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DRIVERS OF GREEN SUPPLY CHAIN MANAGEMENT PRACTICES AND THEIR IMPACT ON FIRMS' PERFORMANCE IN A DEVELOPING COUNTRY

Abstract:

Environmental sustainability of supply chains has become increasingly important in the recent years. The purpose of this paper is to identify the drivers of Green Supply Chain Management (GSCM) practices among manufacturing firms of a developing country, and to examine the impact of GSCM practices on firms' economic and environmental performance. A structural equation model is developed to study the hypothesized relationships between three drivers and GSCM practices, and between GSCM practices and firm's economic and environmental performance. A sample of manufacturing firms is drawn from the companies listed in the local stock exchange. Cross-sectional data of 80 responses from these manufacturing firms is collected. The developed model is tested through Partial Least Square (PLS) technique of structural equation modeling using Smart PLS version 2.0 M3. Structural equation estimates indicate that customer's pressure and firm's internal drive (enviropreneurship) positively influence the adaptation of GSCM practices. However governmental legislation is not significantly driving the adaptation of GSCM practices. In view of these findings, effectiveness of governmental environmental legislation and issues related to implementation of these regulations are discussed. Further, it was found that GSCM practices positively impact the supply chain buying firm's economic and environmental performance. The paper discusses the implications of these findings in the context of managing supply chains in a developing country.

Keywords:

Green supply chain management (GSCM), supply chains, environmental performance, structural equation modeling, Partial Least Square (PLS)