



International Journal of Research in Finance and Marketing (IJRFM)
Available online at: <http://euroasiapub.org>
Vol. 14 Issue 12, December– 2024
ISSN: 2231-5985 | Impact Factor: 8.132
(An open access scholarly, peer-reviewed, interdisciplinary, monthly, and fully refereed journal.)

ADOPTION OF GREEN SUPPLY CHAIN MANAGEMENT PRACTICES (GSCM): A STUDY OF MULTINATIONAL CORPORATIONS (MNCs) WITH SPECIAL REFERENCE TO ECO-FRIENDLY INITIATIVES

Mohammed Sahad

Department of Management, Mangalayatan University, Beswan, Aligarh, UP, India

Dr. Ashok Purohit (Professor)

Mangalayatan University, Beswan, Aligarh, UP, India

Abstract:

This research seeks to explore the extent to which GSCM has been implemented in MNCs and the green initiatives that have been undertaken by these firms. With rising regulatory requirements, increased demands from the stakeholders, and constantly rising awareness of the environmental concerns, the MNCs are extending sustainability into the supply chain. The factors that compel organizations to implement GSCM and the problems associated with it like cost and technical know-how are established in this study. It also evaluates the operational performance, cost effectiveness, and brand management in relation to GSCM practices. Using an online survey conducted with 250 supply chain managers and sustainability officers from different industries as the sample data and following the quantitative method, structured questionnaires were distributed and completed. The research shows that although the engagement of GSCM practices is proven useful in business, with its advantages being the improvements in brand image as well as the compliance with environmental regulations, it is not without its shortcomings. The study enhances the understanding of the best strategies to be adopted in GSCM and creates awareness of what MNCs facing environmental challenges in their operations mitigate to enhance the performance of their operations.

Keywords: GSCM, Multinational Corporations, Sustainability, Perception, Environmental Responsibility.



Introduction:

The concept of GSCM has gained significant importance to MNCs for bringing down the portfolio of environmental cost without compromising global competitiveness. With environmental issues integrating the organizational and consumers' list of priorities as well as the regulatory framework, MNCs have begun implementing environmentally sensitive measures within their supply chain to clarify organizational sustainability performance. In the case of both the seriation of GSCM practices, they are considered not only as an answer to increasing regulation and more critical stakeholder expectations, but also a valuable measure on the operational level to enhance organizational effectiveness as well as cost leadership and innovation.

Therefore, GSCM comprises of various activities intended at lowering the impact of supply chain management on the environment. Some of these practices include; sustainable sourcing which is wrongly selecting suppliers based on their performance to the environment or their sustainability policies; waste minimization is one of the most common practices of environmentally sustainable supply chain and it involves the minimization of wastes produced during the chain processes such as production; energy efficiency; the supply chain should be keen on using energy that consumes little or no greenhouse gases and; uses of environmentally friendly material; this involves the use of raw These practices are beneficial to MNCs as they are forced into maintaining high environmental compliance while also improving on their public image, cutting costs, and encouraging idea generation.

The following are some of the reasons that lead to the implementation of GSCM practices. It is due to the fact that governments from different countries have realized the importance of protecting environment and have laid down rigid rules and regulation. These regulations ensure that MNCs avoid practices which have negative impacts on the environment thus adopting sustainable practices of supply chain. Other variables include market forces that, whereby customers and other stakeholders within the market have begun placing more emphasis on sustainable resources. Today there is a trend where MNCs who show corporate social responsibility especially through environmental conservation are then rewarded with customers loyalty and investors' confidence.



Also, organizational resources and knowledge determine the degree of GSCM practice adoption possible at an organisation.

Despite the advantages, the implementation of GSCM practices is not without challenges. One of the primary barriers is the cost associated with adopting eco-friendly initiatives. Sustainable practices often require significant upfront investment, which can be a deterrent for some organizations. Another challenge is the lack of expertise and knowledge required to implement and manage these practices effectively. Additionally, integrating sustainability into existing supply chain processes can be complex and may require significant changes to established practices and relationships.

This study aims to explore the adoption of GSCM practices by MNCs, focusing on the drivers, challenges, and outcomes associated with these eco-friendly initiatives. By analyzing the integration of sustainability into supply chain operations, the study seeks to understand the strategies employed by leading MNCs, the benefits they derive, and the barriers they encounter.

Objectives:

1. To identify the imperative factors that can either promote or hinder the implementation of GSCM, especially within the multinational context, factors such as regulatory factors, market factors, and organizational factors shall be examined.
2. To examine the effects of environmentally friendly measures on the operational and environmental performance of multinational corporations (MNCs), evaluating advantages such as financial savings, improved brand reputation, and adherence to environmental regulations.



Literature Review:

There is a significant literature on the implementation and usage of (GSCM) with special emphasis on drivers, factors, benefits, and risks. Using a global context, (Asif et al. , 2020) show that key to GSCM adoption in developing nations is the need for the implementation to be collaborative. It also focuses on the idea that the collaboration between the stakeholders is vital for the implementation of the enacted green practices, as the resources and knowledge may be shared among the

In a similar vein, to study the performance results of GSCM under institutional pressures and environmental orientation, (El-Garaihy et al. , 2022) designed a study. It is realized that sources of institutional pressures together with environmental orientation, has significant influence in determining green practices, hence; enhancing performance results improved. Specifically, based on their research, El-Garaihy et al. state that pressure from outside and inside organizational environments is significant for actualization of proper GSCM practices

Giuffrida and Mangiaracina (2020) present a detailed analysis of green practices different industries, regions and technology domains. Some classify methodological types of GSCM and suggest a set of research questions to fill the existing gaps in the literature. This is a clear indication that there is the need to develop RI and CI industry-specific and region-specific GSCM strategies (Giuffrida & Mangiaracina, 2020).

Hebaz and Oulfarsi (2021) also explained the driving forces and detracting factors for GSCM implementation; this is especially because the advantages of the green practice are well understood while the problems like high cost and lack of knowledge are still rampant. Their review highlights the need to give attention to such barriers to be able to come up with relevant strategies towards enhancing GSCM adoption (Hebaz & Oulfarsi, 2021).



Altogether, these works add up to capture the complexity of the GSCM adoption which focuses on the relationship of drivers, barriers and contexts that affect the implementation of green supply chain management.

Methodology:

This study utilises a quantitative research methodology to examine the implementation GSCM strategies by multinational enterprises (MNCs). A Likert scale-based structured questionnaire was developed to assess the level of GSCM implementation and its influence on performance. The scale from 1 to 5 indicates the level of agreement with a statement, where 1 is "Strongly Disagree," 2 indicates "Disagree," 3 shows "Neutral," 4 termed as "Agree," and 5 is "Strongly Agree." In order to obtain a broad sample, the study focused on 250 supply chain managers and sustainability officers from 5 multinational corporations (MNCs) in different industries. The findings offer valuable understanding of the factors, difficulties, and results of GSCM methodologies in the selected companies.

Result and Discussion:

Table 1: Data Analysis

Questionnaire Items	"1"	"2"	"3"	"4"	"5"	Total Responses
1. Our organization actively incorporates environmental criteria into supplier selection.	30	45	60	70	45	250
2. Implementing GSCM practices has improved our company's operational efficiency and reduced costs.	25	40	55	80	50	250



Questionnaire Items	“1”	“2”	“3”	“4”	“5”	Total Responses
3. The top management is fully dedicated to adopting and implementing GSCM principles in our entity.	20	35	50	85	60	250
4. We face significant barriers (e.g., cost, lack of expertise) in implementing eco-friendly supply chain initiatives.	40	50	70	60	30	250
5. Our customers demand environmentally sustainable products and supply chain practices.	15	30	40	100	65	250
6. Adoption of GSCM practices has enhanced our company’s brand image and compliance with environmental standards.	10	25	55	90	70	250

The GSCM research, ‘performs’ a pattern of thinking about the adoption of practices of GSCM by the MNCs and the impacts and integration of these measures and its benefits on the organisational and environmental performances.

1. Environmental factors in Supplier Selection: Just under two- fifths (46%) of the participants agreed to the assertion that environmental factors are employed pro-actively by their firms in the selection of suppliers. This implies a massive commitment to the integration of sustainable procurement in the procurement process. However, a third (30%) however, said they disagreed or were indifferent, reflecting differences between one MNC and another in the enforcement of environmental standards. All these heterogeneities could be influenced by such factors as the size, choice of industry, or level of maturation of the company’s sustainability activities.



-
2. **Enhanced Operational Efficiency and Cost Reduction:** The respondents' response to the statement that GSCM procedures have improved the operational efficiency and reduced costs for a certain segment of the participants was accordingly positive with 52%. Thus, it illustrates GSCM enhancing early aspects of operation, such as waste minimisation and resource management. However, 25% of the respondents replied 'no opinion' or disagreeing which might mean that organisations can experience challenges in realising these benefits all the time. The identified benefits may however differ based on factors such as integration intensity or early cost up-fronts.

 3. **Top Management Commitment:** Percentages obtained showed that top management commitment was strong as ranked by 58% of the respondents showing that it is a critical factor in the implementation of GSCM processes. 35% of the respondent, however, had no opinion or disagreed with the statement suggesting that while managing commitment may vary in different MNCs. The variance in degrees of commitment might also have impact on the success of GSCM projects as it requires significant amount of leadership to counter resistance and ensure that business strategy alongside sustainability objectives are pursued.

 4. **Implementation Barriers:** Some of the major impediments to the implementation of environment friendly supply chain ideas were revealed in the survey. Thirteen percent of the respondents said that they faced issues like cost and inadequate experience. This highlights the fact that due to these barriers, MNCs have to employ targeted strategies such as using a portion of the company's profit to train its employees, to invest on human resources, or search for a fiscal incentive or tax break for projects that would positively impact the environment.

 5. **Consumer Demand for Sustainable Products:** The largest number of respondents (66%) responded that the consumers want environmental friendly products and processes. This shows how much customer's expectations are gaining importance in relation to GSCM implementation. The pressure from the customers along with the awareness about the health consequences of environmental degradation can still act as a motivation for the MNCs to change their existing environmental policies.



6. Brand Image and Compliance: Lastly, the participant respondents were asked on their own opinion about the impact of GSCM on their respective companies and the responses were as follows: The respondents also responded that due to implementation of GSCM principles, the environmental standard compliance and brand image of the company has got enhanced by 64%. In this study, sustainable supply chain criteria are highlighted and the benefits of achieving sustainability with references to reputation and regulation of a firm are outlined. The amount of these benefits though, may differ based on the level of GSCM maturity and market category of the organisation.

Conclusion:

The results of this research on the implementation GSCM practices by MNCs show that green activities have positive effects on the operational performance and organisational image, but also create some difficulties. The results reveal that MNCs have a clear concern in the integration of environmental concerns in the selection of suppliers and GSCM practices brought about by better operational efficiency. Nevertheless the challenges like high costs and lack of expertness remain and influence the equally efficiency of those measures. Customers' demand for environmental friendly products is one of the root causes, which compel MNCs to improve their performance standard. The engagement of top management is very vital in the implementation of GSCM, although it's not fully provided in different organization. The study also reveal that the benefits of GSCM practices include promotion of brand image and compliance to environmental standards noting that these benefits could vary in degree.

Finally, organization leaders of MNCs should effectively incorporate the following measures if the MNCs expect to capture the benefits of GSCM: the reduction of implementation barriers; increasing strategic management support; and integrating with the consumers' expectations. The above laid-down steps will increase their environmental efficiency and sustainability to market challenges.



References:

“Asif, M. S., Lau, H., Nakandala, D., Fan, Y., & Hurriyet, H. (2020). Adoption of green supply chain management practices through collaboration approach in developing countries–From literature review to conceptual framework. *Journal of Cleaner Production*, 276, 124191”.

“El-Garaihy, W. H., Badawi, U. A., Seddik, W. A., & Torkey, M. S. (2022). Investigating performance outcomes under institutional pressures and environmental orientation motivated green supply chain management practices. *Sustainability*, 14(3), 1523.”

“Giuffrida, M., & Mangiaracina, R. (2020). Green practices for global supply chains in diverse industrial, geographical, and technological settings: a literature review and research agenda. *Sustainability*, 12(23), 10151.”

“Hebaz, A., & Oulfarsi, S. (2021). The drivers and barriers of green supply chain management implementation: A review. *Acta logistica*, 8(2), 123-132.”

“Attah-Boakye, R., Adams, K., Yu, H., & Koukpaki, A. S. F. (2022). Eco-environmental footprint and value chains of technology multinational enterprises operating in emerging economies. *Strategic Change*, 31(1), 99-116.”