

Exploring institutional competing logic for sustainability implementation of retail chains

Institutional
competing
logic in
retailing

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Abstract

Purpose – Taking into account retailers' critical position in the value chain, their sector's economic significance and environmental externalities, in addition to the institutional agenda, this paper aims to explore the drivers influencing retailers to shift to more sustainable business models.

Design/methodology/approach – The paper utilises the institutional competing logic, including in-depth interviews with major supermarket retail chains and one expert group discussion. The data gathered in Germany and Lithuania were complemented by desk research analysis, including corporate social responsibility (CSR) reports and management reports.

Findings – The paper provides empirical insights into how multiple drivers through institutional competing logic are brought about influencing the shift to more sustainable business models. The results show that retail chains in both countries implement their sustainability based on triple environmental-legal-financial drivers. However, different types of retail chains—namely premium retailers, typical retailers and discounters—implement their sustainability discourse differently.

Research limitations/implications – Because of the chosen research approach, the results may lack generalisability. Therefore, researchers are encouraged to test the proposed propositions further.

Social implications – Interestingly, retailers “shift” their responsibility to the consumers rather than encourage themselves to make more sustainable choices. The authors observe a more passive and responsive role of retailing chains because of the inherent trade-off between revenue growth and sustainable consumption.

Originality/value – The original contribution lies in exploring how retail chains adapt institutional competing logic and are influenced by multiple drivers when implementing their sustainability activities. In addition, the authors propose a conceptual model for retailers' sustainability management, as well as formulate three research propositions.

Keywords Drivers, Institutional competing logic, Retail chains, Sustainability

Paper type Research paper

1. Introduction

Concepts of sustainability have dramatically widened the scope of business models to be in line with a more pluralist approach, which takes stakeholders, corporate social responsibility, environmentalism and transparency into account. Producers seek to implement technologies

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to reduce both their emissions and their reliance on exhaustible resources. Consumers may seek to buy products from sustainable sources with less package waste and change their personal habits to a less carbon-intensive lifestyle. Hence, retailers acquire a crucial position in the value chain (Lehner, 2015) as actors in charge of integrating the sustainable activities of the different stakeholders along the supply chain (Hultman and Elg, 2018; Sebastiani *et al.*, 2015), particularly between producers and consumers (Wilson, 2015; Haleem *et al.*, 2017). Because retailers deal with the consumer directly, they are often affected by product crises related to food safety and animal welfare issues, and retailers therefore have a high level of interest in safeguarding sustainable behaviour in their supply chains (Wiese *et al.*, 2012).

Sustainability concerns regarding increasing consumption and growing retailing had already started in 2009, when the European retail forum was launched to create a retailer's environmental action plan. The retail industry is still one of the top ten most carbon-intensive sectors (Ferreira *et al.*, 2019). The continuing institutional policy traction of the Sustainable Development Goals (SDGs), particularly SDG 12 on responsible consumption and production, seeks to foster the proliferation of sustainability strategies in the retailing sector. Nevertheless, consumers' actual consumption of goods and services is at the heart of all retailing (Grewal *et al.*, 2017). Achieving SDG 12 requires a strong national framework for sustainable consumption and production that is integrated into national and sectoral plans, as well as business, including retailers, practices and consumer behaviour.

However, many important retailing phenomena are under-researched, including sustainability in retail ecosystems (Bolton, 2019). To the best of our knowledge, quite a few papers have addressed the issues of implementing sustainability in retailing (Jones *et al.*, 2011; Kotzab *et al.*, 2011; Naidoo and Gasparatos, 2018; Lehner, 2015; Tascioglu *et al.*, 2019), retail-supplier aspects (Hultman and Elg, 2018) and fashion retail (Wilson, 2015; Hedegård *et al.*, 2020; Kumar *et al.*, 2021). A majority of the research explores information available on the Internet and publicly available reports from the world's largest retailers (Björklund *et al.*, 2016; Kotzab *et al.*, 2011; Jones and Comfort, 2018) or retail chains (Utgård, 2018), mostly in large developed countries (US–Patten and Zhao, 2014; UK–Filimonau and Gherbin, 2017; Kotzab *et al.*, 2011; Germany–Saber and Weber, 2019). Much of the research employs a content analysis of publicly available reports, which lacks a deeper understanding of drivers for retailers' transition to more sustainable business models as well as connection with retailers' motivation, obtained by the use of interview study, focus groups, expert discussion, etc.

Importantly, Hedegård *et al.* (2020) applied institutional logic to explore strategies of sustainable fashion retail based on reuse by highlighting inherent managerial contradictions in a sustainability concept. While food waste recycling and price reductions are mainstream in retailing, food donations are ad-hoc and largely occur at managerial discretion (Filimonau and Gherbin, 2017). Moreover, Sebastiani *et al.* (2015) noted that supply chain sustainability, although an extremely up-to-date issue, does not seem to have been fully examined yet, particularly from the retailers' point of view. Managing sustainability is particularly challenging, because retailers are typically held accountable for the actions of other actors in the supply chain, despite their lack of immediate control of production (Hultman and Elg, 2018). The results of Naidoo and Gasparatos (2018) revealed that many retailers focus on energy conservation and greenhouse gas emission reductions. Moreover, packaging and food waste are becoming priority sustainability issues for retailers. In addition, the authors emphasise the lack of national/regional case studies as current studies tend to privilege Anglo-Saxon countries, such as the US, the UK and Australia (Mata *et al.*, 2018).

Considering the critical position of retailers' in the value chain, the economic significance of the retailing sector as well as environmental externalities, and their institutional agenda, we raised the following research question:

RQ. How multiple drivers may influence food retail chains to implement sustainability and shift to more sustainable business models?

Our underlying assumption is that implementing sustainability actions systematically rather than singular actions should lead to more sustainable business models. A single sustainability implementation action does not lead to a sustainable business model *per se*. In contrary, sustainability implementation in a fragmentary way may lead to undesired greenwashing effects (Schaltegger and Burritt, 2018) or cause managerial tensions (Hedegård *et al.*, 2020). Sustainable business models are often a response to the dominant consumption-centric approach (Freudenreich *et al.*, 2020) and result from technocratically-driven sustainability management and performance (Schaltegger and Burritt, 2018). Therefore, we used the operationalisation of sustainability implementation through products, consumers and processes.

Based on the literature, we assume that retail chains are influenced by multiple drivers simultaneously. Hence, we employ institutional competing logic to explain how these different multiple drivers may be compatible with each other and shift to implement sustainability activities. To answer the research question, we propose an exploratory qualitative approach that would explore causal consequences in retailers' activities and explain the logic of transitioning into more sustainable business models.

In this study, we concentrate on sustainability issues within retail chains that operate in a developing transition country, as well as a more developed country. Lithuania and Germany offer an important case study to compare different institutional environments. On the one hand, by 1996 Germany had already introduced the "first" legislations on environmental economy in the "Closed Substance Cycle and Waste Management Act" and historically owns a higher level of social responsibility, democracy, and market economy in comparison to Eastern European countries. On the other hand, Lithuania is a small but highly dynamic open economy that can easily implement large-scale changes to its economy compared to bigger, more established economies.

The study has several contributions. First, we explain how retail chains adapt institutional competing logic and being influenced by multiple drivers, implement sustainability and shift towards more sustainable business models. Second, we provide empirical evidence by exploring the cutting edge of three types of retailers' sustainability in two different institutional environments. And finally, we propose a conceptual model for retailers' sustainability management, as well as formulate three research propositions.

2. Literature review

2.1 Previous research on retailers' sustainability

In recent literature, there has been a considerable amount of research dedicated to retailers' sustainability in various aspects. The problem related to retailer sustainability (and overall corporate sustainability) is that this concept is broad, varied and may mean different things to different people, organisations and even researchers (Hahn *et al.*, 2015). What constitutes a sustainable act is a matter of the societal discourse in which various stakeholders seek to fulfil their agenda (Heijden *et al.*, 2012). By reviewing previous research, we grouped sustainability retailing research by conceptualisation of sustainability discourse.

2.1.1 Triple bottom line perspective. The triple bottom line concept elaborated by Elkington (1997) is often adopted to explore retailers' sustainability. Jones *et al.* (2011) conceptualised sustainability through disclosures of three component areas of the triple bottom line (i.e. social, environmental and economic) in the sustainability reports of the largest retailers. They argue that the world's leading retailers adopt weak sustainability models by ignoring the fact that current increasing consumption is unsustainable in the long run. More specifically, the focus is on reporting on environmental, social and economic issues separately rather than implementing the integrated approach (Jones *et al.*, 2011). Wilson (2015) further considered the triple bottom line of economic, environmental and social sustainability as a strategic competitive advantage of Marks and Spencer. In contrast to the results of Jones *et al.*'s (2011)

investigation into major global retailers, [Wilson \(2015\)](#) indicated the strong model of sustainability for the selected company and even introduces 15 key factors to undertake and manage a sustainability change programme.

Some research emphasises products' perspective (as a reflection of the economic dimension) and social issues by distinguishing the perspectives of employees/labour. [Saber and Weber \(2019\)](#) analysed German retailers' sustainability reports through four focus groups, namely, product, environment, employees and society. Despite no major differences being revealed among supermarkets and discounters regarding the readability of sustainability reports, supermarkets performed significantly better in translating sustainability to the store level than discounters. The results of web communications of retailers operating in Poland ([Domański, 2018](#)) referred to the accountability of the chain as an employer, as a guarantor of high product quality, as a reliable business partner, a member of the local community and as an entity that is taking care of the environment.

2.1.2 Environmental sustainability. Unsurprisingly, environmental sustainability seems to be the most prevalent focus in the research papers: logistics-related environmental considerations and environmental performance indicators ([Björklund et al., 2016](#); [Naidoo and Gasparatos, 2018](#)); energy-saving responsibility in retail environments ([Richmond and Simpson, 2016](#); [Ferreira et al., 2019](#)) and food waste management practices ([Filimonau and Gherbin, 2017](#)). [Patten and Zhao \(2014\)](#) founded that, on average, US retail companies focus more on environmental than social information by using global reporting initiative (GRI) guidelines as a base. [Ferreira et al. \(2019\)](#) investigated what has changed in global retail with the Paris Agreement, accessing trends aiming to decarbonise this sector. With regulation on greenhouse gas (GHG) emissions, retailers could benefit from a business case on low-carbon opportunities and financial incentives to accelerate low-carbon transition investments. Given that retail companies use diverse operations and are involved in extended supply chains, [Naidoo and Gasparatos \(2018\)](#) indicated that retailers adopt various well-known reporting frameworks to incorporate environmental sustainability, measure their environmental performance and report the outcomes. Publishing reports on company websites is the most popular and accessible reporting mechanism ([Jones and Comfort, 2018](#)); however, the level of environmental supply chain management can be characterised as highly operational and very short-term oriented, while long-term oriented green initiatives were extremely minimal ([Kotzab et al., 2011](#)). Marketers can also place additional emphasis on communicating the ecological benefits of their green brand ([Kumar et al., 2021](#)). In addition, poor consumer awareness, imperfect regulation, inflexible corporate policies and limited control over suppliers hamper more active involvement in food waste mitigation in supermarkets ([Filimonau and Gherbin, 2017](#)).

2.1.3 Supply chain approach. In this paper, we explore from the supply chain point of view rather than trying to conceptualise economic, environmental and social performance contributions. To characterise retailers' sustainability, we applied the approach of [Wiese et al. \(2015\)](#), which is based on the type of sustainability activities undertaken, namely sustainable products and brands, sustainable business processes and operations, and sustainable consumption. First, retailers can improve their sustainability by offering more sustainable (e.g. eco-friendly) products and improving the sustainability thereof, such as responsible sourcing ([Heleem et al., 2017](#)), and transport and assortment ([Wiese et al., 2015](#)). Interaction with suppliers and other stakeholders has a pivotal role in the development towards sustainable retail supply chains ([Hultman and Elg, 2018](#)). Second, retailers can also behave more sustainably in their business processes ([Wiese et al., 2015](#)) by including environmental considerations ([Kotzab et al., 2011](#); [Jones et al., 2005, 2011](#)), as well as communicating sustainability initiatives ([Lacey and Kennett-Hensel, 2010](#)). Third, retailers can help their customers behave more sustainably by taking into consideration their market situation and the needs of their customers ([Wiese et al., 2015](#)). Designing goods that offer value to consumers is critical to the success of retailers ([Grewal et al., 2017](#)). Retailers can benefit through more focused environmental strategies to make a

reduction in apparel material while educating their consumers about green apparel (Kumar *et al.*, 2021). According to Hofenk *et al.* (2019), retailers' sustainability efforts lead to positive consumer responses via two underlying mechanisms: consumers' identification with the store and store legitimacy, together with consumers' personal norms. On the other hand, consumers' awareness about sustainability is more often linked to good intentions rather than true actions (Lehner, 2015; Kotzab *et al.*, 2011; Jones *et al.*, 2005; Tascioglu *et al.*, 2019).

2.2 Retailers' sustainability and business models

Generally, business models are developed and managed to create value (Freudenreich *et al.*, 2020). Business models are, at heart, stories—stories that explain how companies work (Magretta, 2002). Managers seek to outperform their competitors in the long run and need to focus on the choice of the right business model (DaSilva and Trkman, 2014). Longitudinal analyses show that there is a vast body of literature published on business models (Massa *et al.*, 2017). Hence, we do not aim to dig into theoretical grounding of business models, or relationship between business model, strategy and other management concepts (DaSilva and Trkman, 2014), but rather to explain our line of arguments of how retailers may shift towards more sustainable business models.

We refer to Massa *et al.*'s (2017) theoretical study about interpretations of business models. The authors elaborate three meanings and functions of business models, namely (1) business models as attributes of real companies, (2) business models as cognitive/linguistic schemas and (3) business models as formal conceptual representations of how a business functions. In our research, we refer to business models as cognitive/linguistic schemas rather than formally described conceptual models or success attributes of real companies. In the case of business models as attributes of real companies, the business model is assumed as the set of activities that the company performs and the outcomes of performing these activities. However, there is little agreement on which (sustainability) activities are important in business models and therefore should be performed (Massa *et al.*, 2017). In our research, we stay at the level of retailers' sustainability activities rather than exploring who performs the activities, how they are performed, when they are performed, where (at what level) and what resources are needed.

Moreover, retailers never engage with all aspects of the sustainability, but rather choose a subset of possible focus areas, which fit their customers and business model (Lehner, 2015). Hence, business models may represent a new dimension of innovation that complements traditional ones such as product, process and consumer engagement (Massa *et al.*, 2017). In this sense, the business model can be considered a dominant logic—a current thinking pattern or established belief or cognitive schema held by managers (Bettis and Prahalad, 1995). When business models do not work, it is because they fail either the narrative test (e.g. the story does not make sense) or the numbers test (e.g. loss of profit) (Magretta, 2002).

Sustainable business models are often a response to the dominant consumption-centric ideology and aim at reducing material and energy consumption (Freudenreich *et al.*, 2020). Narratives create shared understanding and allow companies to communicate their sustainable business models both inside and outside the organisation (Massa *et al.*, 2017). In the paper, we focus on external communication of retailers' sustainable business model. Narratives of the business model can be used as a communication device that could allow achieving various goals, such as persuading external audiences, creating a sense of legitimacy around the company and guiding social action (e.g. by focussing attention on what to consider in decision-making and instructing on how to operate).

2.3 Institutional competing logic and multiple drivers influencing retailers' sustainability

A key reason why the neo-institutional theory is relevant to investigate retailers' sustainability is that it provides an understanding of how organisations perceive and respond to changing social environment, institutional pressures and expectations (Dimaggio and Powell, 1991;

Higgins and Larrinaga, 2014). Research had identified that multiple institutional logics often co-exist within organisational fields (Reay and Hinings, 2009; Marquis and Lounsbury, 2007), and that these multiple logics might even impose different, and potentially conflicting, demands. This might be especially relevant for retailers. The retailing market is highly sensitive and responsive to market forces. If one retailer develops a new and successful strategy, the other reacts immediately and develops me-too or differentiation strategies (Wilson, 2015).

Logics are an important theoretical construct because they help to explain connections that create a sense of common purpose and unity within an organisational field (Reay and Hinings, 2009). Logics are also important in understanding institutional change because a change in the field's dominant logic is fundamental to conceptualisations of institutional change (Reay and Hinings, 2009). Competing logic is a construct used by institutional theorists, therefore we call it competing institutional logic. There is some dominant logic (Bettis and Prahalad, 1995) of acting. When a new logic is introduced, it may compete with the previous dominant logic. Marquis and Lounsbury (2007) have identified situations where competing logic continued to co-exist for a lengthy period of time. The dominant logic in retailing is business case based, i.e. to earn profits. However, the proliferation of SDGs, particularly SDG 12 Sustainable production and consumption introduce a new logic for retailers.

In the study of Hedegård *et al.* (2020), reuse-based fashion retail included at least three types of local logics: retail, reuse and work integration. Hence, a presence of multiple logics may result in conflicts and tensions. For example, the overarching aim of a shopping mall is economic sustainability through profit, while the aim of reuse is to create environmental sustainability by extending the lifecycle of the products. Despite different logics emphasising different aspect, however, conflicts are not the only possible logic.

Fundamentally, smaller retailers respond by mimetic actions towards the industry leader. Baker *et al.* (2012) note that institutional isomorphism of the mimetic type has taken place regarding sustainability reporting of large retail distributors. However, Björklund *et al.* (2016) argued that there is a need for in-depth case studies of retailers to understand corporate environmental consciousness.

Based on the review of the scholarship, we can assume that multiple institutional isomorphisms may act as drivers fostering retailers' transition to more sustainable business models in general and in sector-specific ways. From a retailing perspective, legal regulations highly motivate companies to be environmentally engaged (Kotzab *et al.*, 2011). A series of directives and national legislation related to waste management issues, recycling, packaging and product safety encourage retailers to change their business process, including management and operations. For example, retailers are progressively aligning their energy targets to those of the Paris Agreement and converging in business principles and reporting standards (Ferreira *et al.*, 2019). Despite infrastructures for collecting waste creating additional costs, companies are pressured to reduce waste, which in the long run has positive effects on the economic and environmental bottom line (Kotzab *et al.*, 2011). However, it is important to note that regulatory pressures seem to drive sustainability implementation up to a certain extent, although this does not explain why some companies decide to go beyond measures required by law (Naidoo and Gasparatos, 2018).

Therefore, corporate governance is another vital factor to drive the sustainability agenda. Strategies to decarbonise the retail sector include establishing ambitious energy goals, and investing in more efficient logistics and greener retail operations, with buildings designed and managed under a life-cycle perspective (Ferreira *et al.*, 2019). Utgård (2018) emphasised that foreign ownership, being a private brand and the chain's structure also influence whether the company engages in web sustainability reporting.

The inclusion of sustainability dimensions will become relevant, if this leads to the creation of a competitive advantage (Wilson, 2015; Schaltegger and Burritt, 2018): either through cost saving or leading to a better company image.

On the other hand, some drivers are more relevant to the retail sector. For example, Jones and Comfort (2018) emphasised the importance of the end consumer and the need to create a strong relationship with them through sustainability reporting and communication. Consumers want to buy products that do not harm the environment but on the other hand these products should be as cheap as possible, which requires global sourcing (Kotzab *et al.*, 2011; Jones *et al.*, 2005). Retailers have a double challenge by being aware of the increasing demand from consumers for environmentally and socially sustainable practices and the need to recognise that consumers may not be willing to pay more for these products (Tascioglu *et al.*, 2019). Business-to-consumer companies (such as retailers) are more likely to engage in reporting activities, while business-to-business companies display lower levels of disclosure (Groves *et al.*, 2011).

Companies from environmentally sensitive industries (in this case retailing) tend to engage in sustainability reporting in order to respond to sector-specific stakeholder pressure. Overall, expectations from external stakeholders become a dominant driver in retailing (Naidoo and Gasparatos, 2018), based on pragmatism to satisfy stakeholders (e.g. media, environmental non-governmental organizations (NGOs)) and connect customers (Lehner, 2015). Without consumer support, sustainability would often not lead to business success (Hofenk *et al.*, 2019; Groves *et al.*, 2011). This is especially the case when reducing the environmental impacts of retailing operations through the implementation of environmental management systems and key performance indicators (KPIs). For example, energy use represents one of the highest operational expenses for retailers (Naidoo and Gasparatos, 2018; Richmond and Simpson, 2016). The need to reduce energy costs is also consistent with the motive of financial gains, largely due to the cost savings incurred from reducing operational expenses. Retailers also seek to implement waste reduction strategies, with the aim of reducing waste disposal costs, as they have to regularly and appropriately dispose of substantial amounts of plastic, cardboard and food waste (Naidoo and Gasparatos, 2018; Ruiz-Molina and Gil-Saura, 2018). It is crucial to note that—directly or indirectly—most of the aforementioned drivers revolve around expected financial gains. However, significant cost savings and increased profitability may only occur after substantial initial investments are made to change the current systems (Chkanikova and Matthias, 2015). A summary of drivers influencing retailers' sustainability is presented in Table 1.

The literature review reveals multiple drivers fostering retailers' sustainability. Different divergent sustainability dimensions may imply when seeking solutions for sustainability issues (Hedegård *et al.*, 2020). Much of the literature on retailers' sustainability had used an instrumental logic (Hahn *et al.*, 2015), which posits that firms can benefit financially when they address environmental or societal concerns. We emphasise the lack of knowledge about retailers' motivations to transition to more sustainable business models with the use of more exploratory and confirmatory approaches.

3. Research methodology

Our research strategy is explanatory and an inductive access focused on analysing case studies of major food retail chains in Lithuania and Germany. The research design including a comparison of two countries had already been implemented by Bebbington *et al.* (2012) by comparing reporting regimes in Spain and the UK; similarly, the specific environmental activities of three retailers from Denmark, France and the UK were compared by Kotzab *et al.* (2011). We focus next on the Lithuanian and German retail market because these countries offer an important case study to compare different institutional environments. On the one hand, by 1996 Germany had already introduced the "first" legislations on environmental economy in the "Closed Substance Cycle and Waste Management Act" and historically owns a higher level of social responsibility, democracy and market economy in comparison to Eastern European

General drivers		
Regulation	Legal regulation and compulsory industry standards	Odera <i>et al.</i> (2016), Hahn and Kühnen (2013), Naidoo and Gasparatos (2018), Ruiz-Molina and Gil-Saura (2018), Fereira <i>et al.</i> (2019), Kotzab <i>et al.</i> (2011)
Region/country	Diverse among developed, developing and transition countries	Odera <i>et al.</i> (2016), Mata <i>et al.</i> (2018)
Corporate size	Positive influence widely acknowledged	Hahn and Kühnen (2013)
Ownership structure	Publicly listed vs non-listed Concentrated vs dispersed ownership Foreign ownership (foreign chains)	Hahn and Kühnen (2013) Utgård (2018)
Corporate governance	Decarbonising strategies	Fereira <i>et al.</i> (2019)
Creation of competitive advantage	Corporate image making Financial gains through increased profitability and saved costs; time efficiency	Odera <i>et al.</i> (2016), Hahn and Kühnen (2013), Lacey and Kennett-Hensel (2010), Wiese <i>et al.</i> (2015), Kotzab <i>et al.</i> (2011) Schaltegger and Burritt (2018), Naidoo and Gasparatos (2018), Jones <i>et al.</i> (2011)
Retail sector-specific drivers		
Supply chain position Cross-industry sustainable practices, industry leader	Business-to-consumer profile is used in retailing	Wiese <i>et al.</i> (2015), Groves <i>et al.</i> (2011), Kotzab <i>et al.</i> (2011), Ruiz-Molina and Gil-Saura (2018), Björklund <i>et al.</i> (2016)
Storytelling	To create stronger relationship with stakeholders	Jones and Comfort (2018), Wilson (2015)
Private brands	Related with corporate image	Utgård (2018)
Expectations from consumers and other external stakeholders	Dominant driver in the retail sector	Naidoo and Gasparatos (2018), Groves <i>et al.</i> (2011), Ruiz-Molina and Gil-Saura (2018), Tascioglu <i>et al.</i> (2019), Lehner (2015), Hofenk <i>et al.</i> (2019)
Concerns about environmental impact	Energy conservation, GHG emission reduction, waste reduction strategies (at the same time to reduce costs) dominate among retailers	Naidoo and Gasparatos (2018), Richmond and Simpson (2016), Chkanikova and Matthias (2015), Filimonau and Gherbin (2017)
Firm innovations, industry-dependent practices	Food sharing practices	Ruiz-Molina and Gil-Saura (2018)

Table 1.
Drivers for sustainability implementation in retailing

countries. In addition, the German food and beverage market is the largest market in Europe (GTAI, 2018). German food retail sector, with roughly 34,947 stores (Nielsen, 2019), generated revenues of about 123.1 billion EUR in 2018 (Bellin–GfK, 2019). On the other hand, Lithuania is a small but highly dynamic open economy that can easily implement large-scale changes to its economy compared to bigger, more established economies. Lithuanian food retail sector, with roughly 15,738 retail stores, generated revenues of 4.632 billion EUR in 2018 (5.6% more than in 2017) (Statistics Lithuania, 2019). Focus on Lithuanian and German retail market is relevant as this is a vital sector, which is rapidly growing.

The case studies are divided into two parts: desk research analysis and interview and expert discussion analysis. For both the desk research and interview analysis, we carried out the main stages for qualitative data analysis (Corley, 2015)—namely, collecting data, open coding, axial coding and developing insights.

We presume that the selected major retail chains use their websites to provide information on sustainability issues through their annual reports, management reports, CSR reports and press releases. Data were collected and analysed (by using a content analysis and an investigative web-scan approach) in 2019 (Table 2).

To deepen the results of desk research, the interviews with representatives of retail chains were carried out in 2019.

According to Levy and Weitz (2011) and Farfan (2020), there are different types of retailers, such as department stores, supermarkets, warehouse retailers, specialty/outlet retailers, discount retailers, Internet/mobile retailers, etc. By choosing representative cases, we were looking for premium retailers, typical retailers and discounters. Premium retailers are specialising in a given type of merchandise and their length and breadth of product assortment are oriented to narrow the product line and deep assortment (Farfan, 2020; Levy and Weitz, 2011) (retail chain GER 1 and retail chain GER 2). On the other hand, typical retailers (supermarkets) are oriented to provide a wide variety of food, laundry and household products (Farfan, 2020; Levy and Weitz, 2011) (LT 1, LT 3, GER 3). Finally, discounters specialise in selling things very cheaply and their length and breadth of product assortment are oriented to a broad product line, low margin and high volume (Farfan, 2020; Levy and Weitz, 2011) (LT 2 and LT 4). It should be noted that it was not possible to reach all types of retail chain in the two countries analysed (namely, discounters in Germany; premium retailers in Lithuania) for different reasons. As regards premium food retailers in Lithuania, we have found two retail chains; however, they refused to participate because of fear to disclosure sensitive information. As regards large food discounters in Germany, it was difficult to reach the responsible persons and overall they were reluctant to discuss about their sustainability. By analysing retail chains' public information, we explore how sustainability is disclosed in their strategies and what are the main activities of sustainability. In addition, we used semi-structured face-to-face interviews to get a deeper understanding about drivers that influence to implement sustainability actions. The following topics for the interview were:

- (1) Company's information (What is the strategy, aim and vision of the company? How sustainability is connected to company's strategy and business model? Who are the main competitors?);
- (2) Sustainability implementation in the areas of products, processes and consumers (by asking main questions such as: Explain your company's product management? What are the key drivers for change in the areas of product management, business process management? How sustainability is included into product management and business process management? Who are your consumers and how sustainability issues are integrated? What are they key drivers to foster consumers' sustainability preferences);
- (3) Interviewee information (How many years of work experience do you have? What is your position at the current organisation and what are your main responsibilities?).

All interviews were conducted in the local language in 2019 with prior permission from the respondents after they signed an official consent form. In total, 7 interviews were conducted

Selected cases	Websites	Annual reports (incl. management reports)	CSR reports	Total
Lithuanian (4)	4	4	1	9
German (3)	3	1	0	4
<i>Total</i>	<i>7</i>	<i>5</i>	<i>1</i>	<i>13</i>

Table 2.
Sample for desk
research analysis

(Table 3). To enhance data triangulation and deepen the discussion of primary desk research and interview results, a focus group discussion with 6 external experts was carried out in October 2019. During the focus group discussion, it was presented that the initial findings of the retailers' case studies and discussed it with the experts. The following topics for the focus group discussion were sustainability implementation trends in the areas of products, processes and consumers; main drivers of sustainability implementation; similarities and differences when comparing between countries. It is important to note that the main topics both for interview and focus group discussion refer to the approach of [Wiese et al. \(2015\)](#),

Cases	Type of retailer	Duration of recorded interviews, min	Transcript pages Times new Roman, 10 pt, spacing 1	Number of interviews	Position of interview respondent	Experience, year
<i>Lithuania</i>						
Retail chain LT 1	Typical	56	7	1	Project portfolio manager	12
Retail chain LT 2	Discounter	47	8	1	Logistics manager	5
Retail chain LT 3	Typical	55	7	1	CSR project manager	0.5
Retail chain LT 4	Discounter	57	10	1	PR and marketing manager	3
<i>Total</i>		<i>215</i>	<i>32</i>	<i>4</i>		
<i>Average</i>		<i>53,75</i>	<i>8,00</i>	<i>-</i>		
<i>Germany</i>						
Retail chain GER 1	Premium	77	17	1	Managing owner	40
Retail chain GER 2	Premium	65	11	1	Managing owner	20
Retail chain GER 3	Typical	62	18	1	Sustainability manager	5
<i>Total</i>		<i>204</i>	<i>46</i>	<i>3</i>		
<i>Average</i>		<i>68</i>	<i>15,33</i>	<i>-</i>		
<i>TOTAL</i>	<i>-</i>	<i>419</i>	<i>78</i>	<i>7</i>	<i>-</i>	<i>-</i>

Expert group discussion

Country of expert	Position	Number	Experience	Year
Lithuania	Expert in CSR and sustainable development	1	Sustainability Policy and NGO Research	23
Lithuania	Expert in circular economy and sustainable development	1	Research	15
Estonia	Expert in sustainability performance measurement	1	Research and business	20+
Estonia	Expert in sustainability performance measurement	1	Research and policy	30+
Germany	Expert in CSR and sustainability reporting	1	Research and business	15
Latvia	Expert in internal auditing and sustainability reporting	1	Research	15
<i>TOTAL</i>		<i>6</i>	<i>-</i>	<i>-</i>

Table 3. Characteristics of interviews and expert group discussion

which is based on the type of sustainability activities undertaken, namely sustainable products and brands, sustainable business processes and operations, and sustainable consumption.

Interviews were recorded and transcribed in two versions (version 1.0: original interview (in the national language and version 1.1: authorised interview, which is a short summary of each interview question in English). The transcripts were analysed by researchers separately via a systematic process of coding and categorisation intended to group the information from the transcripts into similar concepts that emerged from the analysis. Descriptive information (such as position and experience of respondents; duration of interviews; pages of transcripts) was maintained in Excel for quantitative calculations by using Excel's AVERAGE and SUM functions. A combination of descriptive, initial, axial and taxonomic coding was applied to the qualitative data (Saldaña, 2016). We identified keywords (open codes) prevailing in all interviews by using content analysis with the help of MAXQDA and manually. Text was colour-coded and narratives were given rich text features (e.g. significant passages were bolded or assigned with important comments for later citation). Qualitative open codes were manually assigned, grouped into broader categories, called second-order codes, which highlighted the relationships amongst the open codes (Lee, 1999). After the categorisation, quotes from respondents that supported the assertions were extracted from the database for the evidentiary warrant (Saldaña, 2016). As the data from different countries were analysed by researchers separately, finally the meeting was organised to discuss the results, to share the insights and to derive conclusions. Second-order codes were then used to create axial codes, such as product, process and consumer (Table 4). Noticing that by naming the axial codes—product, process, consumer—we refer to Wiese *et al.* (2015).

We combined the different data sources (primary and secondary) and different research methods (desk research, interview and expert group discussion) for several reasons. First, we used desk research results as primary knowledge basis for conducting interviews with particular retailers. Second, such a combination let us to enhance the triangulation by ensuring credibility of qualitative analysis and to get the richer insights in the context sustainability implementation of retail chains.

4. Research results

4.1 Findings of desk research analysis

The institutional environment for sustainability information disclosures is similar in both countries. The countries' legislations vary from requirements to publish stand-alone reports on sustainability to incorporating sustainability in other compulsory reports, e.g. annual reports. The requirements present in Lithuania and Germany are generally set out for public interest entities, whereas our selected retailers do not belong to this group.

To determine how sustainability is embedded in the retail chains' strategy, we compare different retailers, i.e. how they communicate about sustainability in their strategies (Table 5).

Premium retailers (such as organic food stores) have a long-standing history in Germany compared to other countries in Europe. The analysed retail chains can be viewed as typical representatives of "organic retail chains" that focus on sustainable products, which indicate a *responsible cultivation and responsible interaction with the suppliers*, thus emphasising the importance of being responsible. Typical retail chains describe themselves as *taking care of the environment* and *being a part of society* through social engagement projects and initiatives. What is more, this type of retail chain mentions providing *local produce* and *healthier, organic products* for their customers. Discounters emphasise *favourable working conditions for employees* and describe themselves as a reliable partner that develops long-term *partnerships*.

Axial codes	Second-order codes	Definitions of codes	Coding examples (in bold)
Processes	Digitalisation	Automatisation processes, digital transformation, and usage of digital technologies such as bill payments, self-service cash registers, e-shops, <i>electronic labels</i> , merchandise management, etc.	GER3: “[. . . in our stores, <i>electronic labels</i> are placed so that every time an employee receives notifications which products must already be discounted, in order to be more efficient in waste management. . .]” LT1: “[. . . we already have <i>integrated electronic labels</i> for one vegetable section. It is more convenient for us that everything is controlled from the center, from the computer. . .]” GER1: “[. . . we need to cool a lot—I think there is further upside potential in <i>cooling</i> . . .]” LT2: “[. . . the building itself, by <i>freezing certain rooms</i> , uses the energy it gives off to heat the floor on the other side. . .]” GER3: “[. . . we <i>reduce the volume of packaging</i> . We concentrate heavily on repackaging. . .]” LT3: “[. . . reduce the use of plastic in packaging, encourage the use of <i>reusable packaging</i> , enable some products to be bought with their reusable packaging. . .]”
	Energy and Logistics & Packing	Energy savings (by using special IT systems, logistics solutions, <i>refrigeration/heating systems</i> , solar energy, CO2 reduction, lean management, etc.), <i>packaging</i> (by using more recyclable package; waste sorting, etc.), logistics (by using more hybrid cars, optimisation of trucks, etc.)	GER3: “[. . . we changed packages in order to <i>increase the level of sorting and to increase the recycle ability</i> . . .]” LT1: “[. . . the staff responsible for unpacking the products brought by the suppliers are familiar with the <i>principles of sorting and all packaging waste—plastic film, paper boxes, etc.</i> . . .]” GER3: “[. . . our typical <i>customers’ level of education</i> is above the average. He is not always rational but has a high quality of consciousness. . .]”
	Waste management	Recycling, including <i>waste sorting</i> , handling, bio-waste, taromat, deposit refund, reusable, empties etc	LT1: “[. . . we pay special attention to the <i>education of children—</i> from early childhood we develop proper nutrition habits, help them to make friends with fruits and vegetables. . .]” GER2: “[. . . the <i>interest</i> for sustainable products increased however not every customer really question every product. . .]” LT1: “[. . . our main user is a conscious, rational person who does not see the added value of maybe something in the brand name, and actually <i>looks, well, what’s in that pack and what I get for a certain amount of money</i> . . .]”
Consumer	Initiatives to community	Actions, which support sustainability (such as food bank initiatives, supporting sport events, charity, support, sharing with farmers and etc.) and related to consumers’ and employees’ <i>education</i> (training, education, employees engage, etc.)	
	Consumer’s Behaviour	Consumers’ behaviour, including purchasing habits, culture, frugality, awareness, maturity, responsibility, values, <i>preferences</i> , etc	

Table 4.
The axial codes and the descriptions (derived from codes) from a research study)

(continued)

Axial codes	Second-order codes	Definitions of codes	Coding examples (in bold)
Product	Healthy Products	Sustainable products such as whole food, vegetarian food, eco products, <i>sugar free</i> , organic products, etc	GER2: “[... <i>vegan, sugar, gluten free</i> products are increasingly being asked...]” LT2: “[... <i>takes care of all initiatives such as sugar reduction...</i>]” LT1: “[... <i>it is possible to find products without gluten or added sugar or with a lower fat content...</i>]”
	Origin of the products	Origin of the product such as local products, private label products, food from the region, <i>local farmers</i> , etc	GER1: “[... <i>I know, how the farmer of that sweet pepper looks like. This is important for me, that distinguishes me from my competitors. They cannot say that, or they cannot order from a regional farmer. It is important for me...</i>]” LT3: “[... <i>we try to cooperate as much as possible with local farmers. Some of our stores contain up to 80–90% fresh produce from local farmers...</i>]” LT1: “[... <i>we are working with local farmers to some extent. It's tricky because they have irregular quantities...</i>]”

Table 4.

Cases	Country	Extracts
Premium retailers	Germany	GER 1: “we are environmentally friendly”; “organic products in personal atmosphere” GER 2: “organic is our basis, but sustainability means far more”; “support the farmers in our region”
Typical retailers	Lithuania and Germany	LT 1: “we care about the environment in which we operate”; “we strive to be an important part of society”; “working on important social projects and initiatives” LT 3: “we are working to make a positive impact [on] communities”; “striving to expand the number of products of local producers”; “support solutions and products that promote healthier nutrition” GER 3: “reducing our ecological footprint”; “to operate as environmentally friendly as possible”
Discounters	Lithuania	LT 2: “our goal is to create the best possible work environment for our employees”; “we develop long-term relationships with suppliers and partners” LT 4: “responsible company that takes care of employees and partners”

Table 5.
Sustainability
information in
strategies of retail
chains

All retail chains publicly declare sustainability in their strategies and position themselves as *responsible or socially responsible*, however, in a different way according to their business model.

As for sustainability activities in Lithuania, public information was obtained only for retail chains LT 2 and LT 3. In both cases, the presented financial KPIs mostly relate to processes through investments into environmental technologies and innovations. For the

German cases, only the retail chain GER 3 provides information in a publicly available annual report (Table 6).

Overall, on a voluntary basis, premium retail chains provide little information and naturally mostly related to sustainable products. In comparison, discounters are oriented only to the processes by emphasising that besides investing in environmentally friendly technology, their shops are certified and use renewable energy. Typical retail chains seem to be lacking a well-thought-out sustainability strategy because they are oriented on all aspects of sustainability. It is not clear what companies' focus areas are. What is more, typical retail chains present in several countries seek to comply with environmental regulations and acknowledge the regulatory risks with an emphasis on safety regulations, such as product traceability, third-party certification and laboratory tests.

In summary, retail chains publicly declare that they aspire and strive to be sustainable by emphasising their strategies. Hence, different types of retailers focus on particular areas, which suit their business model, for sustainability implementation. However, when it comes to concrete actions, retail chains mostly comply with the law by providing minimal sustainability disclosures.

4.2 Findings of interview analysis

Mapping of sustainability implementation for both Lithuanian and German retailers is presented respectively in Figures 1 and 2.

It can be noted that the same drivers are present in both countries, even though their focus differs slightly. Figure 3 shows what drivers' groups in retail chain are relevant according to

Cases	Country	Products	Processes	Consumption
Premium retailers	Germany	GER 2: "support different initiatives regarding toxics in [the] cultivation and rearing of chicken"		
Typical retailers	Lithuania and Germany	LT 3: "offer paper and reusable bags next to the plastic ones" GER 3: "support initiatives that focus on more careful use of resources or the expansion of environmentally compatible products"	LT 3: "partners with local food producers"; "have innovative solutions that help saving energy; invests in sustainable energy, heating and cooling systems, renewable energy" GER 3: "invest in waste reduction and reduction of CO2 emissions"	LT 3: "encourages customers to choose environmentally friendly products"; "collaborates to support poorly living families with food" GER 3: "educate customer on the impact of plastic bag[s]"
Discounters	Lithuania		LT 2: "investments into environmentally friendly CO2 refrigeration systems"; "investments into energy-saving LED lighting"; "use of local electricity produced from renewables"	

Table 6.
Publicly disclosed sustainability activities¹

Note(s): ¹no public data found according to retail chains LT 1, LT 4, GER 1

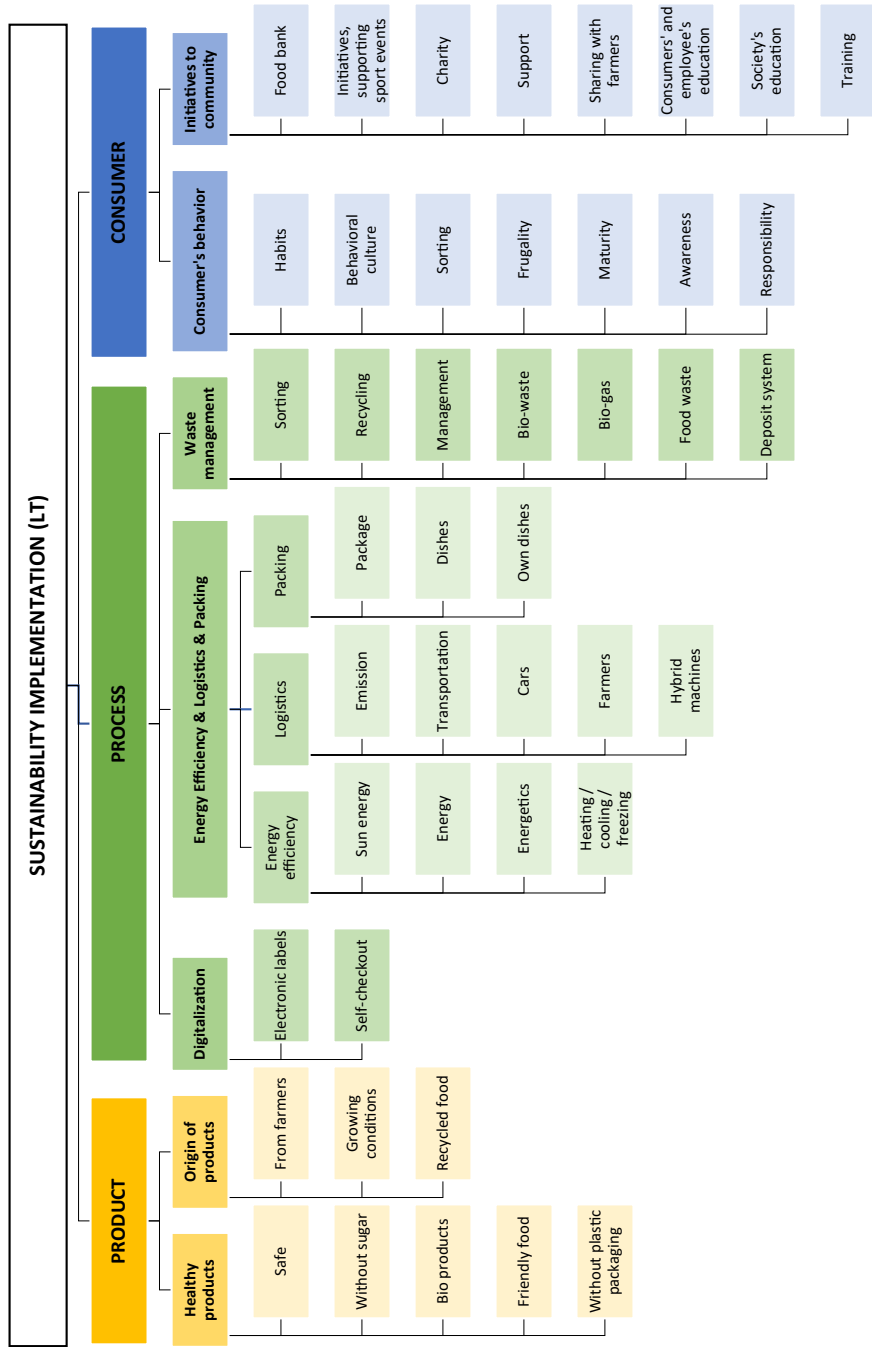


Figure 1. Mapping of sustainability implementation for Lithuanian retailers

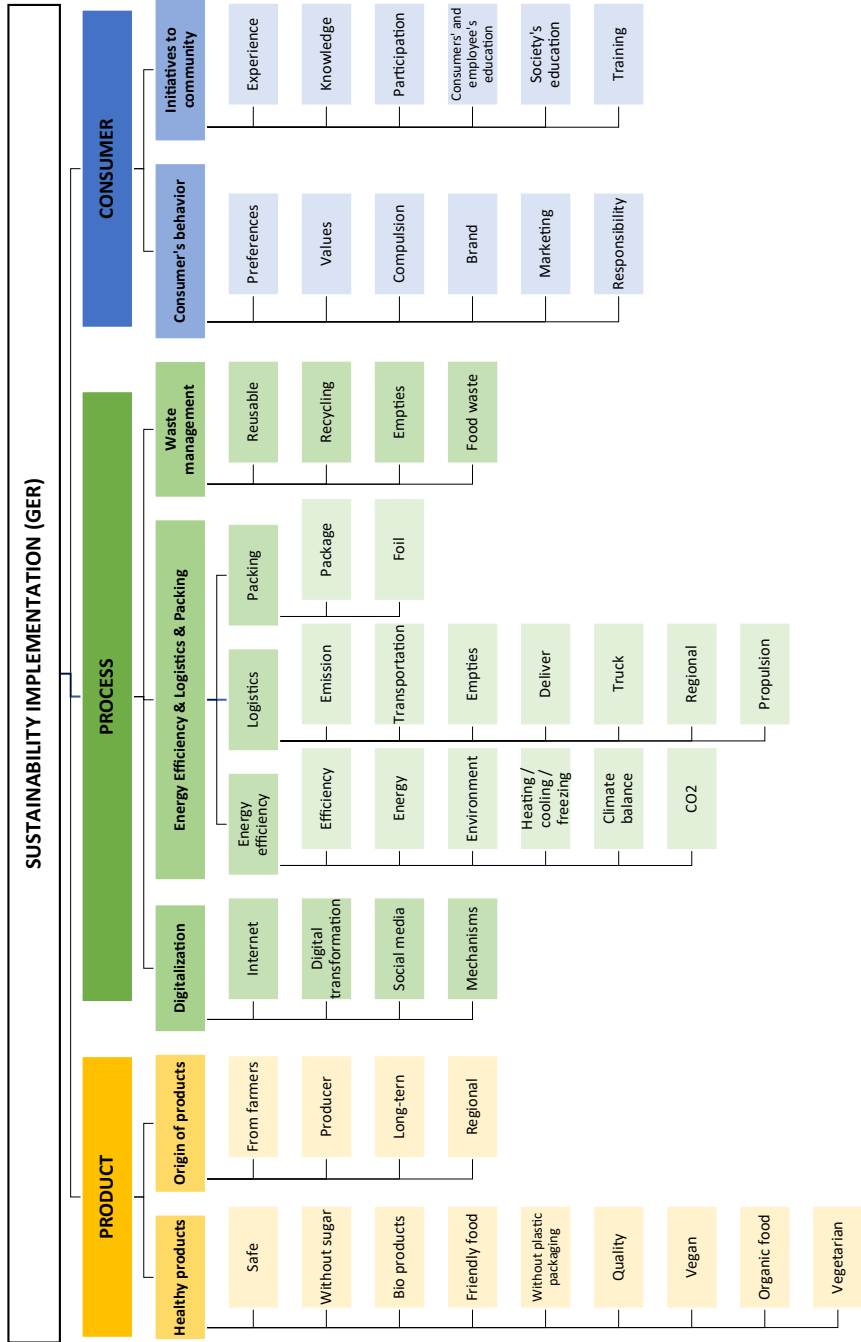


Figure 2. Mapping of sustainability implementation for German retailers

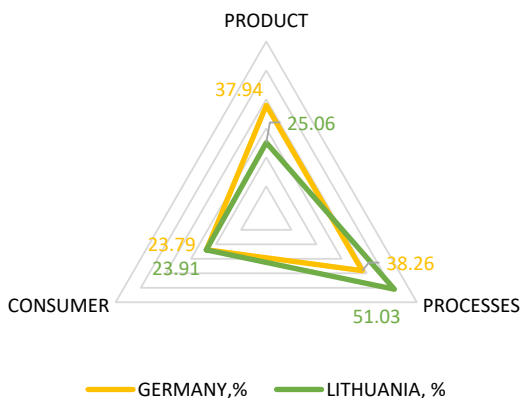


Figure 3. Drivers of sustainability implementation (frequency in percent)

interviewers and experts view (frequency (in percent) of mentions of defined codes/keywords).

Drivers of sustainability implementation in Lithuania are strongly orientated towards optimisation of processes (51.03%). This can be explained by the need for Lithuanian retailers to adapt to stricter environmental regulations implemented fairly recently. Drivers of sustainability implementation in Germany are similarly orientated towards both–product (37.94%) and processes (38.26%). Stronger orientation towards product can be explained by longer existing regulations, a better ability to adapt processes to regulations or trends in society. Although directly consumer-related drivers were at least mentioned, all interviewers and experts emphasised the responsibility of consumers and the need to satisfy their preferences. Indirectly, the needs of consumers are also reflected during changes of assortment.

The detailed analysis (Figure 4) shows what drivers in Germany and Lithuania are relevant according to interviewers and experts view (frequency (in percent) of mentions of defined codes/keywords). What is more, this analysis revealed the main drivers motivating retail chains to be more sustainable: energy and logistics and packing; healthy products and consumer’s behaviour.

As concerns Lithuanian retail chains, the main drivers are distributed around environmental-legal-financial restrictions and the need to satisfy consumer preferences, namely, *waste management* (26.44%); *energy, logistics and packing* (21.84%); and *healthy*

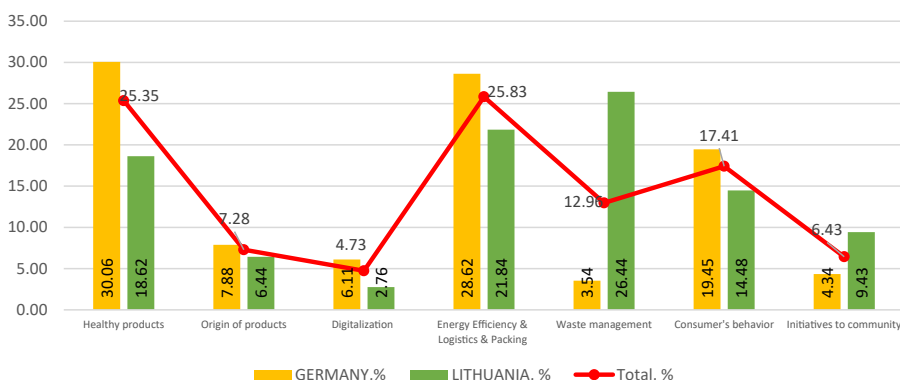


Figure 4. A detailed cross-country comparison of drivers of sustainability implementation (frequency in percent)

products (18.62%). These drivers are particularly significant because they lead to the fulfilment of compulsory requirements for waste management. Recycling as a driver is expressed by waste sorting, bio-waste:

LT 1: “[...the staff are familiar with the principles of sorting and all packaging waste–plastic film, paper boxes, etc]”; LT 3: “[...part of the waste is handed over to a food waste management company for proper disposal. . .]”.

Energy and logistics and packing are expressed by energy saving from buildings, usage of green energy, shortening the supply chain, recyclable packaging and more hybrid vehicles:

LT 1: “[...we have implemented ISO 50001 standard. It requires investment in green energy, energy savings. . .]”; “[...we also appreciate the amount of home-grown or locally grown produce in the range, as reducing transport resources and shortening the supply chain have a direct impact on the environment. . .]”; “[...there are only hybrid cars in the administration auto park. . .]”. LT 2: “[The building itself, by freezing certain rooms, uses the energy it gives off to heat the floor on the other side. . .]”; “[...when purchasing energy, priority shall be given to the purchase of green energy, or only hybrid cars shall be considered when bidding . . .]”; LT 3: “[...reduce the use of plastic in packaging, encourage the use of reusable packaging, enable some products to be bought with their reusable packaging. . .]”.

Healthy products as a driver are expressed by changing assortment and offering more sugar-free or gluten-free products:

LT 1: “[...offer a healthier product to the buyer. . .]”; “[...it is possible to find products without gluten or added sugar or with a lower fat content. . .]”; LT 3: “[...is such a healthy product line, it is expensive enough. . .]”; LT 4: “[...where sugar is less, well that keyhole thing. . .]”; LT 2: “[...takes care of all initiatives such as sugar reduction. . .]”.

For German retail chains, such items are also important: *healthy products* (30.06%); and *energy, logistics and packing* (28.62%). Most of the organic retail chains are historically justified by the consumers’ demand for organic food:

GER 2: “[...in those days the main thought was shaped by wholegrain nutrition. Organic products were partially available and part of the product range. Many other organic products were not available and had to be developed. . .]”; GER 1: “[...we started with wholegrain nutrition; the development of organic products was quite fast. . .]”; GER 1: “[...we carry a 100% organic product range [. . .] all products are certified. . .]”.

The origin of the product somehow accompanies the healthy product, especially for organic retail chains, as a crucial factor to guarantee quality and to provide transparency:

GER 2: “[...it is important to have a production and a cultivation quality higher than the EG Bio Standard. The way of cultivation is important, that the farmer works with an inner belief and concentrates on that kind of cultivation. . .]”; GER 1: “[...I know, how the farmer of that sweet pepper looks like. This is important for me, that distinguishes me from my competitors]”.

Finally, environmental-legal-financial restrictions in the form of energy and logistics and packing also possess great relevance for German retail chains. The development of new packing systems should lead to waste reduction:

GER 3: “[...we reduce the volume of packaging. We concentrate heavily on repackaging]”; “[...we use reusable packaging, to reduce packaging waste, since then we have saved more than 100 tons of polystyrene. . .]”, GER 2: “[...we developed a reusable packaging system with our suppliers and are now saving tons of stretch foil. . .]”.

On the other hand, retail chains need to comply with packaging laws. For example, the new German Packaging Act (VerpackG) entered into force on 1st January 2019, with the aim to

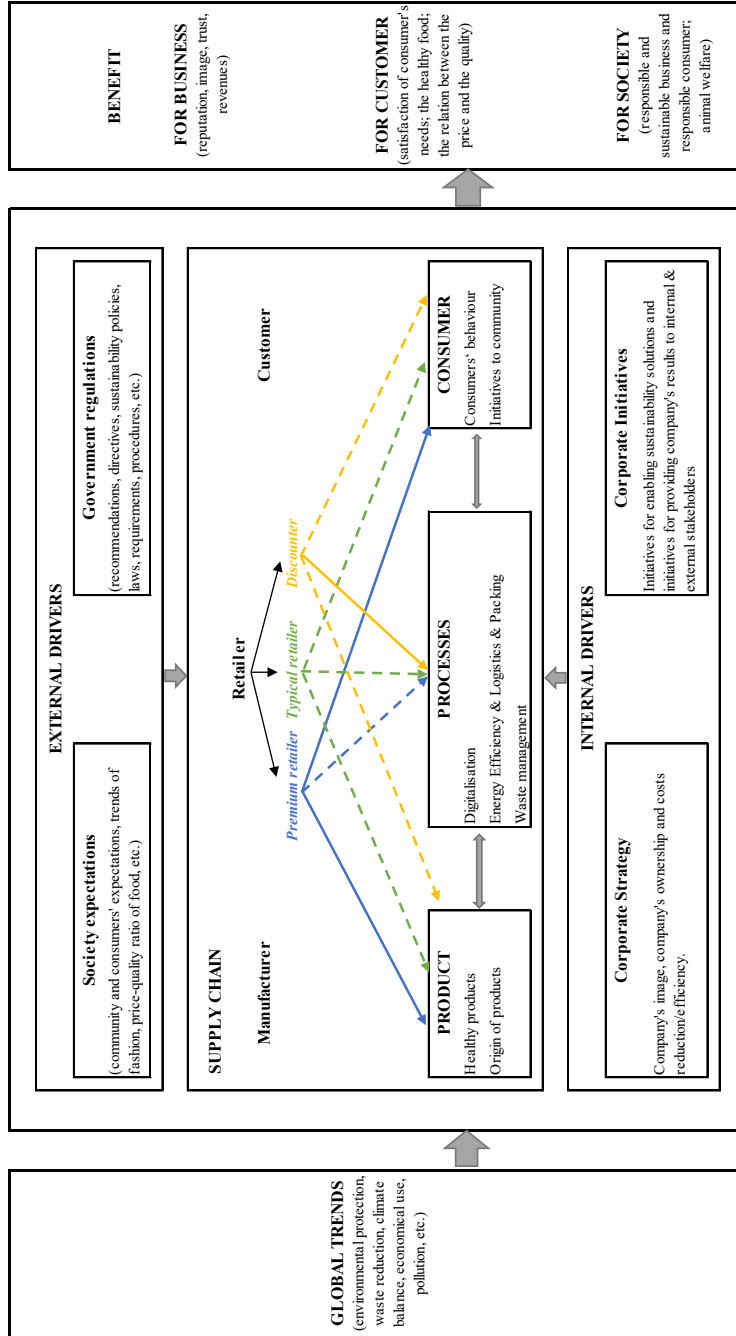
reduce packaging waste as much as possible. All manufacturers and retailers are affected equally by the provisions of this legal requirement with the consequence that the food retail sector created new ways of packaging:

GER 3: “[...]due to the packaging law a new process was initiated to develop recyclable packaging...].”

Even a cross-country comparison identifies similar key drivers; however, they vary for different types of retailers. Premium retailers focus on the development of organic products and healthy products. The importance of being responsible is highlighted through product quality. Typical retailers mainly focus on sustainable processes through energy saving, more recycling packing and using more hybrid vehicles. This driver is vital due to the legal requirements, which leads to waste management and cost reduction. On the other hand, sustainable processes are also related to more sustainable consumption by educating customers to use recyclable packaging, less packaging and avoid food waste. Discounters emphasise sustainable processes largely as a driver for energy saving and meeting legal requirements.

By summarising the research results, retailers’ sustainability management model has been created (Figure 5).

The conceptual model consists of five blocks, namely global trends and challenges, supply chain, internal drivers, external drivers and benefits. In general, the sustainability management model has a clear connection with global challenges. As the literature shows, the retailing sector faces many sustainability challenges such as environment protection, waste reduction, climate balance, etc., and sustainability management tools may be a solution. The literature review revealed that in general many sustainability drivers might be found, but it was noticed that the sustainability of supply chain are influenced by external (society expectations and government regulations) and internal (corporate strategy and initiatives) drivers. The model is centred around the key supply chain participants such as manufacturer, retailer and customer. Hence, retailers exert a significant influence on sustainability issues due to their position in the supply chain between manufacturers and customers. Interaction with the key stakeholders have a pivotal role in the development towards sustainable retail business models by offering more sustainable products, including environmental considerations in logistics and packaging, as well as communicating sustainability initiatives, and helping their customers to behave more sustainably. We found that retailers do not engage with all aspects of the sustainability, but a particular retailer rather chooses a subset of possible focus areas, which fit their customers and business model. Investigated premium retailers organise their sustainability discourse around organic certified production leading to more sustainable consumption. Discounters focus strongly on optimisation of environmental performance of their business process. Interestingly, typical retailers include sustainability elements in all three areas in a rather superficial way. As typical retailers are oriented to provide a wide variety of food, laundry and household products, they offer a mix of sustainable and non-sustainable products by reaching the needs of target customers. As regards sustainable process, their motivation is driven by environmental regulations and cost optimisation. This conceptual model of sustainability management shows the sustainability focus of different retailers business models (i.e. premium retailers, discounters, typical retailers). Our perceived retailers’ business model represents a new dimension of sustainability that complements product, process and consumer engagement. The results of qualitative research analyses also revealed the main retail-specific drivers, which could be related to the product (healthy products, origin of the products), processes (energy and logistics and packing, digitalisation, waste management) and consumer (consumer’s behaviour, initiatives to the community). The sustainability management model also represents the benefits for a wide range of stakeholders by shifting to more sustainable business models in retailing.



Note(s): Full arrow shows primary focus of retailers, arrow in dashes shows secondary focus of retailers

Figure 5. Conceptual model of retailers' sustainability management

5. Discussion

By reconciling competing sustainability agendas (Jones *et al.*, 2011; Hedegård *et al.*, 2020), retailers may have to make difficult trade-offs between competing goals (e.g. to assure sustainable sourcing and cost saving). From the interviews, we discovered that competition is tough among retailers and their online communications on sustainability issues is actually quite similar in both countries.

The interesting fact is that despite all retailers declaring the importance of sustainability in the strategies, it is difficult to confirm reliability, whether the presented information is not too selective or subjective. We observed that all cases positioned themselves as responsible or socially responsible and tried to implement through particular focus areas that suited their stakeholders and business model (Lehner, 2015).

Despite all retailers publicly emphasising their commitment for sustainability, we can clearly observe inconsistency among drivers and sustainability discourse, while theoretically breaking into products, processes and consumption. Therefore, we identify 3 research propositions.

5.1 P1. Processes vs sustainability

Embedding sustainability into processes (e.g. investing in environmentally friendly technologies, the use of renewable energy) is highly related to multiple institutional logics, e.g. the need to be compliant with environmental regulations, reducing environmental footprints by decreased energy use, water consumption, waste releases and ultimately saving financial costs. Making financial gains because of reducing costs and/or increasing process efficiency across business operations (Wilson, 2015; Naidoo and Gasparatos, 2018; Richmond and Simpson, 2016; Filimonau and Gherbin, 2017) is a dominating driver for sustainability actions rather than treating sustainability at the core of the strategy. For example, energy use represents one of the highest operational expenses for retailers (Naidoo and Gasparatos, 2018; Richmond and Simpson, 2016). Therefore, many retailers focus on energy conservation and greenhouse gas (GHG) emission reductions. Digitalised solutions also assist retailers in reaching appropriate consumers at lower costs (Grewal *et al.*, 2017). Moreover, packaging and food waste are becoming priority sustainability issues for retailers. Jones *et al.* (2011) also noted that retailers concentrate their efforts more on the physical operation of their stores, sourcing and distribution activities rather than on influencing their consumers to make more sustainable choices. Despite dominating financial logic, sustainability implementation in business processes is the most advanced area for retailers and the most common narrative of declared business model. This is highly related to environmental regulations (Odera *et al.*, 2016; Hahn and Kühnen, 2013; Naidoo and Gasparatos, 2018) because numerous regulations are put on process rather than products (e.g. waste management, third-party certification). In particular, typical retailers and discounters acknowledge seeking to comply with environmental regulations. A purely transactional view of sustainability implementation is incremental as it is created from the logic of the existing operational and business model (Schaltegger and Burritt, 2018). Taking into account described above patterns of sustainability *versus* business processes, we suggest the following proposition:

P1. Environmental regulations have an important role by fostering more sustainable processes for retailers.

5.2 P2. Consumption vs sustainability

Consumers are key stakeholders in retailing (Grewal *et al.*, 2017). They do not merely pay for a product or service but also provide other values to the retailers, for example, personal data and information about consumption preferences, thus helping to meet a business need for detailed information about the target group (Freudenreich *et al.*, 2020). Interestingly, retailers somehow tend to “shift” their responsibility to the consumers rather than encouraging themselves to make more sustainable choices. We observe a more passive and responsive role

of retailing chains because of the inherent trade-off between revenue growth and sustainability, i.e. the more consumer purchases, the more revenues generated as well as more food and package waste, although it should be admitted that over time consumers become more responsible and retailers respond quite quickly to changing preferences. E.g. young consumers and families are generally more aware of green products (Kumar *et al.*, 2021). As a result, some retailers introduced e-shopping and healthy products (ecological, no palm oil, no sugar) or indicated the importance of partnerships with local producers and no longer selling caged hens' eggs. Finally, recent global problems, such as coronavirus disease 2019 (COVID-19), influenced the retail sector to use more packaging to ensure safety requirements. Overall, retailers' claimed commitments to consumers are mainly limited by proposing higher quality products rather than encouraging sustainable consumption (e.g. to act responsibly and reduce food waste). In line with Jones *et al.* (2011), there is tension between commitments to promoting sustainability and the continuing level of resource consumption. Investigated retailers implement their own sustainability actions that do not threaten consumption. Moreover, the prevailing narratives of the business model focus on persuading consumers to buy their "sustainable" products rather than indeed guiding social action on what to consider in sustainable decision-making. Despite that different types of retailers distinguished themselves by different sustainability implementation:

P2. Retailers' sustainable business models should be more proactive and focus on sufficiency.

5.3 P3. Products vs sustainability

Environmental sustainability has become a quasi-industry standard for the ecological transformation of global retailing (Kotzab *et al.*, 2011). Retailers with a sustainable assortment and a sustainable distribution achieve more positive store valuations, stronger shopping intentions and word-of-mouth intentions (Hofenk *et al.*, 2019). It is important to note that the investigated retailers (except one) have not provided any sustainability reports at the national level, which might mean that they do not intend to elaborate upon their sustainability agendas either systematically or strategically. Most of the communication has been implemented through the media, because retail chains seek to create stronger relationship with customers (Jones and Comfort, 2018; Utgård, 2018) and are more consumer-oriented rather than producer-oriented. However, in line with Hultman and Elg (2018), the research results indicated the importance of retail-supplier relationship through "healthy products" and "origin of products". Again, this is a result of a mixed impact from regulatory pressures (for example, to limit quantity of sugar) and expectations from consumers, as well as other actors across the supply chain (e.g. origin of the product). Therefore, retail chains dynamically react/adopt sustainability initiatives by changing product assortments towards more healthy, traceable products. Eventually, normative practices across the industry (Ruiz-Molina and Gil-Saura, 2018), based on competing logic, were confirmed to be important. If a supplier appears to work unsustainably, this will affect retailers' decisions to further cooperate. Looking from sustainability perspectives, building an attractive assortment and getting products close to consumers (by using digital technologies), offer considerable opportunities to increase retailers' sustainability:

P3. Digital technologies can enhance retailers' sustainable management of products assortment.

5.1.1 Implications.

(1) *For academia:* we elaborate a conceptual model of retailers' sustainability management as well as formulate three research propositions from the perspectives of suppliers (products), consumers and processes. Although in the

literature we may find a vast number of drivers for sustainability (external versus internal), when it comes particularly to the retailers, the literature was scant. Our academic contribution is not just to identify the most relevant drivers for retailers, but also to organise them around institutional competing logic and to the area of sustainability activities undertaken, namely sustainable products (healthy products; origin of the products), processes (waste management; energy, logistics and packing, and digitalisation) and consumption (consumer's behaviour and initiatives to the society). We also incorporated global challenges, which cannot be avoided by retailers, such as increasing food waste, high carbon emissions, etc. Each perspective deals with specific logic, which leads to multiple environmental-legal-financial concerns. Due to this, further research is needed to explore retailers' sustainability strategies and elaborate sustainability management tools, which fits to the retailers' business model.

- (2) *For society*: societal expectations, including consumer's behaviour, is a powerful driver that fosters retailers' transitions to more sustainable business models. As identified from the research, the prevailing narratives of retailers' business models seek to persuade consumers to buy their products rather than indeed guiding social action on what to consider in decision-making for sustainable consumption. Therefore, consumers should be more active and demanding in the context of sustainable products and related services. It could be observed that the trend for public sustainability information should remain increasing. This is an important information source and a communication tool with the consumer and overall the society. Surprisingly, the explored retailers almost do not publish sustainability reports, but mainly communicate via social media in a fragmented way. It is also a signal for the lack of information quality and reliability, even lack of systemised sustainability management inside the organisation. Retailers' sustainable business models should be a realistic response to the dominant consumption-centric ideology aiming not just at reducing material and energy usage, but also at fostering sustainable consumption. Narratives should create shared knowledge and should allow retailers to communicate their sustainability actions through sustainable business models.
- (3) *For retailing associations and policymakers*: institutional competing logic through multiple drivers encourage retailers to shift to more sustainable business models. Depending on the type of retailer, the scope and speed of shift vary. Overall, retailers implement their own sustainability activities/strategies that do not encourage sustainable consumption. Even though consumers are becoming global and more responsible, environmental regulatory policies (plastic bag prohibition, waste sorting, packaging regulations) are very influential. Strengthening of good practices sharing among retailers could also be an additional facilitator.

6. Conclusion

Our results show that retail chains in both investigated environments implement their sustainability actions based on triple environmental-legal-financial concerns—namely, energy efficiency from buildings, usage of renewables, shortening the supply chain, usage of new packaging systems, hybrid vehicles and food waste. As regards different types of retail chains, premium retailers organise their sustainability discourse around organic certified production leading to more sustainable consumption. Typical retailers and discounters publicly declare the importance of sustainability in their strategies, but the mix of environmental regulatory drivers and cost savings dominates. Currently, retailers' business

models may be treated as narratives of communication with the focus on persuading consumers to buy their “sustainable” products rather than indeed guiding social actions regarding sustainable consumption.

6.1 Limitations and further research

Because of the chosen qualitative approach, the research results may lack generalisability. What is more, it was not possible to reach all types of retail chain in Germany and Lithuania due to the existing institutional differences and due to the unwillingness/fear to disclosure the sensitive information. Hence, our analysis is not judgemental in the sense of giving an opinion on how well all the retail chains perform their sustainability activities. Therefore, researchers are encouraged to test the proposed propositions further. It would be worthwhile to carry out further empirical analyses of sustainability management through a longitudinal case study of retail chains or a quantitative survey to gather a broader range of insights.

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Further reading

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