

Uncertain Supply Chain Management

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The relationship of inspirational leadership and green supply chain management to reinforce the performance of SMEs

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ABSTRACT

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The aim of this research is to analyze the relationship between inspirational leadership and performance and the relationship between green supply chain management and performance improvement. This research method is quantitative. Research data was obtained by distributing online questionnaires via social media, the questionnaire was designed using statement items with a Likert scale of 1 to 7. The respondents for this research were 678 SMEs owners in Indonesia who were determined using the simple random sampling method. The data analysis technique for this research uses partial least squares (PLS) structural equation modeling (SEM) analysis with SmartPLS 3.0 software data processing tools. The stages of research analysis are validity testing, reliability testing and hypothesis testing (significance). The results of the research show that inspirational leadership has a positive and significant effect on performance. With the existence of inspirational leadership on HR performance it will have a positive effect if employees get trust and good examples from leaders, and employees get inspiration and motivation so they can create new innovations that make the company more advanced. Green supply chain management has a positive and significant effect on improving performance. The concept in green supply chain management provides the possibility for organizations to improve process efficiency, waste recycling management, the ability to attract new suppliers and consumers, organizations can save costs, reduce delivery times through collaboration with suppliers and consumers which can ultimately improve operational performance.

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1. Introduction

In the era of the industrial revolution 4.0, there are many factors that trigger companies to engage in sustainability activities. In this research there are several objectives, one of which is to obtain information about the impact of many factors on company performance. According to Abdallah et al. (2020), globalization is a challenge because the competition that appears occurs without any territorial boundaries, in addition to differences in terms of culture, beliefs and many others. One of the industrial sectors that experiences international trade competition is the furniture industry, where creativity and ideas are needed to design and create unique designs (Ozgediz, 2022). Motivation is also needed to create employee enthusiasm for work. According to Bag et al. (2020) the nature of creativity can generate performance and explore various ideas and motivations at work, supported by inspiration and motivation from a leader. Inspirational leadership is found in the soul of a leader who has full responsibility for his subordinates, as a leader who can provide motivation and can create satisfactory performance (Abdallah et al., 2020). This means that a leader must have an inspirational nature and be able to motivate employees so that close relationships (Engagement) and improvement are achieved.

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Leadership is considered a very important factor in an organization. Leadership is a relational process and involves connections with individuals. According to Amjad et al. (2022), leadership in this case is interpreted as a process of influencing other people in a community which is directed towards achieving common goals. The leader as a communicator is the party who determines what, how, when, and where orders are carried out so that decisions can be implemented effectively. According to Asif et al. (2020), effective leadership requires competence or the ability to move and motivate other individuals to want to carry out something desired by the leader. In creating a prosocial personality and attitude or known as organizational citizenship behavior (OCB) which means that employees/members of the organization have behavior that goes beyond their duties, play extra roles or work beyond the call of duty, it is important to mobilize inspiring leadership in building this attitude because leaders are effective in inspiring others has more satisfied and committed employees (Toseef et al., 2022). Such leaders are better able to retain employees, especially highly committed employees. In addition, inspiring others is the strongest predictive basis for being an outstanding leader, inspiring others is rated as the most important leader competency, and inspiring others is also the best predictive basis for having direct reports of job satisfaction and commitment to work (Bag et al., 2020).

Leadership in the process of achieving organizational goals involves several elements. In the leadership process, it can influence the progress of the organization (Asif et al., 2020). When a leader interacts with subordinates, he prioritizes the values of honesty, kindness and morality as someone who can be emulated by others. According to Cindy et al. (2022), the intersection of success in organizational leadership is also influenced by diligent subordinates and mutual understanding between superiors and subordinates. Likewise, leaders who want to be successful must understand the character of the people they lead. In essence, each subordinate has different traits and characteristics, so that when implementing a leadership style, it must also be adapted to each person they lead (Amjad et al., 2022).

The challenges faced by organizations are increasingly dynamic, so this encourages organizations to review the performance of their supply chains to be able to face challenges related to the environment such as environmental regulations, greenhouse emissions, green consumerism, and climate change (Chopra et al., 2010). One effort that organizations can make to face these challenges is to implement green supply chain management. Green supply chain management is an approach taken by organizations to improve environmental performance processes and product performance in accordance with environmental regulatory requirements (Abdel-Baset et al., 2019). Several organizations have changed their management behavior in a more environmentally friendly direction through carrying out environmental audits, certification plans, providing support regarding environmentally friendly concepts, and promoting environmental cooperation (Asif et al., 2020). Applying a green approach to managing resources in the supply chain creates environmental issues and green supply chain management is an important issue in various studies. This interest is reflected in efforts by governments and organizations around the world to reduce the impact of supply chain activities on the environment (Salas-Vallina et al., 2020). Green supply chain management aims to reduce the negative environmental impact of supply chain operations starting from the design stage, purchasing environmentally friendly materials, production processes, and waste processing after the product is used by consumers. There are various concepts in green supply chain management that have been adopted by organizations. to achieve a positive environmental impact. Chaudhry et al. (2021) explain that organizations that implement green supply chain management have the aim of meeting consumer demand for environmentally friendly products and services, products produced through environmentally friendly supply chain activities, and always supporting laws made by relevant governments and with environmental issues. With increasing environmental problems, organizations need to implement green supply chain management to the organization's customers and suppliers to improve the organization's environmental performance by reducing the environmental impact of the organization's products, services, and operations (Badi et al., 2019).

2. Literature Review and Hypothesis Development

2.1 Inspirational Leadership

Inspirational leadership is a characteristic possessed by leaders to provide inspiration to subordinates and to create optimal work. According to Cousins et al. (2019) transformational leadership has two X-Y McGregor theories. Theory X (McGregor) assumes that people must be forced, controlled, and threatened with punishment to want to work. Theory Y (McGregor) assumes that work is essentially the same as playing or resting, people will control themselves to achieve goals, they have potential, intelligence, and creativity. Leaders are more oriented using theory Y, because employees are emphasized on having high creativity and responsibility for a job. According to Chienwatta et al. (2022) there are indicators of inspirational leadership, namely: 1. Ideal influence, 2. Inspiration 3. Individual concern. Inspirational motivation is characterized by the behavior of leaders who have a clear vision and can communicate it to each member (Toseef et al., 2022). In the process, they also tend to act as mentors and coaches who focus on accompanying them. They not only provide challenges, but also always inspire optimism, enthusiasm, and motivation in each of their members.

Inspirational Leaders have a compelling vision for the future, set high standards for subordinates, are optimistic and enthusiastic, provide encouragement and meaning to what needs to be done. Such a leader will increase subordinates' optimism and enthusiasm as well as motivation and inspire subordinates to exceed initial motivational expectations through emotional support and emotional appeal. The indicators of an inspirational leader are motivating subordinates, using symbols, achieving

goals and abilities (Bag et al., 2020). Inspirational leaders not only carry out leadership tasks but are also able to create a positive impact and inspire others to develop and achieve their best potential. The characteristics of an inspirational leader are characteristics that differentiate them from ordinary leaders. Leaders who can inspire their employees, have the ability to create a high level of involvement and commitment in each employee. This is the differentiating factor between the most effective leaders and the least effective leaders in leadership (Amjad et al., 2022). The difference between these two characteristics of leaders is always the thing that is most often seen by employees or workers in assessing superior leadership, leaders who can inspire their employees, can create a high level of involvement and commitment in each of their employees. This is the differentiating factor between the most effective leaders and the least effective leaders in their leadership. The difference between these two leader traits is always the thing that is most often seen by employees or workers when assessing their superiors' leadership.

According to Chopra et al. (2010), good leaders always make things happen. They deliver work results. On the other hand, incompetent leaders only care about their position and tend to play politics rather than respecting their subordinates/followers and carrying out their leadership role. However, even good subordinates cannot tolerate bad leaders. Often this will lead to dissatisfaction at work.

2.2 Green Supply Chain Management

Organizations throughout the world are aware that environmental management programs and operations are something that must be paid attention to. One of the reasons for this awareness is to pay attention to environmental management due to energy inefficiency and pollution problems (Ozgediz, 2022). Therefore, green supply chain management emerges as an ideal solution to overcome this. According to Alcaraz et al. (2022), supply chain management is the process of integrating environmental thinking into supply chain management such as product design, material procurement and selection, production processes, delivery of final products to consumers, and end-of-life management of products after their use is complete. According to Dionne et al. (2004), green supply chain management as a set of supply chain management policies is created to respond to concerns relating, among other things, to the natural environment, design, acquisition, production, distribution, reuse of materials, and disposal of organizational waste. El Baz and Iddik (2022) explain that green supply chain management includes the stages of the product life cycle by paying attention to environmental issues starting from the design, production and distribution stages, product use by consumers, as well as product waste management at the end of the product life cycle. From the above definition, it can be observed that green supply chain management is often conceptualized through the 3R (reduce, reuse, recycle) "waste hierarchy". From this perspective, green supply chain management includes environmentally friendly design, environmental management, total quality management, environmentally friendly packaging, environmentally friendly procurement, green distribution, and product management at end-of-use. Fianko et al. (2021) explain that green supply chain integrates environmentally friendly concepts in supply chain activities such as material sourcing, design, product development, distribution, production, product storage, product packaging, product picking, product disposal, and product end-of-life management (Salas-Vallina et al., 2020).

According to El Baz and Iddik (2022), green supply chain management was originally referred to as a system of managing activities and facilities that began with purchasing raw materials, producing goods, and distributing products to customers. All vendors and manufacturers, service providers, distributors, warehouses and retailers are connected in one unit. The main objective of this management is to minimize costs and maximize profits simultaneously to achieve service requirements (Ozgediz, 2022). Environmentally friendly and sustainable industrial development has become the focus of many parties, resulting in the emergence of a new concept called Green Supply Chain (GSC). As an illustration, the European Union has established various environmental policies, including restrictions on the use of hazardous materials in electrical and electronic equipment and electrical and electronic equipment waste. This policy prohibits manufacturers, sellers and distributors of electrical and electronic equipment from launching new equipment containing hazardous materials and electronic waste on the market (Körösényi & Patkós, 2017). There is an increasing global awareness about environmental problems and the need for sustainable development in the world of academia and business. The issue of a sustainable approach to the design of production or manufacturing systems has become increasingly important. More and more companies are becoming more interested in implementing sustainable methods in existing facilities. Making changes in purchasing, materials management, work practices, and waste management can reduce or eliminate dangerous environmental hazards in production facilities. Hazards can also be reduced by changing how waste is treated. Improved sorting and recycling systems reduce the amount of waste that must be burned. Körösényi and Patkós (2017) stated that GSC has caused many companies to consider closing their supply chain models, so that their production systems become environmentally friendly, gain competitive advantage, and obtain higher profits. Haiyun et al. (2021) provide a similar opinion by arguing that GSC allows companies to develop sustainable industrial systems that are environmentally friendly while providing economic benefits. GSC is now aimed at the reduction of several factors, namely energy, materials, all types of pollution and emissions, production waste, and promoting the use of recycled materials and renewable energy sources applied to various supply chain activities. To achieve the goal of an environmentally friendly supply chain, lowering costs, and protecting the environment, manufacturers need to implement various initiatives throughout the supply chain. These activities include recycling, reuse, and reprocessing (Salas-Vallina et al., 2020).

The concept of green supply chain management (GSCM) can overcome pollution, waste, and other dangers to the environment so that it can deal with environmental issues that are currently a concern. Apart from that, by applying the concept of GSCM there will be the opportunity to increase the efficiency of logistics activities so that it will reduce total logistics costs. The concept of GSCM is very important in industry because it can reduce environmental impacts, compete in market competition, and fulfill regulations regarding Environmental Management Systems (Bag et al., 2020). By applying the basic principles of GSCM, the company will carry out measurements, if they are not appropriate, continuous improvements will be made, so that the target objectives can be met. The GSCM concept refers to an environmental perspective, namely, how to reduce waste and environmental impacts that will occur due to supply chain activities in agro-industry. By protecting the environment, it will certainly result in the sustainability of supply chain activities in the future.

According to Körösényi et al. (2017), GSCM itself is an environmentally friendly manufacturing process, material management, distribution and marketing that is also environmentally friendly. The aim of GSCM is to maximize the profits obtained by the company without ignoring the company's concern for the environment. According to Micheli et al. (2020) GSCM is indeed a bit of a hassle for a company's industrial processes. However, by doing this, the company can know the company's performance process and pay more attention to the reduction of negative environmental impacts of the company. Implementation of GSCM in company strategy must have resources that have high awareness, motivation, and commitment. Apart from that, so that GSCM can run as desired, the company must also have suppliers who also implement GSCM in their company.

Green Supply Chain (GSM) is a product supply chain business model that is highly correlated with the implementation of sustainable development principles for business practices by paying attention to environmental aspects. According to Mitchell and Boyle (2019), the GSM model concept introduced includes environmentally friendly design and production as well as technological functions in recycling. The main goal of this supply chain model is to minimize resource consumption and adverse effects on the environment. This supply chain model is also a concept that contributes to gaining competitive advantages that can meet client expectations for an environmentally friendly supply chain. However, the problem is that there is no specific standardization for assessing the success of GSCM implementation objectives.

In an increasingly environmentally conscious era, consumers and investors are increasingly paying attention to environmentally responsible business practices (Nureen et al., 2023). By implementing GSCM, companies can reduce the environmental impact of their business activities and meet the expectations of consumers and investors who are increasingly environmentally conscious. In addition, GSCM can help companies reduce operational costs, increase efficiency and performance, and strengthen a positive business image. Some examples of green logistics include shipping products together instead of in smaller batches; using alternative fuel vehicles for manufacturing and delivery; reducing overall packaging; utilizing sustainably harvested raw products; building facilities for environmentally friendly manufacturing and storage, and promoting recycling and reuse programs (Bag et al., 2020).

2.3 Performance

According to Joshi et al. (2009) and Körösényi et al. (2017), performance is a view of the level of achievement of implementing an activity or policy in realizing an organization's goals, objectives, vision and mission as outlined through an organization's strategic planning. Human resource performance (HRP) is human resource management activities to achieve organizational goals. Based on the understanding of HRP from the experts above, it can be concluded that human resource performance is a work achievement produced by employees in the responsibilities assigned to them in accordance with established standards. According to Joshi et al. (2009) there are several indicators of human resource performance, namely: 1. Quality 2. Quantity 3. Timeliness. The performance of an agency depends on the performance of its employees where each employee is a driving force for the running of an organization. Good performance from employees will have a direct impact on the progress obtained by the organization. According to Joshi et al. (2009) performance is a description of the level of achievement of implementing an activity or program or policy in realizing the goals, objectives, vision and mission of an organization as stated in the formulation of a strategic scheme in organization. According to Körösényi et al. (2017), green supply chain management performance is based on the perspective of supply chain integration and technological innovation. This study shows that the adoption of green supply chain practices and related technological innovations can improve environmental performance and supply chain efficiency. Joshi et al. (2009) investigated the relationship between green supply chain practices, environmental performance, and business performance. They found that effective green supply chain practices can contribute to better environmental performance and have a positive impact on a company's financial performance. By looking at current environmental conditions, organizations must look carefully especially at carrying out their operations to deal with environmental changes and improve operational performance (Nureen et al., 2023). Operational performance is the performance of internal operations in an organization related to productivity, product quality and consumer satisfaction. Operational performance also refers to the results obtained due to unique operational capabilities. Additionally, operational performance refers to the improvements made by an organization in response to a changing competitive environment. Körösényi et al. (2017) show that operational performance in previous literature is measured using indicators, namely quality, delivery, flexibility, innovation, inventory levels, product quality, product lines, capacity utilization, increased efficiency,

reduced waiting time, and increased employee motivation. In this research operational performance indicators include cost, quality, flexibility, delivery, and inventory.

Supply chain performance measurement is a measurement process carried out on each activity or indicator within the company supply chain. According to Körösényi et al. (2017), performance measurement is necessary in a company because the results of the measurements carried out can be used as feedback that contains information regarding the success of achieving a target according to the plan that has been established. In addition, measurement results can provide information regarding detailed indicators of performance activities below company standards and require improvement, so that the company can make adjustments and evaluate. According to Joshi et al. (2009), supply chain performance measurements are carried out to determine supply chain performance in terms of cost efficiency and supply chain operating time. This measurement is carried out by first determining supply chain indicators. Supply Chain Management Activities: a. Forecasting customer demand b. Make a production schedule c. Preparing transportation networks d. Order replacement supplies from suppliers e. Manage inventory: raw materials, goods in process and finished goods f. Running production. Good performance assessment of supply chain management between suppliers, companies and customers can be measured using one of the SCM performance measurement models, namely the Supply Chain Operations Reference (SCOR) model, a model designed by the Supply-Chain Council (SCC).

3. Hypothesis Development

3.1 The Relationship Between Inspirational Leadership and Performance

Micheli et al. (2020) stated that the path goal theory of leadership has been developed to explain how a leader's behavior influences employee performance. They also show the positive influence of leadership on performance. The relationship between leadership style and performance is something that is recognized by both parties, both employees and leaders. The main task of every organization is to improve employee performance. So, from this description it can be hypothesized as follows:

H₁: *Inspirational Leadership has a positive and significant effect on performance.*

3.2 The Relationship of Green Supply Chain Management and Performance

Several previous studies explain that green supply chain management has a positive influence on business performance (Kim et al., 2022; Micheli et al., 2020). From this research, it can be interpreted that implementing good green supply chain management in an organization will improve business performance (Harris & Kim Barnes, 2006). The reality and need to gain more insight into research related to the influence of green supply chain management on business performance is the motivation for researchers to test the consistency of these variables, especially in the context of developing countries. Micheli et al. (2020) revealed that there is a lack of studies in the field of green supply chain management and business performance that focus on developing countries. Moreover, green supply chain management is a new concept in developing countries. Then green supply chain management has no influence on company performance (Nureen et al., 2023). An analysis has been carried out on company sustainability reports, where most companies have not disclosed how green supply chain management indicators relate to the company's performance and operations. Mitchell and Boyle (2019) analyzed the influence of green supply chains on the performance of the automotive industry. The results showed that the company's concern for the environment was still low due to external relations such as green purchases with suppliers and customer cooperation with environmental awareness which is still poor. Meanwhile, this research rejected the results of research from Mirhedayatian et al. (2014) which stated that green supply chain management has a positive effect on company performance.

H₂: *Green supply chain management has a positive and significant effect on performance.*

4. Method

This research method is quantitative. Research data was obtained by distributing online questionnaires via social media, the questionnaire was designed using statement items with a Likert scale of 1 to 7. The respondents for this research were 678 SMEs owners in Indonesia who were determined using the simple ransom sampling method. The data analysis technique for this research uses partial least squares (PLS) structural equation modeling (SEM) analysis with SmartPLS 3.0 software data processing tools. The stages of research analysis are validity testing, reliability testing and hypothesis testing (significance).

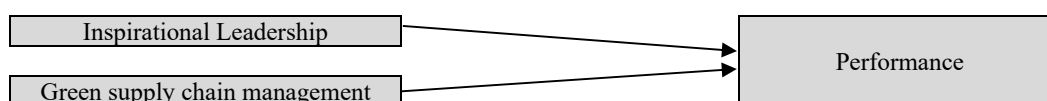


Fig. 1. Research model

5. Result and Discussion

Structural Equation Modeling (SEM) data analysis using the SmartPLS application. The results of the SmartPLS model output image are as follows:

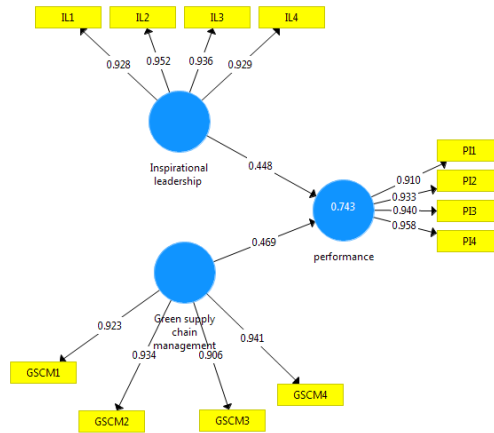


Fig. 2. Validity Testing

The output from SamrtPLS produces an outer loading value which is used to test the validity value, the validity test criteria are if the outer loading value is between 0.50 to 0.60 then it is considered sufficient, the validity test results are as follows,

Table 1
Reliability Test Cronbach's alpha

	Cronbach's Alpha	rho A	Composite Reliability
Inspirational leadership	0.901	0.908	0.909
Green Supply Chain Management	0.921	0.914	0.945
Performance	0.921	0.934	0.901

5.1 Validity and Reliability testing

From the outer loading analysis, all indicators have values above 0.50 so that all indicators are declared valid. After the validity test, the next stage is a reliability test. The reliability test criteria are if the composite reliability value is above 0.70, the average variance extracted (AVE) value is above 0.50 and the Cronbach alpha is greater from 0.60. The results of the reliability test in this research are as follows:

Table 2
The results of the reliability test

	Average Variance Extracted (AVE)
Inspirational leadership	0.734
Green Supply Chain Management	0.723
Performance	0.632

The results of the reliability test analysis show that the output meets the criteria so that the variables are reliable. The results of the validity and reliability tests show that the variables are valid and reliable so that hypothesis testing can be carried out.

5.2 Hypothesis test results

Structural relationship model testing explains the variables. Structural model testing is carried out through the t test with the criteria for a t value greater than 1.96 and a p value less than 0.050.

Table 3
The results of the hypothesis testing

	Correlation	T Statistics	P Values	Conclusion
Inspirational leadership and performance		5.914	0.000	Supported
Green supply chain and performance		6.217	0.000	Supported

The criterion for hypothesis testing is if the direct effect shows that the t-statistic results are greater than the t-table value (t-table = 1.96), then the variable relationship is significant. The results of the direct influence test between variables are as follows:

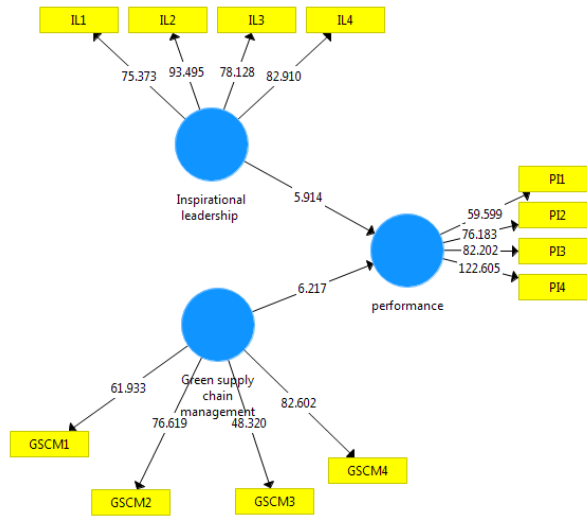


Fig. 3. Hypothesis testing

Table 4
Summary of Hypotheses Testing Results

Hypotheses	Result
H1: Inspirational leadership and performance	Accepted
H2: Green supply chain management and performance	Accepted

5.2.1 Relationship between Inspirational Leadership and performance

Based on the results of structural equation modeling data analysis, the p value was <0.050, so there was a positive and significant influence between inspirational leadership and performance. Leaders should provide challenges for employees to explore their abilities, so that they could solve the challenges given by the leader so that subordinates would be motivated to overcome these problems. With encouragement from the leader, subordinates will be enthusiastic about looking for new innovations in their work. The higher the inspirational leadership, the higher the work engagement. Research conducted by Li et al. (2022), Mitchell and Boyle (2019) and Micheli et al. (2020) also confirm that there is a significant transformational leadership on work engagement and Kim et al. (2022) state that focusing on increasing employee engagement in work, achieving work engagement can be achieved through a transformational leadership style. A leader must not only be able to lead but must also be able to inspire and motivate his team effectively, to get the job accomplished. Inspirational leadership is a definitive set of emotional intelligence skills, attitudes and knowledge, which can be taught, learned, practiced and perfected. Inspirational leadership requires learning the qualities and language of leadership to inspire positive emotions both in leaders and in others, so that it is hoped that leaders will be able to develop their abilities to inspire others to be enthusiastic and motivated to achieve a shared vision, a vision that is at the same time a personal and company vision. For this reason, inspirational leadership training is important to follow (Muhimmah, 2022). Inspirational leadership is a management approach that goes beyond traditional methods by focusing on motivating and guiding individuals through inspiration, not just direction. An inspirational leader can instill purpose, passion, and enthusiasm in their team members, encouraging them to do their best and achieve extraordinary results (Gong et al., 2019).

5.2.2 The Relationship between Green Supply Chain Management and Performance

Based on the results of structural equation modeling data analysis, the p value was <0.050, so there was a positive and significant influence between supply chain management and performance. On business performance, the progress of an organization's performance depends on the level of implementation of supply chain management practices through environmental cooperation between suppliers and customers using appropriate mechanisms to achieve organizational competitive advantage (Muhimmah, 2022; Murnieks et al., 2016). Furthermore, Mitchell and Boyle (2019) and Micheli et al. (2020) revealed that the progress of organizational performance depends on the level of implementation of green supply chain management. Several studies show the positive influence of supply chain management on business performance. Several

studies have shown that organizations that adopt green supply chain management require additional investment, and this can increase their operational costs. Nonetheless, organizations will gain long-term benefits from green supply chain management practices such as energy savings, waste reduction, operational efficiency beyond investment, improved corporate image, increased profitability, and this will improve business performance (Nureen et al., 2023).

Several aspects can be improved in efficiency to encourage the implementation of GSCM by industry in Indonesia including procurement, manufacturing, distribution and Reverse Logistics (RL). 1) Procurement: consider suppliers who have obtained ISO 14000, OHSAS 18000 and/or the Restriction of Hazardous Substances Directive (RoHS) as well as placing orders via email (paperless) 2) Manufacturing: a production process that uses inputs with relatively low environmental impact, which is efficient and produces little or no waste or pollution 3) Distribution: includes aspects of packaging and logistics. Packaging characteristics such as size, shape and materials used have an impact on distribution because they affect transportation and product characteristics. 4) Reverse Logistics: the process of taking unused or expired products from consumers so that the products are destroyed appropriately.

Green supply chain management is expected to improve operational performance through improving product quality and increasing delivery time accuracy. Green supply chain management has a positive influence on operational performance through approaches from flexibility, delivery, quality and costs. The concept in green supply chain management provides the possibility for organizations to improve process efficiency, waste recycling management, the ability to attract new suppliers and consumers, organizations can save costs, reduce delivery times through collaboration with suppliers and consumers which ultimately can improve operational performance. In addition, the role of internal environmental management in green supply chain management is able to ensure reduced production costs by promoting operational efficiency such as less energy consumption, minimized production time, more economical use of materials, and better product value so that this can be achieved. Improve operational performance (Bag et al., 2020). The role of green purchasing in green supply chain management can also overcome problems such as reducing waste or hazardous materials and can improve the quality of organizational financing so that in turn the implementation of green purchasing can improve operational performance (Abdallah et al., 2020).

The research results have shown the positive influence of green supply chain management on business performance. This can explain that green supply chain management implemented by MSME leaders in the industrial sector can improve business performance. These results have also indicated that MSME leaders have good knowledge of green supply chain management, and this can have a positive effect on business performance (Abdallah et al., 2020; Bag et al., 2020). With good green supply chain management, it will also lead to good organizational processing in the field of green supply chains. The interaction with suppliers, consumers and producers in the green supply chain management concept can improve the organization's business performance. According to Nureen et al. (2023), producing environmentally friendly products can create final products that are safer, cheaper and of more consistent quality so that this can improve business performance. The results of this study are consistent with research from Muhimmah (2022) which stated that green supply chain management has a positive effect on business performance. The research results have confirmed that supply chain management has maintained a positive influence on operational performance. Murnieks et al. (2016) identified that the implementation of green logistics management in the green supply chain management concept can also improve operational performance in terms of product quality and delivery. The results of this research have shown that operational performance is also proven to influence business performance positively. The results of this test have illustrated that SMEs leaders in the halal product industry sector can properly implement operational performance so that this can improve their business performance. These results are consistent with the findings of several previous studies (e.g., Seidman, 2013; Tseng et al., 2019) which show that operational performance has a positive effect on business performance. Operational performance that is implemented well by an organization such as operational efficiency and effectiveness, cost savings, on-time delivery, may improve sales quality and consumer satisfaction, as well as increasing market share and profitability can result in increased business performance.

Organizations have also believed that implementing green supply chain management can drive operational improvements that can generate organizational profits. Some researchers such as Lee et al. (2012) have explained the positive influence of green supply chain management on operational performance in terms of flexibility, delivery, quality and costs and concluded that organizations must implement green supply chain management since it can encourage improved operational performance. Research conducted by Seidman (2013) and Seman et al. (2019) have also shown that there is a positive influence of operational performance on business performance. Thus, it can be concluded that organizations must implement operational performance because it can encourage increased business performance. The lack of previous research related to green supply chain management and improving performance has become an obstacle for organizations wishing to implement green supply chain management, so this has encouraged researchers to conduct further analysis regarding this matter (Bag et al., 2020). Based on previous research and the mediation model emphasized by Salas-Vallina et al. (2020) and Seidman (2013) researchers suspect that operational performance is able to mediate the positive influence of green supply chain management on business performance.

6. Theoretical Implications

Ozgediz (2022) and Toseef et al. (2022) have shown that there is a positive relationship between transformational leadership and increased performance. Testing hypothesis 1, it is known that there is a significant positive influence on the variable inspirational leadership and performance. Having inspirational leadership on human resource (HR) performance will have a positive effect if employees gain trust and good examples from leaders, and employees gain inspiration and motivation so that they can create new innovations that make the company more advanced. Based on previous research according to Salas-Vallina et al. (2020) and Seidman (2013) we understand that challenge stressors have a significant effect on human resource performance. Hypothesis testing carried out has also shown a positive influence of the challenge stressors variable on HR performance. Challenge stressors will improve employee HR performance. With challenge stressors, employees believe that they are willing to meet job demands and the results of their work can be appreciated by the company in the form of rewards. Based on previous research, Ozgediz (2022), Seidman (2013), Seman et al. (2019) and Tseng et al. (2019) have also shown a significant positive relationship between transformational leadership variables and work engagement.

7. Conclusion

The research results have shown that inspirational leadership had a positive and significant effect on performance. Moreover, green supply chain management has a positive and significant effect on improving performance. The results of this research have proven that green supply chain management had a positive effect on business performance, green supply chain management had a positive effect on operational performance, operational performance had a positive effect on business performance, and operational performance mediated the positive effect of green supply chain management on business performance. The existing dynamic evolution in green supply chain management is an important issue for organizations to face changes and increasing pressure from various stakeholders such as governments and supply chain partners. SMEs are expected to be able to better optimize the implementation of green supply chain management because it is proven to be able to support operational performance by adapting to changing dynamics and existing market needs so that ultimately it can improve business performance. This research is limited to SMEs in the product industry sector. Future research is expected to use other research objects such as manufacturing organizations. The implementation of GSCM, especially in industry, and also the level of industrial awareness regarding environmental problems caused by business operations must also be improved. The GSCM supply chain model framework is very important to implement in Indonesia to be able to minimize the negative impacts caused by a series of pharmaceutical industry business processes on the environment. There is also a need to increase compliance with regulations set by the government regarding national action plans on environmental aspects.

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