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Green Supply Chain Management Practices and its Impact on Business Performance: An Overview

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Abstract— The increased attention towards green supply chain management practices substantiates the necessity of writing this paper. GSCM practices aim at sustainability and improved performance by keeping into consideration the future generations and the environmental protection. These practices necessitate the importance of organizations to make supply chain management practices environmental friendly and save the future generations from future disasters or threats. The main aim of this paper is to review the existing literature on green supply chain management practices and its impact on performance and to come with further suggestions in this particular area. This paper can help the future researchers who want to work in this particular sector and make breakthroughs in the said research area.

Keywords: *Green Supply Chain, Management, Marketing, SCM Practices, Environment Sustainability*

I. INTRODUCTION

Our planet earth is being exposed to major threats in terms of environmental degradation and climate change, we are showing our beloved earth the worst face and the onus lies on us. Man has become so aversive and oblivious of the fact that the unending and relentless business activities are posing a threat to Mother Nature. Incessant use of plastics, toxic chemicals, carbon monoxide, harmful substances all are posing a threat to present and future generations, a time will come when a person will find it difficult to leave his house without carrying an oxygen mask. Thus in this scenario, it becomes imperative to study green supply chain management practices and incorporate these practices in business activities so that more harm is not done and sustainability goals are achieved. The main goal of green supply chain management practices is to incorporate those activities that minimize wastage, be it solid waste or liquid waste, make minimum use of harmful or toxic chemicals and prevent use of hazardous chemicals for personal profits. It aims at designing products in an environmentally friendly way, manufacturing and sourcing materials in a way that will cause minimal damage to the environment and the air we breathe. Thus by adopting GSCM practices every organization in a way will contribute to the sustainability of the environment.

II. REVIEW OF LITERATURE

Murray (2000) explained that organizations have begun to adopt green supply chain management (GSCM) practices in response to customer needs and demand for products and services that are environmentally sustainable and that are created through environmentally sustainable practices and in response to governmental environmental regulations.

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Preuss (2001, 2002) I his study tried to emphasize the "boundary-spanning" role of SCM so as the implementation of environmental strategies are carried out both the ways viz both downstream and upstream through the supply chain. He coined the term as the possibility of a "green multiplier effect" resulting from the collaboration of supply chain partners concerning environmental issues and sustainability.

Vachon and Klassen (2007) in their study reported that environmental sustainability is a supply chain necessity rather than an organizational necessity.

Green (2008) however displayed concern as to whether such environmental sustainability efforts will ultimately translate into improved market share and profitability and better results. Ultimately, manufacturing managers are responsible for the performance of the organizations for which they work and they care less about the sustainability goals.

Zelbst (2010) in his study stated that the businessmen should carry out their activities in such a manner that must be aligned with quality, efficiency and very importantly with environment sustainability.

Cousins (2019) in his research paper suggested that green supply chain management practices (GSCM) are associated with both the improvements in environmental and operating cost performance, Further; higher levels of ecocentricity and supply chain traceability are associated with stronger relationships between green supply chain management practices and cost performance. Contrary to expectations, high levels of supply chain traceability were found to negatively moderate the relationship between green supply chain management practices and environmental performance.

III. OBJECTIVES OF STUDY

1) To understand the concept of green supply chain management practices and environmental sustainability
2) To understand how GSCM practices can be used to improve business performance and environmental sustainability.

IV. CONCEPT OF GREEN SCM

The concept of GSCM practices evolved from the parent term Supply chain management which was popularized in year 1950 and onwards. The concept gained importance when manufacturers started to minimize the production costs by producing at large scale. As the competetition intensified, most of the people thought of incorporating environmental friendly ways of carrying out their business activities**.** The term was framed by adding word green to the SCM practices. GSCM aims at reducing wastages, eliminating harmful emissions or chemicals and improving environmental sustainability. Van Hoek even suggested in his study that GSCM is an effective way of reducing environmental risks and hazards and assisting companies to achieve sustainable development goals. The global markets are more concerned with environmental issues nowadays and consumers too appreciate the services of people who believe in sustainability. The global environmental capacity will be exhausted if we go for irrational recourse consumption and degrade environment, the burden will increase and proper disposal will also become an

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issue. By adopting GSCM practices, like green purchasing, investment recovery, green designs and collaboration with customers, organizations can go a long way in reducing pollution and improve the quality of life. It has been see that the companies that adopt GSCM practices enjoy good public image and benefit from cost savings (by making reduced use of energy and water sources). They also have decreased environmental liability to cater to. Having an environmentally poor record keeping can affect the monetary gains in the form of low stock prices. Flammer in his study reported that the ecofriendly behavior of employees is significantly related to the pricing of stocks. Some investors who are socially concerned will like to invest with them which can be beneficial to all the parties. One such technique used is end of pipe control method which leads to reduced ecological impacts and increases profits. Businesses earn by reputation and such firms enjoy good reputation and good sales also. Here it becomes important to understand these concepts:

Internal environmental management: Internal environmental management is the practice of developing green supply chain management as a strategic organizational imperative through commitment and support of the imperative from senior and mid-level

Green information systems: Green information systems are information systems that have been modified and are used to monitor environmental practices and outcomes

Green purchasing: Green purchasing focuses on cooperating with suppliers for the purpose of developing products that are environmentally sustainable

Cooperation with customers: Cooperation with customers requires working with customers to design cleaner production processes that produce environmentally sustainable products with green packaging.

Eco-design: Eco-design requires that manufacturers design products that minimize consumption of materials and energy, that facilitate the reuse, recycle, and recovery of component materials and parts, and that avoid or reduce the use of hazardous products within the manufacturing process.

Investment recovery Investment recovery requires the sale of excess inventories, scrap and used materials, and excess capital equipment.

Environmental performance Environmental performance relates the ability of manufacturing plants to reduce air emissions, effluent waste, and solid wastes and the ability to decrease consumption of hazardous and toxic materials.

Economic performance Economic performance relates to the manufacturing plant's ability to reduce costs associated with purchased materials, energy consumption, waste treatment, waste discharge, and fines for environmental accidents

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Operational performance Operational performance relates to the manufacturing plant's capabilities to more efficiently produce and deliver products to customers

V. GREEN SUPPLY CHAIN MANAGEMENT PRACTICES FOR BETTER BUSINESS PERFORMANCE

It is not an easy goal to achieve but someone has to start somewhere in order to achieve this objective. Initially firms can start by green purchasing, investment recovery, minimal wastage, disposing off wastes. These internal practices require full support from top management and also the employees who work in the organization. The problems that are associated with the supply chain needs to be identified and addressed to at designated stages. Quality management and supplier audits that can help in ensuring true statements can be used to monitor the activities of the employees and strict actions should be taken against the rule breakers. Also manufacturers and suppliers should jointly monitor activities through gathering and publicly disclosed environmental records. Use of environmental friendly product, raw material, minimal consumption of energy, use of cleaner energy technology is some of the GSCM practices. Gonzalez-Benito pointed out that those industries with focus on ecosystem are aware of the sources of pollution and avoid using those products. An internal environmental management system needs to be set up to increase marketing sustainability. Utmost care should be taken right from acquiring of raw materials to furnishing end products. Wastes should be properly disposed to avoid wastage. Materials should be reused, recycled and recovered if they could to prevent wastage.

VI. CONCLUSION

The positive impact of adopting GSCM practices have been recognized in the GSCM literature and researchers have even emphasized the direct relationship between GSCM practices and improved performance. Holt and Ghobadian used external GSCM to see the impact of environmental collaboration on firm performance only to find out a positive relation between the two. Also, in contrast to these studies, environmental collaboration is proposed as a mediator of the link between the GSCM practices and Sustainability of future generations. In view of the presence of the environmental collaboration could facilitate GSCM practices and firms which form collaborative relationships with suppliers would be easy to implement GSCM practices. In this context, environmental collaboration as a key relational capability could be advantageously positioned to facilitate the GSCM strategic formulation and execution.

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