

Analysis of Drivers in Implementing sustainable supply chain management practices in Non-manufacturing SMEs

Mehran Doulatabadi¹ and Hak Kenn Wong²

MBA Center, School of Economics and Management
Xiamen University Malaysia
Sepang, Selangor, Malaysia
doulat@xmu.edu.my

Abstract

The emerging economies, including Southeast Asia and most part of emerging Asia have been experiencing rapid economic growth for the past several decades. As a result, industrial and commercial development are evident across all Asian developing countries. Rising standard of living and improving healthcare have enabled the exponential growth of human population. Hence, this rapid growth and development has increased pressure to mother nature's finite resources. Therefore, sustainability practices have enjoyed a renewed interest in recent years where societies and business communities are putting pressures in organizations in achieving the triple bottom line (TBL) objectives. SSCM practice has gained acceptance among the manufacturing sector with its adoption of ISO 14001 environmental management systems with positive environmental and economic outcomes. However, there is still a lack of research in the area of non-manufacturing companies in Malaysia, particularly in the SME sector. Nevertheless, SMEs are the backbone of every country and contributed a substantial portion to its overall GDP growth. Additionally, it is also responsible for most of the job creation in the country. As of 2018, there are approximately 900,000 SMEs in Malaysia with up to 89.2% consisting of services and related sector. The purpose of this research is to fill the research gap in studying the drivers and barriers of SSCM implementation in the non-manufacturing sector within the state of Selangor. Stakeholder theory is used as a canvas for this research. Semi-structured interviews were conducted on selected respondents from different industries in order to gain a better understanding on their challenges in SSCM implementation. Expected outcomes based on existing literature were due to company's size, leadership and management support and commitment, organizational culture and government support. The majority of SMEs in Selangor are privately held with its priority towards economic profit. Hence, resource limitation and management commitment are the biggest barriers in SSCM implementation. Both theoretical and managerial implications of this research finding aims to provide a better understanding and recommendations to further develop SSCM implementation and practices in the non-manufacturing SME sector.

Keywords

Supply chain management, Sustainable, stakeholder theory, SMEs, drivers.