GREEN SUPPLY CHAIN MANAGEMENT IMPACT ON ECONOMIC AND FINANCIAL PERFORMANCE IN COUNTRIES WITH DIFFERENT LEVEL OF DEVELOPMENT

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Green supply chain management (GSCM), as the relationship of buyer and vendor of green products (Suryanto et al., 2018), have been adopted, implemented and exercised by business around the globe from past decade (Ananda et al., 2018). It has been proved by previous studies that besides minimization of impact on environment, GSCM practices improve economic performance and enhances operational and organizational performance of a production company (Green Jr et al., 2012).

Numerous researches related to economic and financial performance of a company implementing GSCM have been conducted worldwide. It seems to be obvious that companies from high-income states with strict environmental regulations and control on one hand and high environment requirements of developed societies and consumers on the other hand will benefit from GSCM, since all those regulations, control and requirements push all the players in the market putting them in equal conditions. Therefore, the results of the studies confirming positive GSCM impact on companies’ economic and financial performance, including EBITDA, in countries like USA (Green Jr et al., 2012), Japan (Zhu et al., 2013), Italy (De Giovanni & Vinzi, 2012), Australia and New Zealand, as well as researches related to transnational companies (Hasan, 2013) look not surprising.

In low-income and developing countries with high level of corruption, imperfect environmental legislation and governmental control, low demand from consumers and weak requirements from developing societies, the companies implementing GSCM seem to occur in unequal market conditions compared to their competitors saving money on environment and, as a consequence, seem to put their financial and economic stability at risk decreasing revenues and EBITDA.
Though, most of studies investigated financial and economic effect of GSCM on companies’ performance in different industries of various countries including Malaysia (Eltayeb et al., 2011; Tan et al., 2016), South Korea (Kim et al., 2011), China (Zhu & Sarkis, 2004) and Taiwan (Chien & Shih, 2007; Cheng et al., 2014), Thailand (Laosirihongthong et al., 2013), Ethiopia (Beyene, 2015) Indonesia (Ananda et al., 2018) and Colombia (Moreno-Mantilla et al., 2018) came to a conclusion that green practices, including green supply chain management, when properly implemented, definitely improve, among other factors, financial and economic situation of a company, not always increasing revenues, but definitely raising EBITDA.

Sezen & Çankaya (2013) unlike other researches detected no significant relationships between green supply chain management introduction and improvement in financial performance outcomes for the companies in Turkey. This phenomenon was explained by the authors by novelty of environmental applications the country.

At the same time, some researches pointed out that GSCM sometimes do not directly affect economic performance, but can improve it indirectly (Zhu et al., 2010), especially when it goes to green purchasing and reverse logistics, where the company implementing GSCM focuses on improving environmental performance of its suppliers, which have the direct positive effect, while benefit of such initiative may reflect indirectly on the purchasing company through obtaining green materials and production of green products, green marketing and so on (Eltayeb et al., 2011). Jawaad & Zafar (2019), although reporting positive impact of GSCM on economy and finances of the Pakistani companies, also noted that sometimes due to the increased prices charged by the suppliers for their greener raw material, packaging, and overall less number of greener supplier in the market, manufacturers face less cost efficiency and significant EBITDA growth in this area at the initial stages of GSCM implementation.

Numerous studies related to impact of GSCM on companies’ performance in various countries confirm that due implementation of green supply chain management enhances environmental, operational, organizational, economic and financial performance of the company irrespective of the country or region. In terms of financial outcomes, the GSCM-caused reduction of costs for energy consumption, material purchasing, waste treatment and waste disposal, attracting new customers and expanding to new high-margin and high-income markets, including export ones, will lead to the significant growth of revenues and EBITDA. Therefore, owners and management of companies shall be encouraged to implement green practices, including GSCM, in everyday operation of the companies.

REFERENCES


