

Chapter 71

Motivators to Adopt Green Supply Chain Initiatives

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ABSTRACT

There are several factors that drive organizations to consider implementing green supply chain (GSC) initiatives. This paper refines an instrument to empirically test the significance of the following drivers for participation in GSC initiatives: Government Regulation, Buyer/Supply Chain Influence, Internal Readiness, Competitive Advantage, and Corporate Social Responsibility. Corporate Social Responsibility emerged as the most significant variable that effected the decision making of the organizations around green supply chain management practices. Surprisingly, Competitive Advantage, which has been found to be a significant contributor in prior research when studied in isolation, did not emerge as a significant factor in this study. The emergent high correlation between the Corporate Social Responsibility and Competitive Advantage could imply that the Competitive Advantage could be embedded within the Corporate Social Responsibility when agencies focus on greening their supply chains.

INTRODUCTION

In today's economic climate, businesses have to try harder to maintain and grow their positions within their respective industries. Maintaining the competitive advantage is critical for all businesses. There are many areas where firms can differentiate self from competitors, i.e. price, quality, and uniqueness of their product offerings. However, in recent years, attention to sustainability and environmental impact have also emerged as key areas of distinction for businesses requiring organizations to take specific steps to achieve success in addition to technological innovations (Matus, 2010). Consumers are now almost expecting them to do their part by acting as good stewards of the environment and "green" their entire supply chains, both upstream and downstream.

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Today's consumers are more aware of and involved with the environmental considerations for our planet than ever before. Not only do end consumers expect their retailers to be environmentally conscious, they expect the same from the suppliers of their retailers, and the suppliers' suppliers, down the line (Lee, 2008; Walker, Sisto, & McBain, 2008). For example, Walmart customers expect the company to display a social and environmental conscience not only by their own practices and behaviors, but by whom they choose to buy from as well. There may in fact be several drivers for organizations to consider when implementing green initiatives, for themselves as well as their supply chain, that are more customer-oriented (wherever the customer is in the supply chain) as opposed to internal or regulatory requirements. Specifically, we are suggesting that Competitive Advantage (i.e. customers prefer to buy from green suppliers), and the pressure, both internal and external, for organizations to demonstrate increased Corporate Social Responsibility are significant drivers for greening the supply chain. Although these factors have been widely acknowledged in the literature, they do not appear to have been empirically studied and measured as drivers for the implementation of green supply chain (GSC) initiatives. Several other factors that have been researched and empirically tested are: government regulation, pressure from buyers and/or customers, as well as readiness of the organization(s) and related internal factors (Lee, 2008; Walker et. al., 2008; Zhu & Sarkis, 2006).

The purpose of this research was to look at the additional drivers of competitive advantage and CSR, and to empirically test them as drivers for participating in GSC initiatives. While we see these as important and relevant drivers, we acknowledge that by themselves they cannot entirely explain the motivation behind organizations' greening their supply chain. Therefore, we tested the influence of five drivers: Government Regulation, Buyer/Supply Chain Influence, Internal Readiness, Competitive Advantage, and Corporate Social Responsibility. Our working hypothesis was that the last two factors would be at least equally influential in driving companies to green their supply chains as the first three factors, which have previously been shown in the literature to be significant drivers towards GSC.

LITERATURE REVIEW

Over time standards and agreed upon methods have been adopted to help businesses recognize various steps they need to take and areas of practice to review. Sarkis (2003) identified 5 primary areas on how businesses deal with waste generated by their supply chain: reduction, reuse, remanufacturing, recycling, and disposal alternatives. Reduction can be attained through placing conscious efforts in the design phase as well as through improvements in supply chain efficiency, such as just-in-time program for inventory (Sarkis, 2003). The remaining four areas of focus deal with the chain's byproducts and varying organizational processes and technology that are needed to attain sustainability (Sarkis, 2003). How an organization approaches these areas will have an impact on what business processes they may need to change or introduce.

A move towards a GSC for greater Competitive Advantage supports the concept of the new triple bottom line (3BL) which consists of people, planet, and profit as stated by Kleindorfer, Singhal, and Van Wassenhove (2005). This 3BL approach offers companies a way to look at themselves in the context of the global economy and environment, and provides them an edge to be competitive by taking a system-wide approach to success. The concept of 3BL also requires companies to look beyond themselves in this framework and to include all who are connected to them through their supply chain. If partners

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