

Sustainable Value Chain Management

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Sustainable value chain management requires finding a balance between the economic, social, and environmental spheres, inside and outside the organizations, in all business functions/processes related to value chain formation. Managers for sustainable management need to have adequate and high-quality financial and non-financial information. They are crucial during times of economic crises (such as those associated with the COVID 19 pandemic). Functional controllers, through their competence and having the appropriate tools to carry out their tasks, can fully meet the information needs of managers in creating a sustainable value chain.

controllers

supply chain

sustainable management

value chain

competences

tasks

1. Introduction

Dynamic changes in economies caused by globalization have influenced the development of new approaches to the management and functioning of enterprises (e.g., process approach, reorganization of processes, outsourcing, new business models, supply chains) ^[1]. The market, i.e., the environment, has become the point of reference for businesses. This means that companies focus on customer needs and integrate social and environmental issues into their operational and strategic functioning ^{[2][3][4][5]}. As companies have moved beyond their organizational framework, many business functions (business processes) have been outsourced. Thus, service activities have emerged, leading to the emergence of supply chains and value chains ^{[1][3][6][7][8]}.

Value is the key to the success of modern enterprises and supply chains, which ensures their long-term existence in the market, including a solid competitive position. The value can be obtained through effective management, which at present must consider balancing the economic, social, and environmental spheres, i.e., sustainable development ^{[2][3]}. Creating value and ensuring sustainability by companies in supply chains is a particular challenge during a pandemic such as COVID-19. Enterprises and their supply chains that want to survive on the market adopt sustainability as a central business requirement, reflected in their activity strategy ^{[2][3][9]}. The value creation takes place in various spheres, including supply chain phases (e.g., research and development, purchasing, production, distribution (i.e., logistics, sales, and customer service), or marketing and human resources (HR)) and stages of business or product/service functioning (e.g., product launch, maturity, decline, as product withdrawal from the market). It is ultimately intended to deliver value to various stakeholders (customers, suppliers, and society), not just shareholders ^[10]. Therefore, value management is closely related to sustainable management, which affects the sustainable development of a company and its supply chains ^{[3][6][11][12]}.

Sustainable management includes two perspectives. The first one assumes that managing the standpoint of customers and other stakeholders is essential for the development of the sustainable supply chain. The second identifies potential links between sustainable practices and the various dimensions of development—economic, environmental, and social [3][13]. These areas should be adequately measured and communicated within and between organizations to manage and influence sustainability [2][5][12][14] effectively. The chosen research indicates that companies adopting sustainable practices have better financial performance than those that have not [12][13][15]. However, to make a proper measurement in the organization, i.e., oriented towards value creation in connection with sustainability and communicating information in this respect (e.g., reporting), appropriate resources are needed. Within the framework of resources, particular importance should be attributed to human resources (employees) despite the progressing robotization and automation in the world [13][14][16]. The role of employees in business has also changed, as they are increasingly business partners who participate in management and decision-making processes [17][18].

Proper management of human resources and their competences contribute to gaining a competitive advantage in the long term. This is confirmed by resource-based theory (RBV) [19]. Shang et al. [7] and Shi et al. [20] stress the need to use RBV to understand the relationship between sustainability and organizational performance. Considering performance measurement and management issues in organizations and outside them, it seems appropriate to emphasize accountants' role, especially from this perspective. Gray [21] indicated that accountants have a major role in environmental issues, both through their traditional roles of recording and reporting financial details and their roles as business managers. It means that the changing management approach is transforming the roles of accountants and their perception in business. Since 1990, more and more studies have been encountered in the publications dedicated to verifying the essence of accountants on value measurement and sustainability [8][22][23][24]. Among the professions of accountants, controllers/management accountants play a special role [13][14][17][24][25][26][27].

Sustainable development, and therefore sustainable management, especially in the COVID-19 pandemic, need high-quality information that is properly communicated. This issue is solved by reporting, thus accounting system [14][24][28][29][30]. Because sustainability is focused on creating value in different business areas and for different recipients, controllers/management accountants can play a special role in this regard. Thus far, the role of management accountants has been smaller than that of financial accountants, particularly in Anglo-Saxon countries. However, the orientation of accounting towards an international perspective (International Financial Reporting Standards—IFRS), and therefore towards supply chain and value chain creation, has increased the role of controllers/management accountants in business practice [8][28][31][32][33]. The controller is perceived as a specialist oriented towards supporting strategic management, thus characterized by 'far-sighted' business thinking and actively cooperating with managers in various business fields [14][34]. The special development of controllers against the background of globalization is visible in German-speaking countries. On the practical side, controlling is identified with management accounting, and controllers correspond to management accountants [17][30][35][36][37][38][39].

Controlling as a separate department and as an internal information system only for management existed alongside financial accounting system focusing on creditor protection and based on the commercial law. This solution is called the dual ledger accounting approach [31][36][38], and this dimension of accounting, supported by such organizations as 'Internationaler Controller Verein' (ICV) (German)/International Group of Controlling (IGC), is also distributed in German-language publications [26][27][40]. However, the emphasis put on the internationalization of business and thus on science has led to specific changes in control and profession in the German-speaking countries [41][42].

The complexity of enterprises, including the growing role of functions/processes around production (e.g., logistics, distribution, marketing, and sales) as links in the supply/value chain in increasing profitability and implementation of the concept of sustainable development, as well as the intensification of promotional activities of ICV/IGC, have contributed to another direction of changes in controlling and its profession, i.e., its diversification [26][27]. Hence, so-called functional controlling emerged, directed at business functions/processes such as supply, logistics, production, distribution, HR, IT, marketing, and finance [43]. As a result, in German-speaking countries, on the labor market, there is a demand for a specialized controller in a given business function/process that creates the supply chain and thus value chain.

Considering the dual development of control, i.e., controllers in German-speaking countries, i.e., (1) the integration of financial accounting and controlling and (2) the decentralization of control, it is worth taking a closer look at this issue in terms of shaping new profiles of controllers-functional controllers in terms of competences and tasks for essential business functions/processes that affect the creation of the supply chain as the value chain and that participate in the implementation of the concept of sustainability.

2. Sustainable Management as a New Direction of Management

In the context of the concept of sustainability in a business, various practices, systems, and methods can be adapted. Implementing sustainability translates into building a so-called sustainable organization or supply chain, which requires sustainable management. Sustainable management aims to create business value, but not only by shaping costs and revenues to maximize profits (economic perspective) but also by taking into account social and environmental aspects [2][4][5][6][13]. It means systematic verification of the resources consumed, processes carried out, and existing structures in the context of their impact on the economic, social, and environmental spheres and their adjustment in the proper configuration to create value. The value is not just for shareholders but also translates into value for all stakeholders (customers, suppliers, employees, society) [1][6][8][44]. While sustainability is a strategic approach, sustainable management is problem-solving, operational, and strategic. These levels of management pursue economic, environmental, and social objectives and seek a constant balance between them.

Sustainable management combines management theory and the idea of sustainability to view business as contributing to society's sustainable development with justification. This correlation (management and the concept of sustainability) is crucial because it links the goals of the business with the goals of Agenda 2030, assigning a

significant role to a company in fulfilling them, and management seeks to find the balance that lies at the heart of the sustainability concept (Triple Bottom Line) [6][45]. Sustainability is no longer a voluntary approach to be implemented in companies and business models (supply chain management) but is a global strategy required by society. Enterprises should create added value for the community, so it should not only be the state's role, as it has been so far. Sustainability and sustainable management not only refers to innovation (environmentally friendly technology) but should even refer to ethical issues in all three spheres, i.e., economic, social, and environmental [2][12]. Therefore, sustainable management is a complex process designed to ultimately lead to value creation in all spheres of business and its environment, reflected in the supply chain as a value chain.

The integration of sustainability aspects into the value chain creates the so-called sustainable value chain [8]. It seeks the perspective of simultaneous development of economic, social, and environmental spheres in line with external expectations. It means managing the chain in such a way as to incorporate social, ecological, and economic perspectives into internal processes, customer needs, and government requirements, among others [2][6][9][11][12]. To achieve this, sustainable management must be implemented in the context of the particular company, the whole supply chain, and the relationships. Like any management approach, this new one requires that the correct information supports managers' work, i.e., specialists who will collect, process, and provide such data and actively help in the management and decision-making process [14][18][21][24][38][46][47]. Taking into account the essence of sustainable development in modern economies, and therefore the importance of corporate responsibility, which is associated with the preparation of reports on non-financial information [48][49], and the business orientation to the value in different spheres (i.e., around production) [50][51], it seems to be essential to popularize and employ the so-called functional controllers with particular competences and performing specific tasks [52]. Many studies indicate that controllers' role is growing and will continue to increase in companies due to the need to comply with global regulations such as corporate social responsibility and IFRS. Their link or target is value and the need to create value chains [1][8][32][35][53]. Therefore, it may be assumed that controllers in German-speaking countries take the same direction. It is worth noting that their influence is evident in other countries, particularly in developing countries (in Central and East Europe) and emerging countries. It results from the presence of many companies with German capital and thus the transfer of practices from German-speaking countries in the analyzed scope, and the diligent work of the ICV/IGC promoting the profile of the controller [26][27].

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