

DRIVERS OF REVERSE LOGISTICS AND CAPABILITIES ON OPERATIONAL PERFORMANCE: WITH SPECIAL REFERENCE TO PHARMACEUTICAL INDUSTRY

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ABSTRACT

Reverse logistics has seen rapid growth owing to an increase in production and consumption activities. This practice plays a crucial role, particularly when products remain on the market beyond their expiration date, which can lead to significant issues. The pharmaceutical industry is one such industry in which it is important to properly dispose of recalled and expired drugs. Consequently, there is increasing concern regarding how pharmaceutical products are managed in the market when they are damaged or reach the end of their lives. Reverse logistics, sometimes referred to as “product-take-back,” is viewed as one of the concepts within the broader framework of green supply chain management that can address this problem. Moreover, regulatory bodies are increasingly pressurizing companies to become more environmentally responsible for producing and managing their products. Hence, businesses have begun to recognize the need to incorporate environmental responsibility into their activities. Reverse logistics is a sustainable supply chain strategy that allows firms to manage waste efficiently, while enhancing their operational performance by integrating sustainability. This study examines the influence of reverse logistics drivers on operational performance through the development of reverse logistics capabilities with a focus on pharmaceutical companies. This research was conducted among a population of 20 pharmaceutical companies approved by the National Medical Regulatory Authority in Sri Lanka, from which a sample of 254 executive-level employees was selected through convenience sampling. Data were collected using a pre-tested questionnaire, and the analysis was conducted using Structural Equation Modeling with AMOS 20.0, and SPSS version 20.0. The findings revealed that reverse logistics drivers alone do not have a significant direct impact on operational performance according to the structural model. However, when reverse logistics capabilities serve as mediators, the relationship between drivers and performance becomes significant. This suggests that building strong reverse logistics capabilities is essential to maximize the positive impact of reverse logistics drivers on operational performance. It is recommended that top management focus on increasing awareness of the importance of these capabilities to harness reverse logistics drivers and improve organizational performance.

Keywords: Green supply chain management, operational performance, reverse logistics, reverse logistics capabilities, reverse logistics drivers