The Role of a Strategic and Sustainable Orientation in Green Supply Chain Management

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ABSTRACT

The environmental problems we’re facing today, with their growing severity and increasingly global nature, are often referred to as humanity’s greatest challenge. This paper develops a model that identifies the antecedents and outcomes associated with sustainable supply chain management linkage. The model starts by identifying two antecedents (internal and external orientation) that firms may adopt in order to cope with their sustainability goals. The hypotheses are tested based on the major survey data from 342 Taiwanese and Chinese public corporations. This study not only demonstrates that both the internal supply chain and external environmental orientation exert a positive on green SCM, sustainability orientation, and alliance performance, but also, more importantly, they delineate how green SCM is practiced. This study also sheds light on the role of a sustainable orientation in strategic supply chain alliance’s performance, and builds a comprehensive conceptual framework that fills some key gaps in previous research.

KEYWORD

Alliance Performance, Green Supply Chain Management, Strategic Orientation, Sustainability
1. INTRODUCTION

The environmental issues we’re facing today, with their growing severity and increasingly global nature, may be considered the most serious challenge that humanity will face in the coming years. Over the long run, economic development that relies on intensive depletion of natural resources cannot be considered sustainable, from either an environmental or an economic point of view. The turn toward a production model which has less of a negative impact on the environment may actually improve companies’ profits by spurring innovations aimed at reducing environmental impact while providing economic benefits (De Marchi, 2012). However, there can also be dangers; the existing literature has reported the failure rate of alliances to be between 60% and 70% (Zhou & Lu, 2012; Lunnan & Haugland, 2008). Incompatibility of partners is a leading cause of these failures (Das & Teng, 2001; Lambe et al., 2002; Langfield-Smith, 2008). It is imperative that a strategy be utilized to maximize the benefits of cooperation while minimizing the risks. In recent decades, successful inter-firm collaboration has enabled firms to improve their competitive advantage and realize benefits that include such things as reduced costs, assessment of valuable resources, sharing risks and strengthening their market position (Groot & Merchant, 2000; Hagedoorn, 2002; Ding, Dekker, & Groot, 2013). An ideal model should draw upon the virtuous cycle induced by these successful collaborations.

Although the wider perspective of the green supply chain is an important step in determining its relationship to environmental sustainability, consideration of performance outcomes resulting from reducing the environmental impact of a firm’s supply chain operations is a concept that has only recently gained momentum (Linton et al., 2007). Many companies have recognized the concept of green SCM, also known as supply chain environmental management. However, while sustainability has become a major challenge for firms, the goal of pursuing sustainability cannot be achieved by a single firm, as its performance will necessarily be affected by other links in the supply chain. Therefore, if overall success is the goal, it is essential to adopt green innovation and to implement Green Supply Chain Management (SCM) practices throughout the organizational value chains (Steger, 1993; Chiou et al., 2011). When properly integrated and planned, green SCM offers the opportunity to boost efficiency, value, and access to markets through improving a firm’s environmental, social, and economic performance. In addition, the implementation of green SCM through internal and external environmental management contributes substantial benefits by enhancing corporate competitiveness and improving environmental performance (Chiou et al., 2011; Rao, 2002; Tukker et al., 2001). Of course, it is generally no simple matter to accomplish this, and some researchers have asserted that the attention given to the potential benefits of green SCM practices has actually raised more questions than answers (Linton et al., 2007; Carter & Rogers, 2008). This paper seeks to answer some
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