



# Sustainable supply chain practices and their impact on corporate social responsibility in the US.

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## Abstract

Modern business organizations willfully gravitate towards the concepts of sustainable practice in supply chain operations and corporate social responsibility (CSR). This paper has examined the impact of sustainable supply chain practice on corporate social responsibility as relating to the supply chain management subsector in the US manufacturing industry. Extensive literature review on the subject was carried out and all the necessary concepts in their individual and interconnected states were examined and discussed in the light of the topic. The study found areas of similarities between sustainable supply chain practice and the corporate social responsibility. The study concluded that sustainable practice of supply chain operation will continually have positive impact on corporate social responsibility.

**Keywords:** Supply Chain, Sustainable Practice, Supply Chain Management, Corporate Social Responsibility, Environmental Impacts, Social Responsibility.

## I. Introduction

New dimensions have emerged in the practice of supply chain management. The dimensions center on sustainable supply chain operations. Businesses are recently understanding that more than pursuing social and economic ends, the need to protect the environment and curtail the rapid rate of climate change and slow down its effects on man and his environment is the only hope of continuity of man. The sustainable supply dimensions tilt supply chain operations toward social responsibility and environmental considerations, and also aim at entrenching sustainability practice in supply chain operations. Supply chain management is the backbone of modern industrialization. It is the connecting line between raw materials deposit, production center and the end-users for the purpose of satisfying some identified needs (Akinbolajo, 2024). Supply chain was also robustly defined by Beamon (1998,

p.281) as “an integrated process wherein a number of various business entities (i.e., suppliers, manufacturers, distributors, and retailers) work together in an effort to: (1) acquire raw materials, (2) convert these raw materials into specified final products, and (3) deliver these final products to retailers. This chain is traditionally characterized by a forward flow of materials and a backward flow of information.”

The role of supply chain management (SCM) in industrial development has been variously examined theoretically and empirically, and as such, it cannot be overemphasized. Supply chain management involves a structured movement of products and information with the ultimate goal of firstly satisfying the demand side, and then sustaining the supply side by ensuring continuity in manufacturing activities. According to classical economic theorists, attaining equilibrium between the supply and the demand sides results in economic growth and stable employment level in the society. However, whilst the production, distribution and consumption of goods and services (as aided by supply chain) play critical roles in the growth of an economy, the environmental consequences of such activities, especially in the area of negative externalities are better imagined. The consciousness of business organizations to consider the environment whilst pursuing productive activities birthed the concept of corporate social responsibility (CSR).

Historical narratives affirm that Corporate Social Responsibility is not the invention of today's world of business (Latapi Agudelo *et al*, 2019). Conceptually, the term, Corporate Social Responsibility, was first used by Bowen (1952) to describe the strategies of business organizations to take decisions that favorably impacts the society. Furthermore, Carroll (1979) described social responsibility as covering legal, economic, ethical, social, and environmental expectations of business organizations toward the society. This conception both recognized the need for business



organizations' negative impacts on the society (stakeholders and the environment) and also popularizing what is widely known today as Corporate Social Responsibility. Corporate Social Responsibility refers to "a concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders (Schinckus et al, 2019, p.247). Rangan et al (2015) in Harvard Business Review asserts that the main goal of CSR should be geared toward aligning an organization's socio-environment activities with its business purposes and values.

Whilst supply chain management is important for business development and sustenance of industrialization drive of different economies, the need to entrench the concept of sustainability in supply chain sub-aspect of industrial production cannot be overstated. In pursuing economic gains in supply chain operations, the unintended negative consequences on the environment need to be kept in check. This is the point where each organization expectedly makes efforts to consider not just the environment but also its stakeholders. This birthed the need to reconsider the relationship between (sustainable) supply chain management and corporate social responsibility with a view to gauging the effect of the former on the latter. This is with a view to understanding the current practice and pushing the frontiers of knowledge by innovatively considering the impact of sustainable supply chain on corporate social responsibility.

## II. Overview of Sustainable Supply Chain Management and Corporate Social Responsibility in the United States

### 2.1 Conceptual Approach

#### 2.1.1 Supply Chain Management

This is a systematic planning, organizing, implementing and managing flow of resources and products between critical ends in most efficient ways in order to aid continuous sustenance of the manufacturing sector, while provide solutions to daily societal needs. Akinbolajo (2024) also defined Supply Chain Management (SCM) as "a complex process of simplifying a range of activities in the production space and includes among other things to planning, controlling and executing products' flow from raw materials depot to production plant and to distribution to the end-users in the most efficient way possible." A more detailed definition of Supply Chain Management was advanced by Kozlenkova et al (2015), who defined supply chain management as encompassing

the process of procuring and transforming raw materials into finished goods and delivering to the end-users. Supply chain process is designed to provide raw materials and products from the point of production to the point of need. The process is concerned with the most economic and efficient way of distributing raw materials, semi-finished goods and finished products to the point where required. The traditional supply chain operations have little or no consideration for environmental concerns such as carbon footprint reduction, adopting green practices in logistics and procurement of raw materials, and energy conversation.

#### 2.1.2 Sustainable Supply Chain Management

The world is witnessing a massive campaign and shift from the traditional model of production, supply, and consumption of goods and services. This is in the wake of the existential threat facing the world and the continued existence of man and planet earth. Therefore, production, distribution, consumption and waste generation must be carried out sustainably and in an environmentally friendly manner. In the discourse on sustainable practice in production, distribution and consumption of goods and services, Carter and Easton (2011) sought greater role Supply Chain Managers as their position is advantageous in the campaign for sustainability in supply chain operations. The authors perceived that in Supply Chain Managers' daily decision on supplier selection, business operations modalities, vehicle routing, packaging choices and location decisions, among others, they are more positioned to consider sustainability in their daily operations.

There are some critical areas of focus in the discourse about sustainable supply chain process. These critical areas are:

**Going Green in Selection of Partners and Collaborators.** In order to entrench sustainability goals in supply chain operations, all business partners and collaborators to be selected must align with the principles of sustainable practice. This also includes partnering with manufacturing entities that consider sustainable manufacturing processes and producing eco-friendly products.

**Sustainable Procurement.** A supply-chain-operations firm, expectedly will strictly adhere to procuring eco-friendly raw materials and commit to distributing only environmental-friendly products.



**Efficient Use of Resources.** One of the best ways to combat climate change is to reduce industrial wastes. Wastes relating to manufacturing activities can be managed effectively by reducing wastage and committing to high efficiency precision in production and distribution of products.

**Optimization of Logistics and Distribution.** This aspect is the intercept of supply chain operations and manufacturing activities. Reduced emissions and minimizing carbon footprint is the ultimate goal.

**Compliance with Global Ethical Standards in Labor Practice.** There are certain ethical standards on labor practices such as safety in workplace, fair wages, and compliance with no-child-labor or forced labor that must be adhered to before supply chain operations are considered sustainable.

**Concept of Recycling and Reusing Product/Item.** At the core of sustainable practice is the concept of recycling waste or used products in order to ensure efficient use of resources and minimization of waste generation.

**Commitment to Green Environment.** As part of subscribing to sustainable supply chain practice, supply chain organization may inculcate the practice of promoting eco-friendly environment through direct participation in tree planting and in advocacies that promote green environment. This is the overlapping connection between supply chain

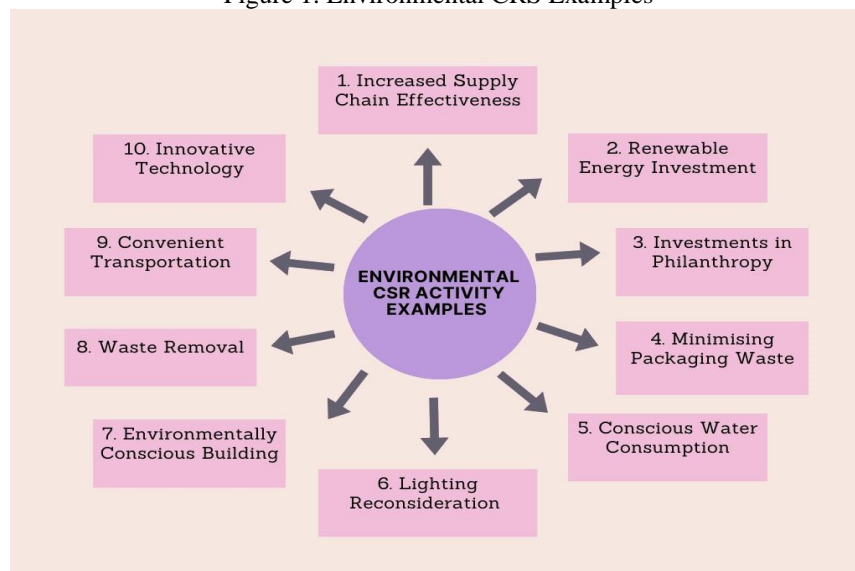
management and corporate social responsibility (CSR).

### III. The Concept of Corporate Social Responsibility

The concept of Corporate Social Responsibility (CSR) has been examined and debated variously by scholars (New, 2015; Elkington, 2018; Newman et al. 2022; Wang et al. 2024). Although, the subject of corporate social responsibility has been generally defined, there is yet no consensus on its definition, scope and *modus operandi*. Kain (2023) defined Corporate Social Responsibility as a concept of incorporating social and environmental concerns into the operations of a business entity. Similarly, Menghwar and Daood (2021), also defined CSR as a way of carrying out business operations both profitably and socially. Scholars have also argued that corporate social responsibility is not exclusive of business organizations only, noting that non-profit-seeking and non-governmental organizations also actively engage in CSR. On his part, Sheehy (2015) explained that the diverse nature of CSR definition is a pointer to its interdisciplinary nature.

Kain (2023) identified environmental CSR, philanthropic CSR, ethical CSR and economic CSR as four categories of CSR activities that an organization can embark on in fulfilling its desire to incorporate CSR in its operations. Similarly, Kain (2023) also exemplify the following as diverse environmental CSR that a company can embark upon:

Figure 1. Environmental CRS Examples



Source: Kain (2023). 10 Environmental CSR Activity Examples Businesses Can Adopt



#### IV. Sustainable Supply Chain Management and Corporate Social Responsibility

The concept of sustainable supply chain management appears to be closely linked to corporate social responsibility. The perceived similarity stems from the perspective that corporate social responsibility is usually a non-core motivation for a business enterprise. This view is shared by Milton Friedman in his 1970 essay that: "there is one and only one social responsibility of business to use its resources and engage in activities designed to increase its profits, so long as it remains within the rules of the game, which is to say, engages in open and free competition without deception or fraud" ([10], p. 4). From the standpoint of Friedman, a business organization is social as long as it operates within the principles of freemarket system, regardless of whether he produces and distributes sustainably or engages in CSR. However, on the ground business motive, expectation and global regulation, while CSR may be completely an internal affair of an organization, sustainability is a global ethical standard. To buttress the argument, Pintea (2015) asserted that the primary goal of corporate social responsibility is to focus on the social and ethical treatment of internal and external stakeholders, which he later summed up as "doing the right thing."

The interconnection between corporate social responsibility and sustainable practice continues to take different turns as regulatory institutions like the United Nations and the European Commission proposed greater commitment for organizations in CSR. European Commission (2011) viewed corporate social responsibility as "the responsibility of enterprises for their impacts on the society...respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility." The European Commission has brought a note of compulsion on organizations to imbibe social responsibility, which is encapsulated by the concept of corporate social responsibility.

The alignment between corporate social responsibility and sustainable practice can be seen in different forms. First, it is generally perceived that by operating sustainably, businesses will cut cost of production, reduce wastage, minimize carbon footprint, and provide for a better society for all to live in. On the flip side, corporate social responsibility provides for certain areas in which organizations can make positive contributions to the society and improve their public image through environmental responsibility, economic

responsibility, philanthropic responsibility and ethical responsibility.

Supply chain operations, as a pedestal for sustainable practice and corporate social responsibility engagement, can be better enhanced by strategic and less-complex adoption of both sustainability practice and CSR activities. Whilst each organization may have different strategies for both sustainability and CSR, Harvard Business Review (2021) suggested reduction of harmful practices, regulation of energy consumption, and offsetting negative harmful environmental impact as three approaches of CSR, which are also applicable in sustainability practice.

#### V. Conclusion

The study examined the relationship between sustainable supply chain practice and corporate social responsibility. In effect, the study investigated the effect of sustainable supply chain on corporate social responsibility. This study found a strong alignment between sustainable practice in supply chain operations and corporate social responsibility in CSR. The study concludes that practicing supply chain operations sustainably will positively impact corporate social responsibility of the organization, thereby making both the society and the CSR-engaging Supply chain Organization better off.

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