

Role of sustainability in wholesale business: How it affects strategy

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Abstract

The article analyzes the integration of sustainability principles into the strategic management of wholesale companies. It examines the concept of sustainability, including environmental, social and governance (ESG) aspects, and its increasing importance for businesses operating as a link in supply chains. The objective of the study is to assess how the adoption of sustainability principles influences the formation and implementation of business strategies in the wholesale sector. The objectives include identifying practical measures for implementing sustainability in the operations of wholesale companies, analyzing the impact of these measures on risk management, competitiveness and stakeholder interaction, and discussing barriers to integration. The results show that sustainable development is transforming the strategic landscape of wholesale trade, creating both challenges and opportunities for long-term value creation. The article may be useful for wholesale managers and supply chain management specialists.

Keywords: Sustainable Development; Wholesale Trade; Business Strategy; Supply Chain Management; ESG; Corporate Social Responsibility; Green Logistics; Sustainable Procurement; Risk Management.

1. Introduction

The global agenda is increasingly focused on issues of sustainable development, including climate change, social inequality, and responsible consumption. This pressure, coming from regulators, investors, consumers, and society as a whole, cascades throughout supply chains. Wholesale trade, occupying a central position between producers and retailers or end business consumers, finds itself at the epicenter of these changes. The relevance of the topic is due to the fact that for wholesale companies ignoring the principles of sustainable development becomes not only a reputational risk, but also a missed opportunity to improve efficiency, strengthen competitive positions, and ensure the long-term viability of the business. There arises the need to rethink traditional business models and integrate sustainability into corporate strategy. The purpose of this article is to analyze the impact of the principles of sustainable development on the formation and implementation of business strategy in the wholesale trade sector.

2. The concept of sustainable development and its relevance for wholesale trade

Sustainable development implies meeting the needs of the present generation without compromising the ability of future generations to meet their own needs, ensuring a balance between economic growth, social justice, and environmental protection. In the business context, this concept is implemented through the principles of corporate social responsibility and the consideration of environmental, social, and governance (ESG) factors in decision-making [2].

For wholesale trade, whose activities are closely connected with the physical movement of goods, inventory management, and interaction with a large number of suppliers and customers, the principles of sustainability are of particular importance. The integration of these principles affects the resilience and transparency of the entire supply

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chain [1]. This concerns operational efficiency through the optimization of logistics, reduction of warehouse energy consumption, waste management, management of risks associated with suppliers, regulatory changes, reputation, and relationships with all stakeholders – from investors, who increasingly pay attention to ESG criteria, to employees and customers, who expect responsible behavior from their partners.

2.1. Sustainable development practices in the operational activities of wholesale companies

The integration of sustainability is manifested in concrete changes in the operational activities of wholesale companies.

- **Sustainable procurement:** Companies introduce sustainability criteria when selecting suppliers, conduct audits of their activities for compliance with environmental and social standards, and require transparency of product origin. This makes it possible to reduce risks in the supply chain and meet the demands of responsible consumers.
- **Green logistics and warehousing:** Optimization of delivery routes, the use of energy-efficient transport or alternative fuels, increasing the energy efficiency of warehouses (lighting, heating, refrigeration equipment), the introduction of waste management systems (reduction, recycling) contribute to reducing the carbon footprint and operating costs.
- **Effective inventory management:** Accurate demand forecasting and optimization of inventory levels help reduce the volume of unsold products, thereby reducing resource losses and waste generation.
- **Social responsibility:** Ensuring fair working conditions and safety for own employees, promoting these principles among suppliers, participating in local community life, and conducting business ethically create a positive social image of the company.

3. The impact of sustainability on strategic positioning and competitiveness

The adoption of sustainability principles has a direct impact on the strategy of a wholesale company.

Risk management: Proactive integration of sustainability makes it possible to reduce a wide range of risks: supply disruptions due to climate or social factors, tightening of environmental legislation, loss of reputation due to unethical practices in the supply chain, loss of investments.

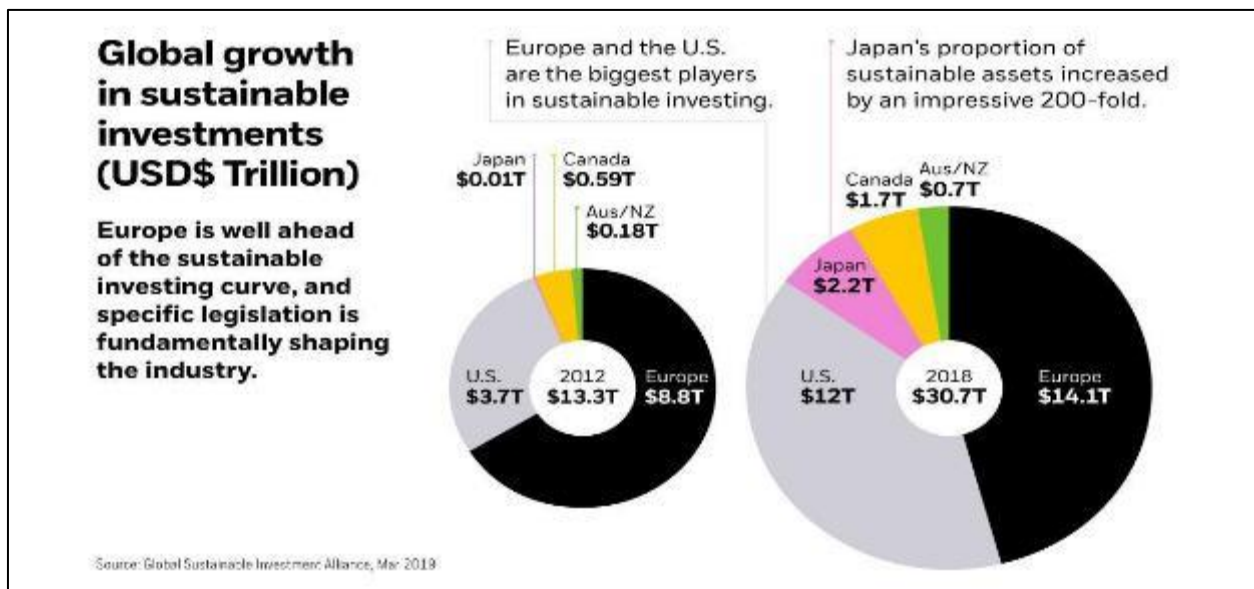


Figure 1 Global growth in sustainable investments

Creating competitive advantage: Companies that demonstrate commitment to sustainable development can attract and retain clients (especially retailers and brands that have their own sustainability goals), improve brand image in the B2B segment, attract and motivate qualified employees, and stimulate innovation in products and services [3].

Stakeholder interaction: Sustainability becomes an important factor in dialogue with investors, who increasingly take ESG indicators into account. Data from global financial institutions and research organizations show a steady and

significant growth in assets managed with consideration of ESG criteria over the past decade, for example, according to reports by the Global Sustainable Investment Alliance. This indicates a shift in investment priorities. Relationships with regulators, employees, and local communities also improve.

Long-term value creation: A sustainability-based strategy is aimed at creating long-term value that takes into account not only financial indicators but also environmental and social impact, thereby ensuring greater resilience and adaptability of the business in a changing world [4].

4. Challenges and barriers to integrating sustainability into strategy

Despite the obvious advantages, wholesale companies face a number of obstacles when implementing sustainable practices.

Initial costs: Investments in new technologies (for example, energy-efficient equipment, transport), process changes, and staff training may require significant initial expenditures.

Complexity of measurement and reporting: Assessing environmental and social impact, developing relevant metrics, and preparing non-financial reporting in accordance with international standards (for example, GRI) require expertise and resources.

Coordination in the supply chain: Success largely depends on the willingness and ability of suppliers and clients to support sustainability initiatives, which requires complex processes of interaction and control.

Pressure of short-term results: The need to achieve short-term financial indicators may conflict with long-term investments in sustainable development, the payback of which is not always obvious in the short period. Nevertheless, studies analyzing the relationship between sustainability and financial performance often indicate a positive correlation in the long term, where operational improvements and reputational benefits outweigh the initial costs.



Figure 2 The green business case model

Thus, the integration of the principles of sustainable development ceases to be an optional choice and becomes a strategic imperative for wholesale companies. This is a complex process that affects all aspects of activity – from procurement and logistics to personnel management and interaction with investors. Sustainability transforms approaches to risk management, the creation of competitive advantages, and building stakeholder relations.

The synthesis of theory and practice shows that, despite the existing challenges associated with costs, measurement complexity, and the need for coordination of efforts along the entire supply chain, a strategic focus on sustainable development opens opportunities for wholesale companies to improve operational efficiency, strengthen reputation, attract investment, and ensure the long-term viability of the business. Recommendations for management include developing a clear sustainability strategy aligned with the overall goals of the company, active involvement of all stakeholders, investment in sustainable technologies and practices, the introduction of measurement and reporting systems, as well as the development of partnerships in the supply chain for the joint promotion of sustainability principles. These approaches are applicable to wholesale companies of various industries and scales.

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