

ABSTRACT

“Business Sustainability” is a famous concept among today’s business organizations. The way that social issues are managed in the supply chain has led to the emergence of social sustainability. As a result, manufacturing firms play a critical role in resolving social problems and meeting the needs of all business stakeholders. Establishing social sustainability orientation is one way of achieving social performance. However, in order to attain social performance, it is necessary to employ socially sustainable supply chain practices. Even though numerous scholars have undertaken theoretical and empirical studies to examine business sustainability, most of them have primarily focused on environmental and economic sustainability. It can be identified that a relatively less number of studies have tried to examine social sustainability and social performance, though it is an important aspect of sustainability. Thereby, the purpose of the current study is to investigate the role of socially sustainable supply chain practices, in the relationship between social sustainability orientation and social performance with the support of two theories: the natural resource-based view theory and stakeholder theory.

As a result, there are three research objectives in the current study; firstly, to explain the impact of social sustainability orientation on social performance, secondly, to explain the mediating role of socially sustainable supply chain practices, when there is an impact of social sustainability orientation on social performance, and thirdly, to examine whether there is a moderating role of supply chain visibility on the relationship between socially sustainable supply chain practices and social performance. As a result, an in-depth literature review has been conducted to explain the variables in the conceptual framework such as social performance, social sustainability orientation, basic supply chain practices, advanced supply chain practices, relational supply chain practices, and supply chain visibility. Similarly, the natural resource-based view theory and stakeholder theory have been further analyzed and a theoretical gap has been identified in the natural resource-based view theory. Even though it is mentioned that the development of a socially sustainable organization requires the participation and consideration of a wide range of stakeholders in implementing more socially sustainable supply chain practices especially relational supply chain practices in the stakeholder theory, it is not fully explained in the natural resource-based view theory. Based on previous literature, the researcher established thirteen hypotheses in the conceptual framework to meet the research gap of the current study.

The current study is a quantitative research using the positivist research philosophy where data was collected using a structured questionnaire. Based on the research problem, the researcher of the current study considered the organizational level as a unit of analysis. Manufacturing organizations that are registered under the Board of Investment (BOI) of Sri Lanka are recognized as a population of the current study. The researcher is purposefully looking for manufacturing organizations that have engaged in social practices such as engaging in corporate social responsibility activities, protecting human rights, inspiring employees through training and development, and ensuring occupational health and safety practices. As a result, a sample of 450 manufacturing organizations that were practicing social practices was selected for the survey using purposive sampling. The researcher of the current study developed a structured questionnaire in order to measure variables based on the previous literature. From the collected data, only one hundred and twenty-four responses (124) have been used for the data analysis after data purification. The collected data of the current study were analyzed using the SPSS and SmartPLS software packages.

The findings demonstrated that social sustainability orientation has an impact on basic practices, advanced practices, and relational practices, while advanced practices and relational practices significantly impacted social performance. It is further revealed that social sustainability orientation impacts the social performance of manufacturing organizations only when they are practicing advanced and relational practices. As a result, the current study contributes significantly to stakeholder theory, by highlighting the importance of practicing relational practices such as trust, commitment, and cooperation among the stakeholder of the organization. On the other hand, this study urges managers to practice supply chain practices that are related to social sustainability to achieve the social performance of their respective organizations. As a result, business organizations will be able to achieve sustainable development goals through social sustainability. Furthermore, this study encourages manufacturing organizations to obtain social sustainability certifications such as ISO26000 & SA8000.