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Original Article

The Effect of Sustainable Supply Chain Management on Organizational Performance: Evidence from Indian FMCG Companies

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Abstract

This research paper examines the effect of Sustainable Supply Chain Management (SSCM) on organizational performance in the context of Indian Fast-Moving Consumer Goods (FMCG) companies. In the contemporary global business environment, sustainable development has emerged as an important component of strategic organizational management. Growing environmental concerns, increasing emphasis on social responsibility, and changing consumer expectations have encouraged companies to incorporate sustainable practices into their supply chain operations. Against this background, the present study focuses on examining how Sustainable Supply Chain Management influences organizational performance in Indian FMCG companies. Sustainable Supply Chain Management encompasses a wide range of practices, including environmentally responsible production processes, efficient utilization of resources, green procurement, waste management, ethical relationships with suppliers, and social responsibility. The adoption of these practices can contribute to improved financial performance, environmental efficiency, customer satisfaction, and competitive advantage. The FMCG sector in India involves large-scale production, extensive distribution networks, and frequent interaction with consumers, making sustainable supply chain practices particularly significant. The findings of the study indicate that the adoption of sustainable supply chain practices can enhance operational efficiency, facilitate cost control, strengthen brand image, and support long-term business sustainability. Thus, for Indian FMCG companies, sustainable supply chain management is not merely an environmental obligation but also an important strategic instrument for business growth and organizational success.

Keywords: *Sustainable Supply Chain Management, Organizational Performance, FMCG Companies, Green Management, Sustainable Development.*

Introduction

In the contemporary business environment, organizations are expected to pursue not only economic growth but also environmental protection and social responsibility. Globalization, intensifying competition, and changing consumer preferences have made it increasingly important for businesses to incorporate sustainable practices into their operational processes. In this context, the integration of sustainability principles into supply chain management has emerged as a significant area of managerial practice and research. Supply Chain Management encompasses a series of interconnected activities, including procurement of raw materials, manufacturing, inventory and storage, transportation, distribution, and delivery of products to consumers. Traditionally, supply chain management has primarily emphasized cost reduction, operational efficiency, and timely delivery. However, Sustainable Supply Chain Management extends this perspective by integrating economic objectives with environmental responsibility and social considerations. The Indian Fast-Moving Consumer Goods (FMCG) sector is one of the countries important and rapidly expanding business sectors. It includes a broad range of products such as food items, beverages, personal care products, household goods, and other frequently consumed consumer products. Since FMCG companies operate through extensive production, procurement, logistics, distribution, and retail networks, their environmental and social impact can be substantial. Consequently, the adoption of sustainable supply chain practices has become increasingly relevant to this sector.

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Sustainable practices such as responsible sourcing, environmentally friendly manufacturing, efficient resource utilization, green logistics, waste reduction, recycling, and ethical supplier management can help FMCG companies improve both operational and organizational outcomes. Therefore, the present study examines the impact of Sustainable Supply Chain Management on organizational performance with particular reference to Indian FMCG companies.

Objectives of the study

1. To understand the concept and significance of Sustainable Supply Chain Management.
2. To examine the Sustainable Supply Chain Management practices adopted by Indian FMCG companies.
3. To investigate the relationship between sustainable procurement practices and organizational performance.
4. To examine the impact of environmentally friendly production processes on organizational efficiency.
5. To suggest appropriate measures for the effective implementation of Sustainable Supply Chain Management practices in FMCG companies.

Research Methodology

The present study is descriptive and analytical in nature and examines the impact of Sustainable Supply Chain Management on organizational performance in Indian FMCG companies. Primary data were collected for the purpose of assessing the perceptions and experiences of individuals associated with FMCG supply chain operations. A sample of 100 respondents comprising employees, managers, and officers associated with supply chain management activities in the FMCG sector was selected for the study. The respondents were chosen using the convenience sampling method. A structured questionnaire was developed in accordance with the objectives of the study and used as the primary instrument for data collection. The questionnaire sought information regarding respondents' views on sustainable procurement, environmentally friendly production, green transportation, waste management, resource efficiency, and organizational performance. The collected primary data were systematically classified, tabulated, and analyzed. The findings and conclusions of the study were subsequently formulated on the basis of the analysis of the collected information.

Concept of Sustainable Supply Chain Management

Sustainable Supply Chain Management (SSCM) refers to a managerial approach that seeks to balance economic efficiency, environmental protection, and social responsibility across various activities within the supply chain. It involves selecting environmentally responsible raw materials and production inputs, conserving energy, controlling pollution, and utilizing available resources efficiently. Sustainable transportation practices that reduce fuel consumption are also adopted to minimize carbon emissions. In addition, waste generated during manufacturing is systematically managed through recycling, reuse, and appropriate disposal practices. SSCM also emphasizes responsible supplier management by ensuring that suppliers comply with relevant social, ethical, and environmental standards. In this way, Sustainable Supply Chain Management serves as an important strategic approach for promoting environmental and social sustainability while simultaneously supporting the long-term operational efficiency and competitiveness of an organization.

Importance of Sustainable Supply Chain Management in the Indian FMCG Sector

Sustainable Supply Chain Management has acquired considerable importance in the Indian Fast-Moving Consumer Goods (FMCG) sector because of the extensive scale of its raw material procurement, manufacturing, packaging, and storage, transportation, and distribution activities. The adoption of sustainable supply chain practices can help organizations reduce operating costs while improving the efficient utilization of energy, water, and other resources. Such practices also contribute to reducing adverse environmental impacts associated with pollution, waste generation, and carbon emissions. The use of environmentally responsible production and packaging methods can strengthen consumer confidence and contribute to a more positive corporate image in the marketplace. Indian FMCG companies are increasingly undertaking sustainability-oriented initiatives such as recyclable and reusable packaging, energy conservation, water management, resource optimization, and measures aimed at reducing greenhouse gas emissions.

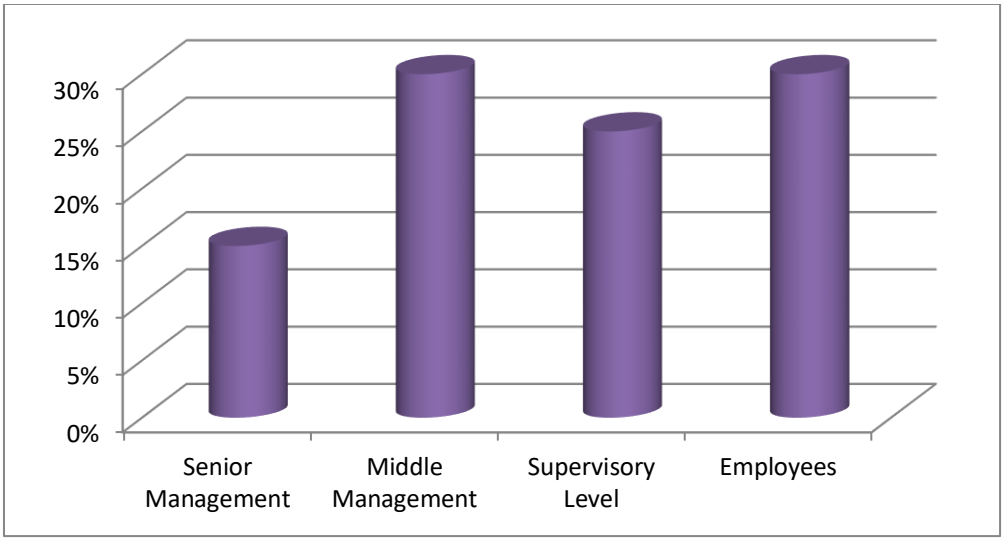
The effect of Sustainable Supply Chain Management on Organizational Performance

Sustainable Supply Chain Management is not merely a mechanism for fulfilling an organization's environmental responsibilities; it is also an effective approach for improving business and operational performance. Since Indian FMCG companies operate extensive production and distribution networks, the adoption of sustainable supply chain practices can generate economic, social, and environmental benefits. Sustainable supply chain practices enable companies to respond more effectively to changing consumer expectations, improve resource efficiency, reduce operational costs, strengthen corporate reputation, and enhance their position in competitive markets. By integrating sustainability into procurement, production, logistics, distribution, and supplier relationships, organizations can create value while addressing broader environmental and social concerns. Consequently, sustainability has increasingly become an integral component of organizational strategy and long-term business performance.

Table No. 1.1 **Classification of Respondents related supply chain management According to Position**

Sr. No.	Designation	Unit	Percentage
1	Senior Management	15	15 %
2	Middle Management	30	30 %
3	Supervisory Level	25	25 %
4	Employees	30	30 %
	Total	**100**	**100 %**

Graph No.1.1



***Source: Primary data**

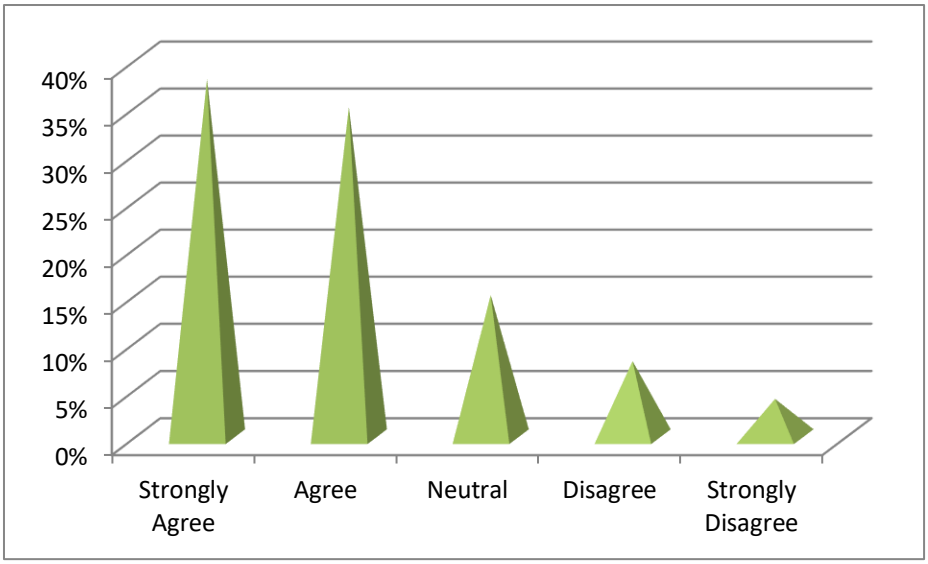
The above graph and table presents the classification of 100 respondents according to their organizational positions. The respondents include 15% from senior management, 30% from middle management, 25% from the supervisory level, and 30% from the employee category. It can be observed that the highest representation is shared equally by middle management and employees, with each group accounting for 30% of the respondents. Supervisory-level personnel constitute 25%, while senior management represents 15% of the total sample. This position-wise classification is significant for the study because the effects of Sustainable Supply Chain Management (SSCM) on organizational performance may be perceived differently across various organizational levels. Senior management is primarily responsible for strategic decision-making and the formulation of sustainability-related policies, whereas middle management plays an important role in coordinating and implementing these policies. Supervisors and employees are directly involved in operational activities and therefore provide valuable insights into the practical implementation of sustainable supply chain practices.

Sustainable Supplier Selection

Table No. 1.2 Do Companies Select Suppliers Based on Environmental Criteria?

Sr. No.	Option	Unit	Percentage
1	Strongly Agree	38	38 %
2	Agree	35	35 %
3	Neutral	15	15 %
4	Disagree	8	8 %
5	Strongly Disagree	4	4 %
	Total	**100**	**100 %**

Graph No.1.2



***Source: Primary data**

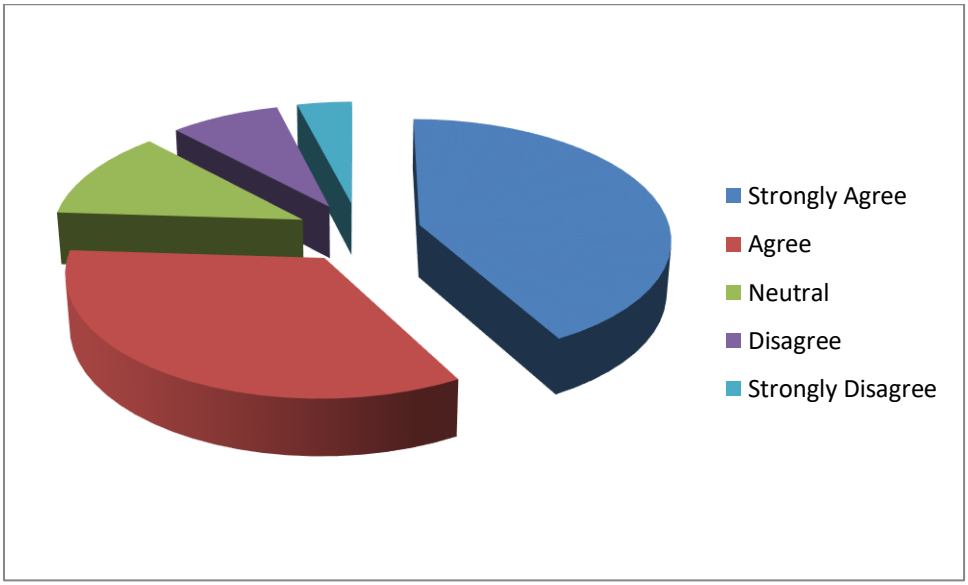
The above graph and table indicates that 38% of the respondents strongly agree that companies select suppliers on the basis of environmental criteria, while 35% agree with the statement. A further 15% of respondents have expressed a neutral opinion. In contrast, 8% disagree and 4% strongly disagree with the statement. The findings indicate that a substantial majority of respondents hold a positive view regarding the consideration of environmental criteria in supplier selection. The combined proportion of respondents who either strongly agree or agree is 73%, whereas only 12% express disagreement or strong disagreement. This suggests that environmental considerations are increasingly being incorporated into supplier selection practices within the FMCG sector. The results further indicate that Indian FMCG companies show a favourable inclination toward selecting suppliers who meet environmentally responsible and sustainable standards. Incorporating environmental criteria into supplier evaluation can contribute to greener procurement practices, improved resource efficiency, reduced environmental impact, and the overall strengthening of Sustainable Supply Chain Management.

Environmentally Friendly Production

Table No. 1.3 Environmentally Friendly Production Processes Improve Organizational Efficiency

Sr. No.	Option	Unit	Percentage
1	Strongly Agree	42	42 %
2	Agree	34	34 %
3	Neutral	12	12 %
4	Disagree	8	8 %
5	Strongly Disagree	4	4 %
	Total	**100**	**100 %**

Graph No.1.3



***Source: Primary data**

The above graph and table shows that 42% of the respondents strongly agree that environmentally friendly production processes contribute to improved organizational efficiency, while 34% agree with the statement. A total of 12% of respondents have expressed a neutral opinion. In contrast, 8% disagree and 4% strongly disagree.

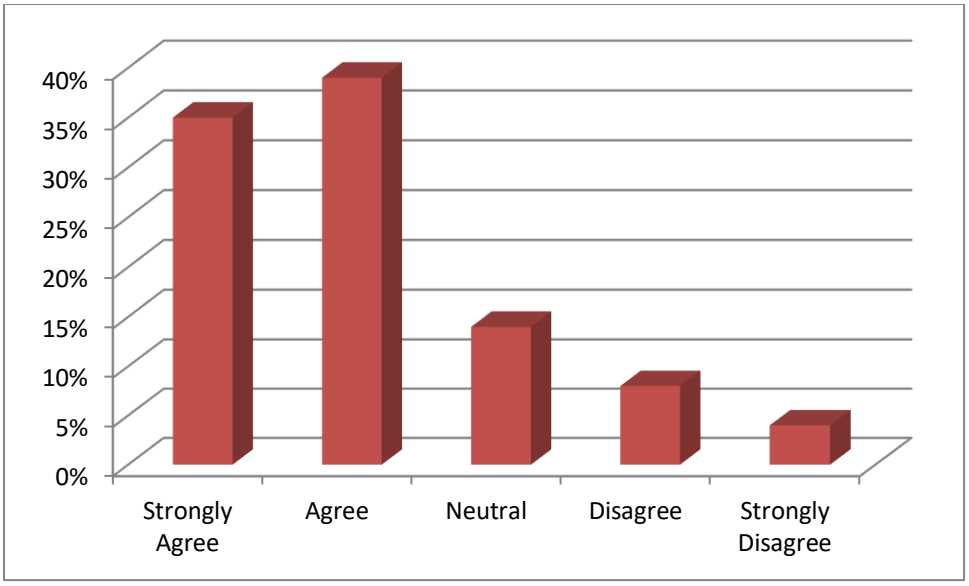
Thus, the findings indicate a predominantly positive response toward environmentally responsible production practices. The combined proportion of respondents who strongly agree or agree is **76%**, compared with only **12%** who express disagreement or strong disagreement. This suggests that respondents generally perceive environmentally friendly production processes as beneficial for organizational efficiency. Such practices can facilitate more efficient utilization of energy and resources, reduce waste generation, and improve the overall efficiency of production operations.

Green Transportation and Distribution

Table No. 1.4 Green Transportation Practices Improve Distribution Efficiency

Sr. No.	Option	Unit	Percentage
1	Strongly Agree	35	35 %
2	Agree	39	39 %
3	Neutral	14	14 %
4	Disagree	8	8 %
5	Strongly Disagree	4	4 %
	Total	**100**	**100 %**

Graph No.1.4



***Source: Primary Data**

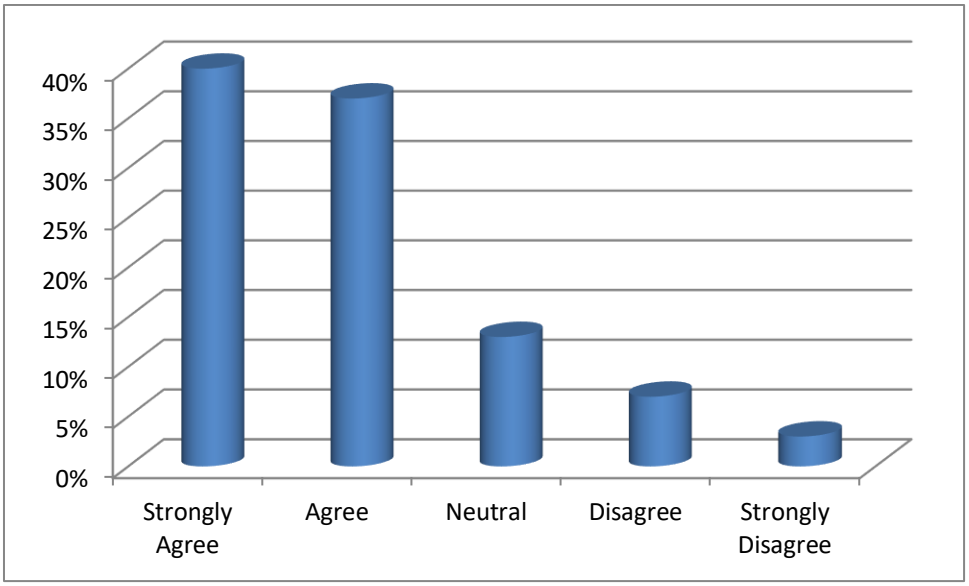
The above graph and table indicates that 35% of the respondents strongly agree that green transportation practices improve distribution efficiency, while 39% agree with the statement. A further 14% have expressed a neutral opinion. Meanwhile, 8% disagree and 4% strongly disagree. The findings reveal that **74% of the respondents have expressed a positive opinion** by either strongly agreeing or agreeing with the statement. In comparison, only **12%** have expressed a negative opinion. The remaining 14% have maintained a neutral position. This indicates that most respondents recognize the potential contribution of environmentally responsible transportation practices to distribution efficiency. The adoption of fuel-efficient vehicles, optimized transportation routes, efficient logistics planning, and reduced emissions can help organizations improve distribution operations while also minimizing their environmental impact.

Organizational Performance

Table No. 1.5 Sustainable Supply Chain Management Improves Organizational Performance

Sr. No.	Option	Unit	Percentage
1	Strongly Agree	40	40 %
2	Agree	37	37 %
3	Neutral	13	13 %
4	Disagree	7	7 %
5	Strongly Disagree	3	3 %
	Total	**100**	**100 %**

Graph No. 1.5



***Source: Primary data**

The above graph and table demonstrates that 40% of the respondents strongly agree that Sustainable Supply Chain Management improves organizational performance, while 37% agree with the statement. Therefore, a combined **77% of**

respondents have expressed a positive opinion. Meanwhile, 13% have adopted a neutral position, 7% disagree, and only 3% strongly disagree. The results indicate a clearly favourable perception of the relationship between sustainable supply chain practices and organizational performance. The substantial proportion of respondents who either strongly agree or agree suggests that sustainable supply chain management is perceived as an important contributor to organizational effectiveness. These practices may support better resource utilization, operational efficiency, cost management, customer satisfaction, corporate reputation, and competitive positioning. Hence, the findings suggest that sustainable supply chain management can play an important role in strengthening the overall performance of Indian FMCG companies.

Recommendations

1. FMCG companies should establish clear environmental and social criteria for evaluating and selecting sustainable suppliers.
2. Energy-efficient technologies should be incorporated into manufacturing and production operations to reduce energy consumption and improve resource efficiency.
3. Companies should reduce their dependence on conventional plastic packaging and increase the use of recyclable, reusable, and biodegradable packaging materials.
4. Specific sustainability-related performance indicators should be developed to monitor and evaluate the outcomes of sustainable supply chain initiatives.
5. Sustainability should not be treated merely as a component of Corporate Social Responsibility (CSR); instead, it should be integrated into the organization's core business strategy and decision-making processes.
6. Companies should provide appropriate training and awareness programmes to employees, suppliers, and other supply chain partners regarding sustainable supply chain practices.
7. Advanced technologies such as digital supply chain systems, data analytics, and route optimization should be utilized to improve operational efficiency and reduce environmental impacts.

Conclusion

Based on the primary data collected for the present study, it can be inferred that Sustainable Supply Chain Management is likely to have a positive influence on the organizational performance of Indian FMCG companies. Practices such as sustainable procurement, environmentally responsible production, green transportation, energy efficiency, and effective waste management can contribute to improvements in operational efficiency and overall organizational effectiveness. The benefits of sustainable supply chain management extend beyond environmental protection. Its effective implementation can contribute to cost optimization, efficient resource utilization, improved product quality, enhanced customer satisfaction, stronger corporate reputation, and greater competitiveness in the marketplace. Therefore, Indian FMCG companies should not view sustainable supply chain management merely as an additional cost or compliance-oriented initiative. Instead, it should be considered a strategic approach capable of supporting long-term business growth and competitive advantage. Overall, sustainability and business efficiency should not be regarded as conflicting objectives. With appropriate planning, technological innovation, efficient resource management, and effective organizational practices, companies can pursue both economic and sustainability objectives simultaneously. Sustainable Supply Chain Management can therefore play a significant role in shaping the future growth, resilience, and competitiveness of the Indian FMCG sector.

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Nil.

Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

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