Chapter 9
Supply Chain and ESG Concerns in the Food Sector

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ABSTRACT

The scope of the study is the examination of impact of ESG scores on the top 800 ESG-scored listed companies globally that may reflect supply chain performance. This study aims to shed light on how corporate governance issues affect supply chain processes. To this end, 800 globally listed companies are leveraged and assessed based on their ESG performance by incorporating Thomson Reuters environmental, social, and governance (ESG) scores into these models. The main objective of this study is to assess the extent to which environmental, social, and governance practices influence supply chain performance. To measure supply chain performance, the authors consider various indicators, including supply chain management score, monitoring score, and partnership termination scores. These metrics allow us to evaluate the effectiveness of supply chain processes over our sample period of ten years. To analyze the relationships between ESG scores and supply chain performance, the authors use partial least square (PLS) regression modeling.

DOI: 10.4018/979-8-3693-3439-3.ch009

SUSTAINABLE SUPPLY CHAIN IN FOOD SECTOR

The relevance of corporate sustainability has increased among commercial corporations in recent years, as the effects of climate change have become one of the most urgent global challenges. Business executives were forced to reconsider the role of business in society and the need for sustainable transformation recently as a result of several crises such as the COVID-19 epidemic, societal instability, and economic depression. Businesses across all sectors have begun to prioritize their sustainability initiatives, such as environmental, social, and governance (ESG) initiatives, as they become more aware of the possible consequences of climate change and the integration of sustainability concerns into all facets of the company's operational framework.

A company's efforts to protect the needs and rights of all stakeholders—while also taking into account the interests of potential future stakeholders—are collectively referred to as corporate sustainability. The most widely accepted benchmark for evaluating corporate sustainability initiatives is the ESG strategies and operations. In recent times, there has been a noticeable and increasing influence of Environmental, Social, and Governance (ESG) factors on supply chain management. Companies are incorporating environmental, social, and governance (ESG) standards more frequently into their procurement strategies as they realize how crucial it is to create supply chains that are both legally compliant and environmentally sustainable (Stan et al., 2023). In particular, "green supply chain management" refers to a kind of supply chain management used by businesses that takes into account the negative environmental effects of supply chain operations while integrating resource efficiency, sustainability, and environmental concerns.

In recent years, ESG has emerged as a key metric for assessing corporate sustainability in both academic and business research. The ESG scores are commonly recognized and utilized as a symbol for the company's Corporate Social Responsibility (CSR) and sustainability-related accomplishments (Whitelock, 2019). The transition of the concept of CSR can be traced back to late 1800s. In a broader sense, corporate social responsibility (CSR) refers to businesses providing voluntary contributions to society in order to improve the community. Nonetheless, a wide range of academics and researchers have offered diverse interpretations and explanations of what is meant by CSR. Carroll (1999) explained the evolution of a definitional construct for CSR and defined corporate social responsibility as "The social responsibility of business that encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time".

Recently, the dimensions of corporate social responsibility evolved into the combined performance of three distinct pillars known as ESG. The corporation's actions relating to pollution and environmental management are represented by the letter "E."