Measuring Triple-Bottom-Line Performance on Sustainable Supply Chain Practices in Manufacturing Industry: Moderating Effect of Institutional Pressure

Gunasekara K.R.H.L.1*, Yapa S.T.W.S.2, and Aruna Shantharachi A.3

¹Department of Tourism Management, Sabaragamuwa University of Sri Lanka, Sri Lanka,

²Department of Decision Science, University of Sri Jayewardenepura, Sri Lanka ³Department of Economics and Statistics, Sabaragamuwa University of Sri Lanka, Sri Lanka

*lal@mgt.sab.ac.lk

One of the most observable trends in countries such as Sri Lanka where the open market economy is dominant in all the areas in socio-cultural spheres is that the management of commercial sectors attempts to maximize profit in their businesses without caring much for their social wellbeing and environmental steadiness. Further, it can be observed that most firms pay more attention to profit maximization techniques especially when the manufacturing industries are handled. However, the true development of a country depends not only on economic growth. Sustainable Development is the unavoidable choice of the development of human society. A sustainable supply chain encompasses different types of decisions, starting from facility locations and capacity planning, but also going downwards hierarchically, such as procurement, production, warehousing, distribution, consumption, and reverse logistic decisions. Hence, this study addressed the impact of sustainable supply chain management practices on Firms' triple-bottom-line (economic, environmental, and social) performance. Moreover, the moderating effects of regulation pressure and supply chain pressure on the relationship between independent and dependent variables were examined. This quantitative research study was conducted as a survey study. Data was collected from large-scale manufacturing companies using an email questionnaire and a Partial Least Square Structural Equation Modeling software was employed for the data analysis. Findings justified the significant positive relationship between sustainable supply chain management practices and triplebottom-line performance. Further, findings confirmed that institutional pressure i.e., regulation pressure and supply chain pressure moderate the relationship between sustainable supply chain management practices and triple-bottom-line performance. These findings encourage manufacturers to implement sustainable practices within their supply chains, inconsequent, it will contribute to achieving the sustainable goals of the country as well.

Keywords: Institutional-pressure, Sustainable-supply-chain, Triple-bottom-line