

# Chapter 1

## Ethical Practices, Buyer–Supplier Relationship, and Innovative Green Procurement Performance: Some Exploratory Results

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### ABSTRACT

*This study aims to examine how ethics and buyer-supplier relationship can contribute to enhanced innovative green procurement performance in the South African context. The hypotheses of this study were tested based on the data collected from manufacturing companies. Data collection involved convenience sampling and survey methodology in a research setting using procurement managers as subjects. The construct measures were based on existing measures and previous research studies. The reliability and validity of items were tested using exploratory factor analysis. Further the output of exploratory factor analysis was used as an input in the regression analysis using SPSS 20.0 version. The findings suggest that that supplier subtle practices; buyer-supplier bonding; continuous education and training and creativity and innovation are found to be strong determinants of innovative green procurement performance. The present study is unique in terms of scope and its contribution to both buyer-supplier relationship theory and practice.*

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## INTRODUCTION

Procurement management is the management of external resources that are necessary for managing the primary and support processes of the organization (Van Weele, 2006). In today's dynamic business environment organizations mostly outsource business activities and therefore, procurement management has transformed into a functional domain of strategic relevance (Rajagopal and Bernard, 1993; Fernández and Kekale, 2007; Weele and Raaij, 2014). Gradually the concept of green procurement has evolved to meet the modern organizational requirements. Today, almost all world class organizations practice new and innovative eco-friendly methods of production (Bag, 2012). green procurement promotes sustainable production and consumption (Liu et al., 2012; Tanner and Kast, 2003). Recently, there has been increasing number of studies on Green procurement (Ehrgott et al., 2013; Kumar Sahu et al., 2014; Chekima et al., 2016; de Medeiros et al., 2016; Akhavan and Beckmann, 2017; Ateş et al., 2017; Bag and Gupta, 2017; Brewer and Arnette, 2017; Li and Huang, 2017; Yan et al., 2017).

Bag, (2016b) argued that collaboration, cooperation and coordination both with internal and external stakeholders enhance green procurement performance. It has been established that trust plays a critical role in the relationship between buyer-supplier relationship and innovative green procurement performance (Bag, in press). Also it is interesting to note that bringing the suppliers into confidence before taking any major decisions or initiating any new project strengthens the tie between buyers and suppliers by building a sense of confidence, pride and belongingness in the minds of the suppliers (Gupta and Narain, 2012). Therefore, it is evident that strong buyer-supplier relationships are necessary for improved innovative green procurement performance. However, every purchase decision has ethical, resource, waste and community impact implications (Young et al., 2010). So it is obvious that green procurement will also involve more ethical decision making at every stage of the procurement process.

Jonnes (1991) defined ethical decision as a decision that is both legal and morally acceptable to a bigger community. Interestingly, environmental or 'green' purchasing, and activities dealing with human rights such as purchasing from suppliers that use child labour and supplier deceitful and subtle practices are rarely mentioned in the ethics literature and is considered as a gap in the existing literature which further motivated the researchers to pursue the current study.

The purpose of the current study is to examine how ethics and buyer-supplier relationships can contribute to enhanced innovative green procurement performance in the South African steel and engineering industry.

This research has the following objectives, as follows:

- To identify various variables to Ethics from South African steel and engineering industry viewpoints;
- To identify various variables to Buyer-Supplier relationship from South African steel and engineering industry viewpoints;
- To understand relationships among identified variables to Innovative green procurement performance;
- To suggest a model for innovative green procurement performance from South African steel and engineering industry.

The chapter is organised as follows:

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