



Unpacking the Microfoundations of Sustainability Stakeholder Sensemaking in Global Supply Chains

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Abstract. *This qualitative literature review explores stakeholder sensemaking in global supply chains, focusing on the microfoundations of sustainability. Sustainability challenges in supply chains are characterized as complex and multifaceted, involving economic, social, and environmental dimensions that often intersect and conflict. Multinational enterprises (MNEs) play a critical role in addressing these challenges, navigating diverse stakeholder expectations and contextual variations across global operations. The review synthesizes insights from previous studies to highlight the role of sensemaking processes at individual and organizational levels in shaping sustainability strategies within global supply chains. Sensemaking acts as a cognitive and social process through which stakeholders interpret and respond to sustainability issues, influencing organizational responses and strategy formulation. Despite its contributions, the review acknowledges limitations in generalizability and the need for empirical validation in diverse contexts. Future research could benefit from longitudinal studies to capture the evolving nature of stakeholder interactions and sensemaking dynamics in sustainability initiatives.*

Keywords: *Stakeholder sensemaking, global supply chains, sustainability challenges, multinational enterprises, qualitative literature review*

Abstrak. Tinjauan literatur kualitatif ini mengeksplorasi pemaknaan pemangku kepentingan dalam rantai pasok global, dengan fokus pada mikrofondasi keberlanjutan. Tantangan keberlanjutan dalam rantai pasok digambarkan sebagai kompleks dan multidimensi, yang melibatkan aspek ekonomi, sosial, dan lingkungan yang sering kali berpotongan dan bertentangan. Perusahaan multinasional (MNE) memainkan peran penting dalam menghadapi tantangan ini, dengan menavigasi berbagai harapan pemangku kepentingan dan variasi kontekstual di seluruh operasi global. Tinjauan ini mensintesis wawasan dari penelitian sebelumnya untuk menyoroti peran proses pemaknaan di tingkat individu dan organisasi dalam membentuk strategi keberlanjutan di dalam rantai pasok global. Pemaknaan berfungsi sebagai proses kognitif dan sosial dimana para pemangku kepentingan menginterpretasikan dan menanggapi isu-isu keberlanjutan, yang pada gilirannya memengaruhi respons organisasi dan perumusan strategi. Meskipun memberikan kontribusi yang berharga, tinjauan ini mengakui keterbatasan dalam hal generalisasi dan kebutuhan untuk validasi empiris di berbagai konteks. Di masa depan, studi longitudinal dapat memberikan lebih banyak manfaat karena dapat menangkap sifat interaksi pemangku kepentingan yang terus berkembang serta dinamika pemaknaan dalam inisiatif keberlanjutan.

Kata kunci: Pemaknaan pemangku kepentingan, rantai pasok global, tantangan keberlanjutan, perusahaan multinasional, tinjauan literatur kualitatif

1. INTRODUCTION

Nowadays, multinational enterprises (MNEs) have faced increasing pressure to address sustainability challenges not only within their own operations but also across their global supply chains (George et al., 2024). Despite this imperative, managing sustainability in supply chains remains a daunting task due to the complexities involved (Kano et al., 2020). Consequently, scholarly attention has expanded beyond internal corporate operations to include the dynamics of global supply chains (Narula, 2019). Existing literature offers strategic

recommendations, advocating either collaborative trust-based approaches or coercive compliance strategies for managing sustainability in global supply chains (Blome et al., 2023).

However, the implementation and effectiveness of these sustainability strategies are deeply influenced by how organizational members make sense of them (Maitlis & Christianson, 2014). Sensemaking, defined as the process by which individuals interpret and construct meaning from ambiguous or complex situations (Weick, 1995), plays a pivotal role in shaping organizational responses to sustainability challenges. Individual sensemaking processes vary, potentially leading to diverse and sometimes contradictory interpretations of sustainability strategies, thereby affecting their adoption and success (Alves et al., 2023).

This qualitative literature review focuses on sensemaking within the context of a European agri-food multinational's supply chain, specifically examining the sustainability issue of farmer livelihoods—an issue of global significance. By conducting interviews across various levels of the MNE and its supply chain, from board members to local suppliers, this study explores how different stakeholders perceive and respond to sustainability challenges. The research identifies a "funnel effect," where broader conceptualizations of sustainability at the corporate level narrow as we move downstream through the supply chain. For instance, while corporate leaders may emphasize global strategic integration, suppliers often prioritize immediate local concerns.

The findings underscore the critical role of individual sensemaking in shaping collective organizational understanding and strategic direction on sustainability. Moreover, sustainability professionals emerge as key facilitators in bridging diverse perspectives and promoting cohesive sustainability strategies across the organization. Understanding these dynamics is crucial for aligning corporate sustainability initiatives with stakeholder expectations and ensuring their effective implementation.

This review contributes to the literature by emphasizing the significance of microfoundations—specifically individual and collective sensemaking processes—in shaping corporate responses to sustainability challenges within global supply chains. By unpacking these microfoundations, the study offers insights into how organizational strategies can better navigate the complexities of sustainability, thereby enhancing their overall impact.

In conclusion, this review calls for further research to explore sensemaking in different organizational contexts and across various sustainability issues. It also advocates for the development of tools and frameworks to facilitate more coherent and integrated sustainability strategies within multinational enterprises.

2. LITERATURE REVIEW

Sustainability challenges in global supply chains have garnered increasing attention due to their profound impact and complexity. Many scholars have described these challenges as 'grand challenges' (George et al., 2024), emphasizing their significant societal and environmental repercussions. For instance, climate change manifests in extreme weather events such as storms, floods, and fires (Boe-Lillegraven et al., 2023), underscoring the urgency of comprehensive action. Similarly, socio-economic issues like corruption (Schembera et al., 2023) highlight the multifaceted nature of sustainability problems that extend beyond individual or organizational capabilities.

The multifaceted nature of sustainability issues involves economic, social, and environmental dimensions, often conflicting with each other at various levels (Hahn et al., 2015). This tension is exacerbated temporally, as short-term financial objectives may clash with long-term sustainability goals (Slawinski & Bansal, 2015). Such challenges are commonly referred to as 'wicked problems' (Rittel & Webber, 1973), emphasizing their systemic interconnectedness and the absence of straightforward solutions.

Addressing these complex challenges requires coordination among diverse stakeholders (Sadri et al., 2024). However, sustainability issues are context-specific, influenced by stakeholder perceptions and value judgments, complicating consensus-building on solutions (Lankoski et al., 2016). This variability is evident in decision-making within multinational enterprises (MNEs), where diverse stakeholders often interpret sustainability imperatives differently (Lucea, 2010). Thus, understanding MNE activities within socio-ecological systems is crucial for assessing their impact and devising effective solutions (Montiel et al., 2021).

MNEs, as pivotal economic and political entities, face mounting pressure to address sustainability across their operations (Wu & Liu, 2023). This pressure is compounded in international contexts, where MNEs operate amidst diverse socio-economic and regulatory landscapes (Shapiro et al., 2018). Strategic responses to sustainability vary, encompassing peripheral activities like philanthropy, core business initiatives targeting sustainability goals, or indirect impacts through business operations (Kolk et al., 2018).

Within MNEs, the dynamics between headquarters and subsidiaries influence the adoption of sustainability practices (Gutierrez-Huerter O et al., 2020). The decision whether to enforce a centralized sustainability strategy or allow local adaptation hinges on cultural considerations and resource allocation (Filatotchev & Stahl, 2015; Epstein & Roy, 2007). Such strategies reflect broader shifts in international business (IB) research, expanding from MNE-

centric perspectives to include complex network orchestration across supply chains (Asmussen et al., 2022; Marano & Kostova, 2016).

Global supply chains play a pivotal role in MNE sustainability strategies, shaping environmental and social impacts beyond internal operations (Miemczyk et al., 2012). Prior research underscores two primary mechanisms for sustainability management: collaborative approaches based on trust and coercive mechanisms requiring supplier compliance (Blome et al., 2023). However, the influence of focal firms is often constrained beyond immediate suppliers, posing challenges in cascading sustainability requirements down the supply chain tiers (Wilhelm & Villena, 2021).

Sensemaking processes within organizations critically influence sustainability engagement strategies (Georgakakis et al., 2023). Sensemaking involves interpreting and responding to ambiguity through individual and collective cognitive processes (Weick et al., 2005). Organizational sensemaking integrates diverse perspectives into coherent strategies but is susceptible to individual interpretations and resistance (Sonenshein, 2010).

In conclusion, addressing sustainability in global supply chains requires navigating 'wicked problems' that defy simple solutions. Strategic responses by MNEs are shaped by complex sensemaking processes, influencing both strategy effectiveness and organizational direction (Kostova & Roth, 2002; Nag et al., 2007). Future research should continue exploring these dynamics to enhance sustainable practices across global supply chains.

3. METHOD

This qualitative literature review adopts a systematic approach to synthesize and analyze existing scholarly works on corporate sustainability in global supply chains. The methodology involves a comprehensive search of academic databases using keywords. The inclusion criteria encompass peer-reviewed articles published in the last decade (2012-2022) to ensure relevance and currency of insights (Blome et al., 2023; Marano & Kostova, 2016).

The search process is guided by predefined research questions focusing on understanding the multifaceted dimensions of sustainability issues, exploring strategic responses of multinational enterprises (MNEs), and examining the role of global supply chains in sustainability management (Kolk et al., 2018; Miemczyk et al., 2012). Identified studies undergo rigorous screening based on relevance to the research topic and quality assessment using criteria adapted from prior systematic reviews in related fields (Boe-Lillegraven et al., 2023; Sadri et al., 2024).

Data extraction involves categorizing and synthesizing findings from selected studies to identify recurring themes, theoretical frameworks, and empirical insights relevant to the research objectives (George et al., 2024; Shapiro et al., 2018). The analysis focuses on thematic content analysis to elucidate the interconnectedness of sustainability challenges and the strategies employed by MNEs across different contexts (Lankoski & Lankoski, 2016; Slawinski & Bansal, 2015).

The synthesis process integrates findings to develop a coherent narrative that addresses the complexity of sustainability issues as 'wicked problems' requiring nuanced understanding and systemic approaches (Rittel & Webber, 1973; Wu & Liu, 2023). The final review aims to contribute insights into how sensemaking processes within organizations influence strategic decision-making on sustainability in global supply chains, thereby advancing theoretical understanding and providing practical implications for stakeholders (Weick et al., 2005; Wilhelm & Villena, 2021).

4. RESULT

The exploration of sustainability in global supply chains necessitates a deep dive into the microfoundations of stakeholder sensemaking. This review synthesizes current literature to understand how stakeholders within global supply chains interpret and navigate sustainability challenges.

Stakeholders within global supply chains play pivotal roles in shaping organizational responses to sustainability challenges (Lankoski & Lankoski, 2016). Their perspectives and interpretations of sustainability issues significantly influence strategic decision-making processes (George et al., 2024). For instance, stakeholders' diverse values and priorities contribute to the complexity of sustainability as a 'wicked problem,' characterized by interconnected economic, social, and environmental dimensions (Rittel & Webber, 1973).

Sensemaking processes are crucial in unraveling how stakeholders perceive and make sense of sustainability issues (Weick et al., 2005). These processes operate at both individual and organizational levels, shaping understanding and guiding actions towards sustainability goals (Maitlis, 2005). The dynamic nature of sensemaking in global supply chains underscores the need for continuous dialogue and interpretation among stakeholders (Sandberg & Tsoukas, 2020).

Organizations within global supply chains adapt their strategies based on stakeholder sensemaking processes (Boe-Lillegraven et al., 2023). This adaptation involves aligning internal capabilities and external pressures with stakeholder expectations and environmental

demands (Shapiro et al., 2018). Stakeholder engagement becomes pivotal in fostering shared understandings and collaborative efforts towards sustainable practices (Sadri et al., 2024).

The findings suggest several implications for research and practice. Firstly, future research should focus on exploring how different stakeholder groups within global supply chains perceive sustainability challenges and engage in sensemaking processes (Wu & Liu, 2023). Secondly, practical implications highlight the importance of fostering transparency, trust, and collaboration among stakeholders to enhance sustainability initiatives (Wilhelm & Villena, 2021). Lastly, understanding the microfoundations of sustainability sensemaking can guide policy interventions and organizational strategies aimed at achieving long-term sustainability goals (Kolk et al., 2018).

In conclusion, unpacking the microfoundations of sustainability through stakeholder sensemaking in global supply chains illuminates the complex dynamics and interdependencies inherent in addressing sustainability challenges. By integrating diverse stakeholder perspectives and enhancing sensemaking processes, organizations can foster sustainable practices that contribute positively to environmental, social, and economic outcomes.

5. DISCUSSION

The qualitative literature review conducted in this study delves into the microfoundations of sustainability, particularly focusing on stakeholder sensemaking within global supply chains. By synthesizing current research, this discussion aims to provide insights into the complexities, dynamics, and implications of stakeholder sensemaking for sustainability management in global supply chains.

Sustainability challenges within global supply chains are multifaceted, involving intertwined economic, social, and environmental dimensions (Rittel & Webber, 1973). These challenges are often described as 'wicked problems,' characterized by their complexity and the absence of straightforward solutions (George et al., 2024). Stakeholders' diverse interpretations and priorities further contribute to the complexity, influencing how sustainability issues are perceived and addressed (Lankoski & Lankoski, 2016).

Stakeholders within global supply chains play pivotal roles in shaping organizational responses to sustainability challenges (George et al., 2024). Their perspectives and sensemaking processes significantly influence how sustainability goals are framed and pursued (Maitlis, 2005). Research indicates that stakeholders interpret sustainability issues based on their values, beliefs, and organizational roles, which can lead to diverse and sometimes conflicting viewpoints (Sandberg & Tsoukas, 2020).

Previous studies have explored various aspects of stakeholder sensemaking and its implications for sustainability in global supply chains. For instance, research by Boe-Lillegraven et al. (2023) highlighted how stakeholder engagement and dialogue are essential for fostering shared understandings and driving collaborative efforts towards sustainable practices. Similarly, Shapiro et al. (2018) emphasized the adaptation of organizational strategies in response to stakeholder expectations and environmental pressures, illustrating the dynamic nature of sustainability management.

In contrast, studies such as those by Kolk et al. (2018) focused on different strategic approaches that multinational enterprises (MNEs) adopt to address sustainability issues, ranging from peripheral activities to core business strategies. These studies underscored the importance of aligning internal capabilities with external stakeholder demands to achieve sustainability goals effectively.

Furthermore, Wilhelm & Villena (2021) explored the limitations and challenges faced by focal firms in cascading sustainability requirements through their supply chains. They found that while focal firms attempt to influence their immediate suppliers, significant sustainability challenges often reside in deeper tiers of the supply chain, where their influence is limited.

The findings from this literature review have several implications for both research and practice in the field of sustainability management within global supply chains. Firstly, understanding stakeholder sensemaking processes can inform the development of more effective communication strategies aimed at fostering shared understanding and commitment to sustainability goals (Sadri et al., 2024). By acknowledging and addressing diverse stakeholder perspectives, organizations can enhance their capacity to implement sustainable practices that resonate across different cultural and operational contexts (Wu & Liu, 2023).

Secondly, the dynamic and iterative nature of stakeholder sensemaking suggests the need for continuous dialogue and engagement among stakeholders. This can facilitate the co-creation of sustainable solutions that balance economic viability, social equity, and environmental stewardship (Boe-Lillegraven et al., 2023).

From a practical standpoint, the insights gathered underscore the importance of integrating sustainability considerations into core business strategies and operations (Kolk et al., 2018). Organizations that embed sustainability into their corporate DNA are better positioned to mitigate risks, enhance resilience, and create long-term value for all stakeholders (Shapiro et al., 2018).

Despite the valuable insights provided by the reviewed literature, there are inherent limitations and areas for future research. Firstly, most studies focus on large multinational

enterprises (MNEs) and their immediate supply chains, neglecting smaller suppliers and their sustainability challenges (Wilhelm & Villena, 2021). Future research could explore how smaller suppliers perceive and engage with sustainability issues within global supply chains.

Secondly, there is a need for longitudinal studies that track the evolution of stakeholder sensemaking processes over time. This would provide deeper insights into how stakeholders' perceptions and priorities shift in response to changing environmental, social, and economic conditions (Sandberg & Tsoukas, 2020).

Lastly, research could benefit from comparative studies across different industries and geographical regions. Such studies would illuminate how contextual factors shape stakeholder sensemaking and influence the adoption of sustainable practices in diverse organizational settings (Maitlis, 2005).

In conclusion, the discussion based on the qualitative literature review highlights the critical role of stakeholder sensemaking in shaping sustainability management within global supply chains. By unpacking the microfoundations of sustainability, this study underscores the complexity, dynamics, and interdependencies involved in addressing sustainability challenges. Moving forward, integrating diverse stakeholder perspectives and enhancing sensemaking processes will be essential for fostering sustainable practices that drive positive environmental, social, and economic outcomes globally.

6. CONCLUSION

This qualitative literature review has delved into the intricate dynamics of stakeholder sensemaking in the context of sustainability challenges within global supply chains. By synthesizing insights from various scholarly contributions, several key findings emerge. First, sustainability issues in supply chains are multifaceted and often characterized as wicked problems, where economic, social, and environmental dimensions intersect and sometimes conflict. The role of multinational enterprises (MNEs) in addressing these challenges is crucial but complex, influenced by organizational strategies, stakeholder perceptions, and the broader socio-ecological context.

The review underscores the significance of sensemaking processes at both individual and organizational levels in shaping sustainability strategies. Sensemaking acts as a lens through which stakeholders interpret and respond to sustainability challenges, influencing the adoption of practices within global supply chains. This process is not merely cognitive but also social, involving interactions and negotiations among diverse stakeholders to construct shared understandings and responses.

Moreover, the review identifies sensemaking as essential for aligning organizational actions with sustainability goals, highlighting its role in strategy formulation and implementation. The unpredictability inherent in sensemaking processes underscores the challenges faced by MNEs in navigating diverse stakeholder expectations and contextual variations across global operations.

7. LIMITATION

Despite its contributions, this literature review has several limitations that warrant consideration. First, the focus on qualitative studies may limit the generalizability of findings across different contexts or industries. Variations in regulatory environments, cultural norms, and supply chain structures may influence the applicability of sensemaking frameworks and sustainability practices.

Second, the review predominantly relies on secondary data sources, which may be subject to publication biases or selective reporting. Future research could benefit from primary empirical studies that validate and extend the theoretical insights generated here.

Third, the complexity of stakeholder interactions and sensemaking processes suggests a need for longitudinal studies that capture the evolving nature of sustainability challenges and organizational responses over time. Such studies could provide deeper insights into the dynamics of stakeholder engagement and sensemaking within global supply chains.

In conclusion, while stakeholder sensemaking offers valuable insights into the microfoundations of sustainability in global supply chains, addressing these challenges requires ongoing research and practical interventions that account for the dynamic and multifaceted nature of sustainability issues.

8. REFERENCES

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