

UNIVERSITI TEKNOLOGI MARA

**INVESTIGATING THE IMPACT OF
GREEN PRACTICES ON THE
FIRM'S SUSTAINABILITY IN THE
SUPPLY CHAIN FOR COMPETITIVE
ADVANTAGE**

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ABSTRACT

This study aims to develop an enhanced model of the green practices for the company's sustainability in the supply chain to achieve a competitive advantage. This study employed an exploratory and explanatory research technique to develop the model. Three main methods are the literature review, interviews and surveys to investigate the impact of green practises on the firm's sustainability in the supply chain for a competitive advantage in Malaysia. The primary decision of the final model is based on the literature review and the primary data and grounded by the Natural Resources-based View (NRBV) theory to support the relationships. The findings of this study contained three elements, competitive advantage as the dependent variable, green practices as the independent variable, and sustainability in the supply chain as the mediating variable. The study utilised a sample of 234 ISO 14001 certified manufacturers across Malaysia, based on the list provided by SIRIM in 2020, to test the relationships between the study variables. Analysis using the partial least squares package (SmartPLS) revealed green practices (lean practices, product return practices, product recovery practices, green purchasing) significantly affect the supply chain's sustainability and competitive advantage. In addition, the study found the sustainability in the supply chain directly impact the firm's competitive advantage. Mediation analysis was conducted to test the indirect effect of sustainability in the supply chain in the relationship between lean practices, product return practices, product recovery practices, and green purchasing on the competitive advantage. However, only three hypothesis testing on mediation relationships are significantly supported; lean practices, product return practices, and green purchasing, whereas product recovery practices are not supported. From the findings, it is expected that manufacturing firms can embrace more green practices to improve sustainability in the supply chain, encouraging them to compete effectively. Lastly, the study also determined the direction for future research

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CHAPTER ONE

INTRODUCTION

1.1 Background of Study

Nowadays, sustainability is a key issue that should be actively engaged by everyone living in this world, as it depends on our survival reactions, in that any action we take would either directly or indirectly affect our surrounding environment. Sustainability can also contribute to the harmony of the environment between humans and nature to support present and future generations. Sustainability meets the requirements of both current and future. Focus is on the three bottom lines (TBL) namely, economy, social, and environment (Elkington, 1994). However, many manufacturing firms have been using over-consumption of resources late, creating a global crisis of electronic waste disposal and threatening human well-being.

Other than that, the main problems are the adverse consequences concerning the environment, as most organisations have not complied with the environmental rules and regulations. This is unacceptable given that the issue is a primary concern for government, society, and business organisations around the world. The sustainability aspect of a business is therefore important, as the necessary measures need to be taken to reduce environmental problems and to bring greater economic benefits and well-being to society (Shaharudin, Govindan, Zailani, Tan, & Iranmanesh, 2017). Sustainability in the management of the supply chain plays an important role in improving the overall performance of the organisation and obtaining a competitive advantage (Tan, Zailani, Tan, & Yeo, 2019). Furthermore, a firm's competitive advantage results from its sustainability in the supply chain because of pricing power, low-cost provider, product differentiation, and delivery, which ultimately achieves profitability in an industry. Also, to achieve a competitive advantage in organisation and sustainability, the organisations needs to have a more robust economic, environmental, and social relationship.