The effects of environmental regulations on global supply chain Management:Transaction Cost Analysis

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Abstract

The EU recently requested all products exporting to the region follow the Restrictions of Hazardous Substances (RoHS) and Waste Electrical and Electronic Equipment (WEEE) Directives. The objective of this study is, therefore, to understand what issues manufacturing firms, at different positions of a green supply chain, must address to comply with environmental regulations. Specifically, how firms deal with requests or requirements from their customers as well as the impositions they attempted to place on their vendors. Five manufacturing companies from the computer industry are included in the case study regarding their green supply chain and compliance practices. The preliminary results indicate that (1) EM strategy affects the regulation compliance practices and effort, (2) EU directives foster green partnership and in turn strengthen international supply chain management, and (3) supply chain position, size, and interdependence could moderate the effort and challenges of regulation compliance.

Keyword: Environmental management, supply chain management, green supply chain, environmental regulations