

# CONCEPTUALISING CORPORATE SOCIAL RESPONSIBILITY IN CONTEXT TO SUPPLY CHAIN RISK

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## Abstract

Today, despite of adopting a variety of risk mitigation strategies, Supply chain managers still find it difficult to manage complex supply chains and many empirical studies have intensified that, by adopting different forms of environmental and social sustainability practices, a firm can reduce supply chain risks and improves their image. As, if the firm's activities regarding CSR are strategic, then it can help in enhancing competitive advantage and return on investment for the firms. Therefore an attempt has been made through this research paper to find out the impact of CSR practices on supply chain risk.

**Keywords-** Supply chain, Supply chain risk, corporate social responsibility

## 1. INTRODUCTION

In the last few decades, numerous studies had been done to find out the impact of CSR on business, but very less has been worked out in context of CSR in supply chains.

Nowadays, corporate social responsibility has derived as a significant criterion in the global market. As, in the current scenario firm's transformation into a socially responsible entity is relying on all supply chain partners, as an independent

organization can't compete with supply chains. All the supply chain partners should also adopt the identical visions regarding CSR in order to be considered as socially responsible by its stakeholders. (Pedersen, 2009) there is need to take more initiatives for the promotion of CSR so that it enables smaller enterprises to counter CSR issues in the supply chain. Supply chain compliance with CSR standards is also required for adjusting in operating procedure and management processes and (Husted 2003).

CSR refers not only to responsible behavior within the organization itself but it is also accountable to ensuring proper environmental and social conditions all through its supply chain (Pedersen and Andersen, 2006; Roberts, 2003).

## 2. LITERATURE REVIEW

Following are some of the contributions in corporate social responsibility with respect to supply chain management domain. The major studies are as follow:

O. C. Ferrell and L. Ferrell (2016) developed a framework with context to understand CSR and ethics in supply chain and marketing channels and in order to manage the sustainability, ethics and social responsibility issues in a supply chain management. N. Tower et al. (2013) provided inordinate understanding of CSR activities and its management in the work and information flow in the supply chain of luxury sector of garment manufacturing and it has been found that today, supply chain compliance with CSR standards is required for adjusting in operating procedure and management processes.

Jüttner, Peck, and Christopher (2003) suggested that supply-chain risk sources comes under three categories: environmental risk sources (e.g., social-political actions (CSR), or natural disasters), organisational risk sources (e.g., production uncertainties, exchange rate risk), and network-related risk sources. Johnson (2001) and Norrman and Jansson (2004) indicated that network-related risk originate from the interaction between organizations within the supply chain, e.g. due to inadequate cooperation and interaction.

M.N. Faisal (2010) tries to ascertain the prominent barriers to Corporate Social Responsibility in supply chain and determine the relationship between them in order to prioritize them. This provides an opportunity to the supply chain managers to prioritize social responsibility issues to gain a competitive edge. M. Andersen and T. Skjoett-Larsen (2009) proposed a framework that examines the CSR practices in the global supply chain. It mainly focuses on how CSR is linked with global supply chain. Practicing CSR in supply chains requires that CSR is embedded within the entire organization, including subsidiaries abroad and offshore suppliers. It includes employee training and sharing of experience, training of key personnel at the supplier level, positive incentives for suppliers in the form of long-term contracts and enlarged purchasing orders, and regular auditing of suppliers' performance.

As I could not mention all the relevant studies in review of literature, here is the contribution of some other researchers. Maloni and Brown (2006) considered Health and safety, Labour and Human right, Fair trade, Environment, Community, Biotechnology, Animal welfare as the CSR activities and According to J. M. Cruz and D. Matsypura(2008) have taken into account promote quality assurance, environmental preservation, compliance as the CSR practices and According to O. Martin-Ortega et al.(2015) Labour rights, working conditions and Public procurement as a tool for promoting human rights are the CSR practices which significantly influence supply chain performance. The diffusion of CSR requirements along with the supply chain is remarkably influenced by the power balance in the relationships between buyers and suppliers (Brammer et al., 2011).

### Research Gap

In this section, I survey literature regarding CSR in respect to supply chain from leading international journals.

- There is a gap exist, as lack of focus is not given on major social responsibility issues (O. C. Ferrell and L. Ferrell 2016). More research work is required to be done on the part of corporate social responsibility in order to know its impact on supply chain performance.

- Environmental, social responsibility and sustainability perspective can embellish the SCRM framework (O. Lavastre et al. 2014).
- I have searched for the keywords corporate social responsibilities in supply chain, sustainability and social responsibility in supply chain. The most relevant studies were found between the periods of 2000 to 2015. It shows the contribution of many researchers. For example, Maloni and Brown (2006) considered Health and safety, Labour and Human right, Fair trade, Environment, Community, Biotechnology, Animal welfare as the CSR activities and According to J. M. Cruz and D. Matsypura(2008) have taken into account promote quality assurance, environmental preservation, compliance as the CSR practices and According to O. Martin-Ortega et al.(2015) Labour rights, working conditions and Public procurement as a tool for promoting human rights as the CSR practices which significantly influence supply chain performance. Despite of many contributions, I could not find any study which considered all CSR practices in respect to supply chain in MSME in India. The reviews of literature showed that most of the studies had conducted in abroad in different sectors. So, more researcher work is required to apply in the domain of CSR practices in respect to supply chain in India.

### **3. RESEARCH OBJECTIVE**

1. To study the CSR practices exercised by MSME.
2. To study the importance of integration of supply chain risks and CSR practices.
3. To study the impact of CSR practices on supply chain risk.

### **4. RESEARCH METHODOLOGY**

This research is based on secondary data. The secondary data is used to understand more about the descriptives related to supply chain risk and CSR.

we reviewed the journal articles and research papers published between 2006 and 2018. The keywords used in the search process were supply chain risk and CSR practices. Second, various academic databases were utilized to find out the research articles of Emerald, Science Direct, Springer, Taylor and Francis. The content of each research paper was thoroughly reviewed to ensure that the research paper fits into the context of were supply chain risk and CSR practices.

## 5. RESULT

Much has been said about corporate social responsibility (CSR) in the last few decades, and there have been numerous attempts made to identify the business case for CSR. There is very less work done to check out how organizations can surpass social and environmental conditions in collaboration with suppliers.

The purpose of this paper is to figure out the analysis of organizations that try to manage corporate social responsibility (CSR) in the supply chain and it has been found that risk mitigation strategies do not always decrease the actual supply chain risk faced by firms, although sustainability efforts can also help reduce supply chain risk.

Following are the some CSR practices adopted by the following authors.

S.NO.	AUTHOR	SCQM PRACTICES
1	Maloni and Brown (2006)	Animal welfare
		Biotechnology
		Community
		Environment
		Fairtrade
		Health and safety
		Labour and Human right
		Procurement
2	Rana et al.(2009)	Triple bottom line
		Five capitals and natural capital
		Corporate responsibility (CFR,CSR, CER)

		Corporate citizenship
3	Andersen and Skjoett-Larsen(2009)	Firm-specific assets
		Corporate history
		Knowledge enhancing mechanisms
		Knowledge controlling mechanisms
	Bhattacharyya (2010)	Cost leadership
		Sustainable competitive advantage
		Product differentiation
		Strategic resource
		Generation of benefits
		New business opportunity/benefit;
		New product/process
		New product/market opportunity
		Enhanced environmental sensitivity
		Socio-economic inclusiveness
		Innovation
	Carroll and Shabana (2010)	Economic
		Ethical
		Discretionary/ philanthropic
		Legal
	O. Martin-Ortega et al.(2015)	Labour rights and working conditions
		Public procurement as a tool for promoting human rights
	J. M. Cruz and D. Matsypura(2008)	promote quality assurance
		environmental preservation
		Compliance
	Charter et al. (2001), Jay (2010), Kolk and Tulder (2002) and Williams (2003)	Discrimination
	Ahmad and Balu (2006), Caroline (2008), Carter et al.(2002), Dawkins and Ngunjiri (2008), Lindgreen et al. (2009), Kolk and	Abuse of human rights

	Tulder (2002) and Handler (2005)	
	Kolk and Tulder (2002) and Williams (2003)	Child labour
	Charter et al. (2001), Jay (2010) and Kolk and Tulder (2002)	Long working Hours
	Ahmad and Balu (2006), Choi and Wu (2009), Choi and Kim (2008), Graafland and Ven (2006), Kannan and Tan (2002), Degraeve and Roodhooft (2006) and Sharland et al. (2003)	Unfair competition
	Lee (2009), Carter et al. (2000), Charter et al. (2001), Handfield et al. (1997), Jay (2010), Rao (2002), Thanaraksakul and Phruksaphanrat (2009), Ueltchy and Tate (2009), Montabon et al. (2007) and Williams (2003)	Pollution
	U. Elg and J. Hultman (2011)	Deployment of a code of conduct
		Requiring first tiers to deploy practices to follow the code of conduct
		Following up on second-tier suppliers
		Local presence through purchasing office abroad
		Regularly conducting supplier visits
		Consulting external expertise concerning development of international sourcing
		Deploying supplier audits with involvement of an external party
		Publishing sustainability reports

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