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A Study on Sustainable Supply Chain Governance for Successful Investment

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Abstract- This research is to explore the interaction mechanisms between persona and organizational in supply chain management. An exploratory multiple case study approach in Malaysia is applied. However, there has been a high demand for a more effective, efficient and steady maintenance of the supply chain web by investors and shareholders. Therefore organizations are focusing on how to sustain and improve the low cost regions among supply chain members, in order to meet up with shareholders expectations. Needless to say it is still an enormous task to influence and unify the sustainability efforts of members of the supply chain web.

Keywords: Sustainability, Supply chain influence, Organization performance.

1. Introduction

In recent times economic globalization is going on a fast tempo, countries are now coming together as one big Global economy thereby, increasing cross border trade and dwindling production of goods and services [1]. As a result the threshold of the supply chain network of organization has spread over a large geographical area and out sourcing of materials from low

cost countries has been widely embraced by organizations. As a result countries like Vietnam, Bangladesh, China, and India have become the focal point of global apparel production. As a result of this change sustaining and maintaining the supply chain network has become a big challenge for organizations [2]; [3].

2. Literature Review

As defined in the outline, the newest works reviews disclose that the social influence of the SCM governance influence successful investment still holdup overdue environmental considerations [29]. However, current assessment documents on communal supply chain management [28, 30, 31, and 32] can be studied as considerable initial points to generate socially linked research, contribution theoretic and conceptual frameworks that point at specific research gaps. Köksal et al. [28] studied papers that exactly allocated with the various industries and offered a beneficial conceptual framework to comprehend connected drivers, enablers, and barriers for the operation of social risk management to invest for successful practices in supply chains management. While social risk management to invest in practices include collaboration and assessment [33], and reporting on the actions of a pivotal corporation, they also assistance to alleviate outside risks and stakeholder pressures such as harmful press in the media and recover social presentation in the supply chain management [28].

Furthermore, the four main instruments to guarantee maintainable development of a supply chain, decision-makers could use other instruments such as moral threat prevention and penalty, joint investment, national uniqueness, information confidentiality and exposé, etc. to proactively analyze and act in emerging a supply chain sustainably. In fact, sketch from the relationship marketing literature [23, 24], a supply chain could be measured as relationships in networks in which associates interrelate through an interface process to create value for each other collaboratively [25]. In the process of cooperation, the idea of relationship advance is essential, and handling sustainably the growth and upkeep of these collaborative relationships will need many equally complementary mechanisms such as the ones stated above and perhaps honesty, kindness, dependability, promise and industry [26, 27]. It should be prominent that the use of

these devices and comprehensive operation of these mechanisms should depend on the specific situation of a supply chain and the different features of each stage.

3. Discussion

In this section we elaborate the SCM integration and personal relation in the organization which effect in SCM governance and successful investment.

3.1 Integrated supply chain

According to [3] the involvement of big companies in sustainable plans has moved from just implementing sustainability to examining and investigating different sustainability governance approaches [4]; [5]. In addition to this, the academia and practitioners have realized that there is need for the adoption of collaborative approaches. Especially because cooperative and performance based incentives among members of the supply chain web are believed to be a more efficient way to attain sustainability in the supply chain [6]. Additionally, it is clear that the top-down system of sustainable governance which is responsible for mandating sustainable codes to supply chain members is not good for production rather the buyer-supplier relational approach is more productive and functional [7]; [8].

3.2 Personal and organizational relationship

The structure and method of supply chain governance point that the high level of teamwork and corporation among the supply chain speed up the pace of sustainability through trust and commitment among the supply chain stakeholders [10], as a result, to attain supply chain sustainability there has to be some kind of relational practices between supply chain members and supply chain governance [12]; [13].

Furthermore, the ingenuity of having a relational practice in supply chain governance to bring about sustainability largely depends on the supply chain web structure. This is because, sustaining relational practice in a complex supply web will most likely be very difficult to manage and control [14]. Therefore it is important to experiment and examine the regulating effect of supply chain design on the relationship between supply chain governance, supply chain sustainability and supply chain social capital [15]; [16].

This is motivated by the limited evidence available in extant studies on the mediating effect of relational capital and the moderating effects of supply chain structure on the relationship between supply chain governance and sustainability [17]; [18]. Therefore, this study sets out to investigate the mediating effect of relational capital and the moderating effects of supply chain structure on the relationship between supply chain governance and sustainability [19]; [20].

4. Methodology

This study employs a mixed methods research by incorporating both qualitative and quantitative research approaches [13]. Qualitative approach makes use of the field study method which is carried out through a semi-structured interview with fifteen (15) decision makers from RMG manufacturing companies, including buyers and suppliers in Bangladesh. Subsequently, a theoretical framework was developed based on the findings of extant studies in supply chain management (fig 1). Based on the presented framework, pertinent hypothesis are developed. The measurements for different constructs of the theoretical framework are adopted and established through a pre-test procedure conducted among nine (9) experts.

Meanwhile in quantitative approach, a survey is conducted among 330 respondents from the clothing industry in Bangladesh which comprises clothing manufacturers, their supplier and also buyers. Lastly 296 completed responses were received; the received data were analyzed using the structural equation modeling (SEM) approach and regression analysis Hays PROCESS model. Common bias and the non-response bias assessment were carried out at the preliminary analysis in SPSS. Also the psychometric properties of the variables were attained before testing the following hypotheses:

H1: Supply chain relational capital mediates the relationship between supply chain governance and sustainability.

H2: Supply chain governance positively influences on supply chain sustainability.

H3: Supply chain design moderates the relationship between supply chain governance, relational capital and supply chain sustainability.

5. Outcomes

From the measurement model results presented in this study, the loadings of the items corresponding to their constructs are greater than 0.7 and significant at $p < 0.01$. All the composite reliabilities (CRs) and average variance extracted (AVE) go beyond the minimum threshold of 0.5 and 0.7, respectively [15]; [16]; [22]. Furthermore, loading of the items with similar construct are higher than the loading with any other constructs. It is also shown that the square root of AVE is greater than the off-diagonal elements across the row and down the columns which signifies that discriminant validity of the measurement model is validated. Also, the measurement model is valid as the results of reliability, discriminant validity and content validity evinced.

To test the conditional effects we employ the use of regression analysis using PROCESS macro model number 59. The latent variable scores of the constructs, gotten from partial least square based (PLS) structural equation modeling (SEM), are used to run the regression models. Nonparametric bootstrapping [19]; [20] is used to derive the standard errors of the estimates.

6. Value and Implication

The models are critically examined by investigating the explanatory power of the models, the t-value of each path coefficient and the bootstrap results of conditional effect at 95% confidence interval [22]. The T-value of each path coefficient is calculated to examine the relationships among the variable as hypothesized in this research. In the same vein, the explicit level of the proposed model was examined by rating the Variance explained or R square (R²) value of endogenous construct on supply chain sustainability [8]; [9]. Therefore the study results support the hypothesized relationships.

7. Conclusion

The findings revealed in this study have important theoretical and practical implications. The findings reported demonstrate that, supply managers will be able to devise strategies to revamp the governance system to advance the supply chain sustainability initiatives. Similarly, supply managers will also be strengthened to set plans and procedure on supply chain design issues and also the buyer-supplier relational issues for carrying out the sustainability practices.

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