by an instrumental approach. Time for temporal orientation is short, so time to look into and address concerns that require a medium-to-long scale is little (Gao & Bansal, 2013). Convenience and practical benefits i-e self-interests are referred to as instrumental motives (Lin, 2020).

Theorists of CSR declared that if SSCM practices are synced with instrumental interests of enhancing shareholder value then a firm is more likely to get involved in responsible initiatives (Reinhardt, Stavins, & Vietor, 2008), by blocking bad reputation and enhancing the firm's competitiveness (McWilliams & Siegel, 2011) and gainfulness so that compensation packages can be raised by managers (Paulraj et al., 2017). The prime motive is always a self-interest motive but many researchers opposed this idea and believe that good environmental practices will have a positive impact on economic performance and if such practices are not fruitful in terms of economic performance then

it is also not sustainable no matter how positive impact it has on environmental performance (Xu & Cong, 2011). In SSCM literature, it is very clear that to earn a profit is the only instrument of supply chain performance but this concept as gained attention from various researchers that have argued on questions like “What does sustainability pay?” and “there is no future of research of SSCM” (Pagell & Wu, 2009).

Relational Motive and SSCM

Business morals and principles that are unambiguously in contradiction with the foundation of instrumental motives and follow utilitarianism theory instead of ethical egoism is reflected by the relational motive (Paulraj et al., 2017). The relational motive of an organization accounts for the practices such as SSCM practices that can be observed from stakeholder theory (Rowley & Moldoveanu, 2003). It is interesting to know the fact that why renowned firms have adopted SSCM practice and one important factor that should be considered behind this change is relational motives in which all stakeholders get aided which comes in relational motive. Relational motives consider the maximum benefits of all the entities that are involved in any activity or supply chain for promoting sustainability (Paulraj et al., 2017). According to stakeholder theory, stakeholder and not only shareholder interests make the company realize to consider the safety and well-being of all the individuals and groups that are linked with the firm. A relational motive is considered by different perspectives, e.g. differentiation from rivals, consumers, and long term competitive advantage by focusing more on customer base and differentiation from the opposition (Paulraj et al., 2017).

The stakeholder theory of a firm helps to explore the contribution of relational motives in SSCM practices. Stakeholder theory considers diversity by not only focusing on shareholders’ interests but also considering the well-being of all the entities that are associated with the organization. The supply chain of an organization is accounted to satisfy the needs and demands of all the stakeholders that have a slight interest in the overall financial performance of a firm but are somehow linked with the firm while considering SSCM practices. Social legitimacy is a key to survival especially when organizations are surrounded by political and economic institutions (Paulraj et al., 2017). The relational motive is also considered as legitimacy as it shows the perceptions of

stakeholders on a firm's actions. If a firm legitimately conforms to the norms of stakeholders, then a firm has relational motives to adopt SSCM (Aguilera, Rupp, Williams, & Ganapathi, 2007). Business ethics is reflected by relational motives that unambiguously differ from ethical egoism and the foundation of instrumental motives and follow utilitarianism theory.

Moral Motives and SSCM

Ethical standards, integrity, and moral values are linked with moral motives. A company with moral motives is more likely to adopt, promote, and maintain sustainable development. The ethical duty of such firms encourages them to contribute positively to the environment and society to make the future better for generation alpha onwards (Chang, 2019). Adhering to traditionally defined moral standards and at the same time looking forward to positive moral norms is considered as virtue ethics (Ferrell, Fraedrich, & Ferrell, 2011). A company with a moral motive has the ethical obligation of a company to make a constructive contribution financially, socially and environmentally, and to brighten the future (Amjad et al., 2017). Companies having moral motives are more inclined towards sustainability practices to gain a competitive advantage (Chang, 2019).

According to our previous discussions and reviews, we can conclude that firms follow SSCM practices to gain an advantage or to achieve a positive brand image and not to get higher-order values. The primary driver of SSCM practices is a moral motive (Chen, 2017). Business ethics scholars and organizations suggested that apart from instrumental and relational motives, moral motives also play a critical role in SSCM of the organization (Aguilera et al., 2007). Value creation within the industry is directly linked with moral complexity (Fernando & Almeida, 2012). The moral motives push the firm towards ethical duties because according to the moral motive, it the responsibility and moral duty of a firm to positively influence the society and environment. Moral motive is different from relational motive as a moral motive has intrinsic concern for higher-order value and environment while relational motives have external pressure to mollify different stakeholders which are also considered as an extrinsic motive. Adherence to particular ethics and moral principles because such motivation comes from within and end in itself is call intrinsic motivation while extrinsic motives come from outside and it

means to follow certain norms to get external rewards e.g. good reputation (Paulraj et al., 2017).

3. Theoretical Model

Generally, moral motives, instrumental motives, and relational motives are considered as the antecedents of SSCM practices. Fluctuation in motives can directly affect the sustainable supply chain management practices and the change in the trend of SSCM practices. On the basis of above literature review following research model is proposed

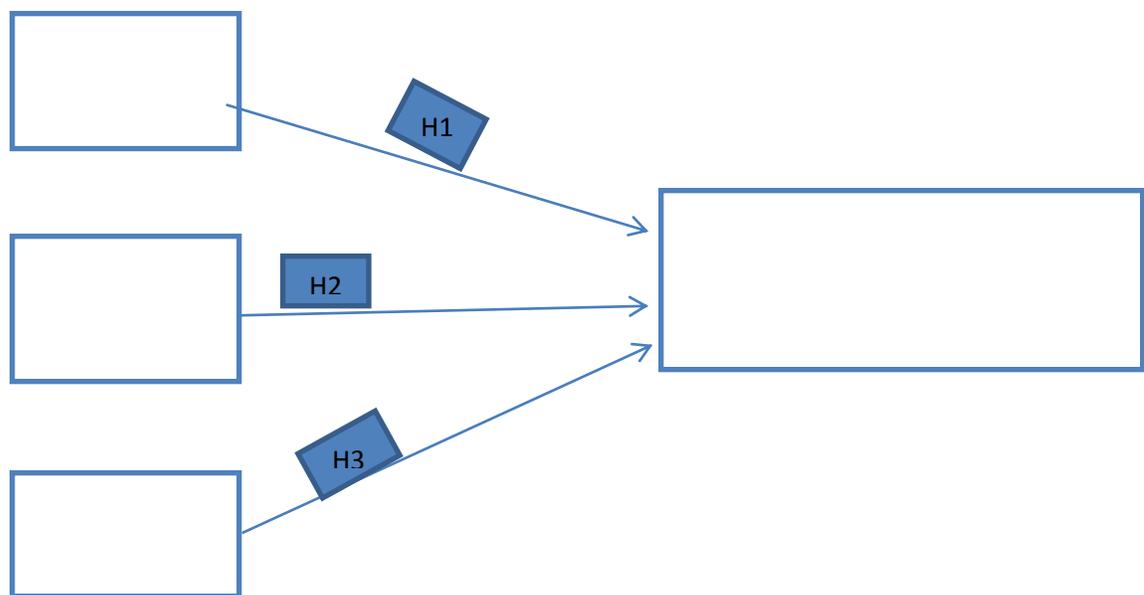


Figure 1: Conceptual Model

4. RESEARCH PROPOSITION

Based on the above theoretical model and literature review. Following research proposition are proposed:

- H1:** Instrumental motive has a significant positive impact on SSCM practices
- H2:** Relational motive has a significant positive impact on SSCM practices
- H3:** Moral motive has a significant positive impact on SSCM practices

5. METHODOLOGY

Measurements

In this study, the measurements for testing the research model will be adopted from previous studies for the correct validation and reliability.

Questionnaire Design

The questionnaire is divided into two sections. The first section of the questionnaire contains the demographic profile of the respondent. The second section has been assigned to each investigated variable; the endogenous (dependent) SSCM practices, while the exogenous (independent) variables are Instrumental motive, Relational motive and Moral motive. In the questionnaire, the respondents were being asked to mark their option as a check in the box provided in front of every question and fill it with great care. Each box in front of every question is devising a Five-point Likert scale. Every box of Likert scale has a degree of agreement option from one to five.

Sample and Data Collection Instrument

The population of the current study was all the manufacturing firms operating in Pakistan. Almost 498 listed manufacturing companies are operating in Pakistan. The online survey technique will be utilized.

6. CONCLUSION

The traditional supply chain delivers the products to end-users and different services globally but harms the environment. Global warming, societal issues and poor economic condition are the potential drawbacks if a company fails to adopt sustainability. The literature has identified the antecedents and the consequences of sustainable supply chain management practices. . Future research should empirically test to what extent and how Instrumental motive, Relational motive and Moral motive are related and impacting SSCM practices of the manufacturing firms in the emerging economy like Pakistan. If the framework is empirically validated, the finding will offer an essential insight to academics, policymakers, and practitioners into the significant effect of Instrumental motive, Relational motive, Moral motive, and SSCM practices of manufacturing firms in Pakistan.

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