

Implementing Socially Responsible Purchasing: An Evolution Model*

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Abstract

Corporate Social Responsibility (CSR) has become mandatory in the current economic era. Socially Responsible Purchasing (SRP) is a derivative of CSR: while purchasing relates to the acquisition of external resources at the most favorable conditions, socially responsible purchasing adds sustainability and environmental requirements to the pre-mentioned set of conditions. At the same time, little is known about what organizations can do to ensure social responsibility throughout their supply chain. This paper addresses the topic of how the purchasing function in organizations can provide a window of opportunity for creating sustainable supply chains. By reviewing literature a preliminary Socially Responsible Purchasing (SRP) Evolution Model is proposed. This model was refined through a focus group discussion and document analyses. An in-depth case study at an organization highly committed to CSR provided an initial validation of the SRP Evolution Model. Our study demonstrates that the tactical process of prioritization of SRP process-activities is the main reason for the apparent mismatch between the initial ambitions of (purchasing) managers on the one hand, and the extent to which SRP is implemented in a structured manner on the other hand.

Keywords: corporate social responsibility, socially responsible purchasing, evolution model

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Introduction

Corporate Social Responsibility relates to a organization's responsibility to meet the present needs of their various stakeholders without jeopardizing the future needs of these stakeholders (after Brundtland, 1987). The imminent depletion of natural resources reported on by various newspapers and other media, the possible extinction of a quarter of our mammals (IUCN, 2008) and global warming have resulted in an increasing awareness that societies have to act more responsibly in relation to the environment. Al Gore's "Inconvenient Truth" made this painfully visible.

This notion has been generally accepted among consumers; however, more recently, also organizations acknowledge the importance of green management. The Max Havelaar Foundation for example offers fair international trade conditions to farmers and workers in Third World countries. Although the certified Max Havelaar coffee has only three percent market share, it stimulated organizations like Sara Lee to act more socially responsible, for example by offering better payment to their coffee growers. Akzo Nobel, a leading multinational active in coatings and chemicals, adopted "greener" work ethics. Among other things, they developed a coating for ships that is tin-free and abandoned their dangerous chlorine trains. Currently, they are the chemical industry's leader in the Dow Jones Sustainability Index.

Clearly, Corporate Social Responsibility (CSR) is climbing the management agenda of many organizations. No longer are organizations just concerned with how to attain a sustainable competitive advantage; alongside, more and more organizations acknowledge their social responsibilities. These responsibilities do not only reside at a focal organization, but also at the various stakeholders this organization does business with. Socially Responsible Purchasing (SRP) is a derivative of CSR involved with the management of the organization's external resources in such a way that the supply of all goods, services, capabilities and knowledge which

are necessary for running, maintaining and managing the organization's primary and support activities is secured at the most favorable conditions (definition obtained from Van Weele, 2005), where 'most favorable' includes 'socially responsible'. It involves not only the management of financial and operational risks, but also the reputational risks that organizations, especially those with globally extended supply chains, inevitably face. The reputation of suppliers has great potential to effect a organization's reputation since society – e.g. NGOs, consumers, the government – holds a organization responsible for what takes place in its supply chain. To be truly socially responsible, a organization should invest in the social responsibility of its suppliers and purchased goods and services. For example: China and other Asian countries may be attractive because of their low cost, but social issues like child labor and debatable working conditions are more rule than exception in such countries. This makes the purchasing function highly critical for establishing a sustainable supply chain.

At the same time, little is known about what organizations can do to ensure social responsibility throughout their supply chain. Organizations experience difficulties with implementing SRP in their own organizations; hence, effectuating an SRP ambition throughout the supply chain is all the more difficult. Our objective therefore is to obtain an understanding of SRP practices in organizations, thereby examining the hurdles that prevent organizations from (successful) SRP implementation. Our research question is twofold. First, what may SRP look like in an organization and how does it develop over time? And second, what hurdles prevent organizations to implement a structural SRP process?

Existing literature was thoroughly investigated to develop the outline of an initial SRP Evolution Model. This model describes the set of processes underlying the implementation of SRP and how they evolve over time. A focus group discussion with various practitioners that are involved to a larger or lesser extent with SRP and analyses of documents obtained from these practitioners'

organizations and through public sources provided the main ingredients for this model. Subsequently, an in-depth single case study was conducted at an organization highly committed to CSR as an initial validation of this model.

The remainder of this paper looks as follows. After an elaboration on the topics of CSR and SRP in the next sections, we turn to an explanation of our research design and data collection methods. We then present the results of our empirical studies. The paper ends with our conclusions and a discussion of the most important findings, limitations and suggestions for future research.

Corporate Social Responsibility

Corporate Social Responsibility, also known as 'Corporate Sustainability', is nothing new. Already in the 1930s did Philips look after housing, education and healthcare for its employees and their families. It was only around 1970 however that people started to worry about the environment. They realized that fossil fuels would run short in the future and that organizations' waste would not just disappear. During this time, scholars were still in disagreement about the definition of CSR and what it encompassed. Hence, early opinions about Corporate Social Responsibility (CSR) have been contradictory (Lee, 2008).

The main issue being discussed was the delineation of the scope of corporate responsibilities. On the one hand, CSR was viewed as decisions made and actions taken for reasons at least partially beyond the firm's direct economic or technical objectives (Davis, 1973). Davis (1973) argued that a firm has the obligation to evaluate the effects of its decisions on the external social system in such a way that it will accomplish social benefits along with the traditional economic gains that the firm seeks. On the other hand, Friedman (1970) argued that the only social responsibility of a business is to make as much money as possible for its shareholders. He opposed the idea of a broader definition of CSR on the basis that it imposes an unfair and costly burden on

shareholders. Moreover, he did not believe that corporate managers had the right skills and expertise to deal effectively with social problems. Stakeholder Theory, developed and championed by Freeman (1984), puts an end to the debate whether social issues are the responsibility of businesses or not. Freeman (1984) suggests that organizations should be responsible not *only* to shareholders but *also* to multiple other stakeholders, such as customers, suppliers, employees, regulatory agencies, competitors, consumer advocacy groups, and the media. In this article, we adopt a stakeholder theory perspective. Carroll (1979, 500; 1991) suggests a four-dimensional model that identifies Corporate Social Responsibility as “the economic, legal, ethical, and philanthropic expectations that society has of organizations at any given point in time”. These four responsibilities can be ranked in their fundamental role of importance (Waddock & Cochran, 1985), as shown in Figure 1. At the base level, organizations have economic responsibilities to shareholders, which is the foundation upon which all other expectations rest. At the next level of corporate social responsibility, organizations are expected to comply with laws and regulations – the “ground rules” – under which they have to operate. Law is society's codification of right and wrong and organizations should conform to this. Next, ethical responsibilities are additional behaviors and activities that are not necessarily codified into law, but are expected as part of societal norms. That is, an organization should do what is right, just and fair and should avoid harm. The final level consists of philanthropic responsibilities, i.e. contributing resources to the community to improve quality of life. If an organization does not fulfill these expectations, this is not considered unethical per se: taking philanthropic responsibilities is done on a voluntary basis (Waddock & Cochran, 1985). The CSR pyramid portrays that the total social responsibility of businesses comprises distinct components that, taken together, constitute the whole (Waddock & Cochran, 1985). For this study, we build on the idea that social responsibility is not a stand-alone issue: it is an inherent characteristic of any

organization's operations. Expanding on Freeman (1984), we do not view suppliers and customers (the stakeholders we will mainly focus on) as external parties that need to be satisfied: both can and should have a fundamental role in establishing socially responsible supply chains.

Insert Figure 1 about here.

Socially Responsible Purchasing

As CSR has a top-down effect on various business functions, social issues play an important role in purchasing and supply management as well. Since suppliers are responsible for up to 60-85% of the costs of goods sold, they are also responsible for 60-85% of an organization's CSR. Therefore, in pursuit of being socially responsible, organizations cannot do it alone.

Maignan et al. (2002; 2003) use the term Socially Responsible Buying (SRB) to describe a purchasing decision process that includes social issues advocated by organizational stakeholders. We prefer the term Socially Responsible Purchasing (SRP), since purchasing has a broader connotation than buying: purchasing includes the development of specifications and performing market research from which a shortlist of potential suppliers will be created. As such, it is closely related to (internal) demand management, which highlights the potential impact of the function: purchasing is not only about getting what the organization needs at the most favorable circumstances, but even more so about managing and developing these needs in socially responsible manner. In the latter situation, the impact of purchasing is more far-reaching.

One of the first social issues addressed in the supply management function was environmental protection (Schlegelmilch et al., 1996; Carter & Carter, 1998; Carter et al., 1998). In particular, many studies have examined the process adopted by business enterprises to implement "green purchasing" (Schlegelmilch et al., 1996; Min & Galle, 2001; 1997). Green purchasing is

considered one of the most effective ways to tackle environmental problems by focusing on waste prevention and reduction of energy consumption. Min & Galle (1997) formulated a green purchasing strategy by evaluating the role of green purchasing on supplier selection, energy reduction, waste elimination and packaging. Moreover, they identified various obstacles to effective green purchasing, like high cost of environmental programs, uneconomical recycling, and uneconomical reuse. According to Min & Galle (1997), these obstacles occur because of a lack of systematic methods to aid purchasing professionals in accurately measuring the benefits and costs of green purchasing. In their study of green purchasing, Zsidisin & Hendrick (1998) found that purchasing managers want greater levels of participation in environmental issues. Walton et al. (1998) identified a number of supply chain environmentally-friendly practices.

Another social issue that appeared in supply management literature, although most of the past studies focused on the environment, is “diversity sourcing”, (i.e. sourcing from minority businesses), which, if integrated into the overall corporate strategy, might even become a source of competitive advantage for corporations (Pearson et al., 1993; Adobor & McMullen, 2007). Other social issues related to purchasing and supply include human rights, worker rights, corruption, safety, and philanthropy (Maloni and Brown, 2006; Maignan et al. 2003; 2002; Carter and Jennings, 2004). Carter and his colleagues conducted several studies on different topics of socially responsible purchasing like the environment (Carter, 2004; Carter et al., 1998; 2000; Carter & Dresner, 2001), purchasing from minority business enterprises (Carter et al., 1999) as well as an explorative study on multiple social issues (Carter & Jennings, 2002a). These studies show that the purchasing function is confronted with many different dimensions of social responsibility. These dimensions may be related to the goods/ services being purchased, but certainly also to the way in which suppliers operate their businesses.

Regarding the implementation of SRP, Carter & Jennings (2004) explored the drivers, barriers, ways of overcoming those barriers, and outcomes of SRP across each of its dimensions (i.e., environment, diversity, et cetera). They found that organizational culture, top management leadership, employees' individual values and governmental regulations are important SRP drivers. Barriers to SRP are the difficulty to coordinate between various functions in the supply chain and the lack of supply of a product or service. Although complex, SRP initiatives have a direct positive impact on job satisfaction, employee motivation, and trust among stakeholders, improved stakeholder relationships, and potentially improved financial performance as well as on supplier performance by improved trust and cooperation (Carter & Jennings, 2002b).

Maignan et al. (2002) approach the problem in a different way and found out that organizations that are confronted with specific stakeholder demands employ different strategies ranging from a reactive strategy to a more proactive strategy. This is in line with Clarkson (1995), who poses that corporate social performance can be analyzed and evaluated effectively by using a framework based on the management of a corporation's relationships with its stakeholders. Building on the concepts identified by Carroll (1979) and Waddock & Graves (1985) in their models of social performance, Clarkson (1995) constructed a four-point scale characterizing an organization's posture or strategy towards the management of stakeholder issues. This RDAP-scale (Reactive, Defensive, Accommodative, and Proactive) is organized as follows. Firstly, *reactive* strategies deny the relevance of any stakeholder issue to the organization and deny that the firm has stakeholder responsibilities at all. Secondly, *defensive* strategies implicitly acknowledge the existence of stakeholder issues but avoid addressing these issues. Thirdly, *accommodative* strategies address stakeholder issues as long as they do not impair on established organizational processes and financial performance. Finally, *proactive* strategies systematically anticipate, survey, and address stakeholder demands. Maignan et al. (2002) has described what a

pro-active strategy may look like; such a strategy includes the following activities: 1) defining social responsibility goals for the purchasing function; 2) designing organizational members in charge of SRP; 3) educating suppliers; 4) monitoring suppliers; 5) sanctioning suppliers; 6) communicating achievements to stakeholders; and 7) receiving stakeholders' feedback. From this, we observe that it is important to make explicit decisions regarding the desired scope of impact from an organization's SRP practices.

In sum, the extant research on SRP has been mainly descriptive in nature. Furthermore, although various authors have pointed out the beneficial effects of SRP, the operational aspects of integrating SRP elements into the daily routines of the purchasing function and of suppliers has not been answered yet. This study therefore focuses on what SRP actually looks like in organizations and how this may develop over time.

Research design and data collection methods

The findings of Carter and Jennings (2004) and Maignan et al. (2002) are used as a starting point for this research. Our research approach comprises two steps. Our first step was aimed at obtaining an understanding of what SRP may look like in an organization and how it develops over time (research question 1). For this purpose, empirical data was collected by means of a focus group meeting and document analyses. Adopting multiple research methods enables method triangulation (Yin, 2003). This first step resulted in an initial SRP Evolution Model.

Our second step concerned an initial validation of the model by means of a single in-depth case study. The results of this validation step indicated that the model helps us to understand why organizations may not be successful at implementing SRP in a structured manner in their organizations (research question 2).

Developing an initial SRP Evolution Model

The *focus group* was aimed at understanding what could be key building blocks of an SRP Evolution Model, i.e. what are the main dimensions along which the evolution of SRP in a given organization over time can be described? The focus group took place with ten participants from varying backgrounds and experiences with SRP, representing different organizational levels in the purchasing organization. An advantage of focus groups over individual interviews, which can be seen as “interviews” of groups of people at the same time (Van Aken et al., 2007), is that they provide more insight in differences and similarities in opinions of group members. Furthermore, the remarks of others stimulate interviewees to clarify themselves and give further explanation, and the interviewer’s influence on the interviewee, while not eliminated, will be diffused by the very fact of being in a group rather than in a one-to-one situation. Furthermore, they are less time-consuming. A disadvantage of focus groups may be that people can be inhibited and less open than in a personal interview (Morgan, 1993). However, considering the commitment of the various participants to CSR initiatives in their own organizations, this is not deemed very problematic.

The *document analyses* comprised a study of various publicly available sources. It was aimed at obtaining an understanding of which activities constitute the various phases in the SRP Evolution Model. In other words: what processes are important to implement SRP in a structured manner? Public sources were studied since such documentation is often a more reliable source of information than the opinions of organization members (Van Aken et al., 2007). Another important advantage of documentation is that it may provide information that organization members have partly or completely forgotten. The sources include presentations and reports available from websites from various organizations and other institutes involved in SRP. As the United Nations and the Organization for Economic Cooperation and Development (OECD) have

promoted sustainable procurement for many years, governments, industry sectors, and corporations have produced policy statements, supplier codes of conduct, and product specifications to address sustainability in their purchasing activities. For example, many governments have already made a commitment to sustainable purchasing as part of broader environmental and social policy agendas. The UK, Dutch, Australian and New Zealand government for example have sustainable purchasing policies (or legislations) with extensive implementation programs.

Validating the initial SRP Evolution Model

In order to obtain a first validation of our initial SRP Evolution Model, a single in-depth case study was conducted at an organization highly committed to CSR. The case organization selected is a leading European bank, whose mission and ambition clearly puts the common interests of people and communities first. Based on its commitment to those interests, the bank aims to be a driver and an innovator that contributes to the sustainable development of prosperity and well-being. Its goal is to help people and communities achieve their present and future ambitions. Strengthening mutual collaboration and supplying the best possible financial solutions are the means to achieve that end. The bank's core values are: respect (working with others on a basis of respect, appreciation and commitment), integrity (aiming to be fair, honest, careful and reliable in all its actions), professionalism (serving its clients with high-quality knowledge facilities), and sustainability (aiming to contribute to sustainable development, both economically, socially and ecologically, of society).

The bank furthermore believes that CSR results in innovative thinking and acting within the bank, image building, financial performance improvement, customer satisfaction and employee satisfaction. For this reason, they strive to make sustainability an integral part of their value

proposition. The bank has been working on implementing SRP for some time already, which may enable us to discern some development in SRP over time.

This single case study comprised two steps. The first step was to conduct *semi-structured interviews* with various representatives of the organization. We interviewed multiple purchasing representatives with varying responsibilities, as well as operational managers and CSR managers from other functional departments within the bank. Interviewing multiple informants (in total 10) with varying organizational backgrounds enables data source triangulation (Yin, 2003). Please refer to appendices A and B for the interview protocol and an overview of the people interviewed. In addition to a validation of our model, the insights obtained from the interviews were used to assess the bank's SRP activities in light of the framework. As such, the interviews resulted in an understanding of what SRP looks like at the bank and why they have difficulties with implementing SRP in a structured manner.

The second step involved presenting the SRP Evolution Model to the interviewees. The interviewees were asked to indicate which cells in the SRP Evolution Model best represented the SRP activities of the bank. This step enabled us to identify the extent to which the model is understandable, usable and useful for practitioners. The bank's assessment was afterwards compared with the researchers' assessment: any discrepancies were resolved by discussing them with the bank's representatives. Eventually, the bank's and the researchers' assessments coincide nicely.

Data analysis

The data was analyzed using a grounded theory approach (Van Aken et al., 2007; Glaser and Strauss, 1967). The grounded theory approach is a structured approach for the exploration of

unfamiliar territory like SRP. It employs three central procedures: open coding, theoretical coding and selective coding.

A characteristic of open coding is that it does not use an existing coding scheme; codes are developed while coding. The main criterion for attaching a code to a piece of data is that it fits the data. In our study, an example of open coding is to label the various activities identified from the literature and the focus groups into the concept “*processes*”. Similarly, the finding that internal processes should be well-organized before communicating the ideas about SRP to supplier networks is categorized to belong to the concept “*enablers*”.

The second analytical procedure of the grounded theory approach is theoretical coding. A theory consists of concepts and relationships between those concepts. Theoretical coding is aimed at discovering relationships between the concepts developed using open coding. An example of theoretical coding as performed in our study is the identification of an assumed sequential relationship between enablers and processes: enablers facilitate, and thus precede, the processes.

Finally, selective coding is the process of integrating all the categories to form a grounded theory. In our study, this comprised the integration of the building blocks obtained from the focus group and the document studies into an SRP Evolution Model.

The coding was performed independently by all members of the research team⁴. Any discrepancies that arose were intensively discussed among the research team members. Eventually, all items were coded in a way that was agreed upon by all team members.

Results 1: an initial SRP Evolution Model

The following sections describe the main findings from the focus group meeting and the document analyses. The findings from the focus group were combined with the findings from

⁴ The research team consisted of the three authors of this paper.

literature to identify the basic building blocks of an SRP Evolution Model. The findings from the document analyses subsequently provide the precise content of the SRP Evolution Model. The model will be presented at the end of this section.

Literature and focus group meeting

The *literature* on CSR and SRP was extensively covered in earlier sections. Building on these sections, we here derive three main components for building a theoretical model. First, we deem it necessary to address the topic of sustainability from the perspective of an organization's core, i.e. its operations. This idea is derived from Carroll (1979): the base level in the CSR pyramid is for an organization to adopt economic responsibilities. We believe that these economic responsibilities includes socially responsible behavior, for example focusing on increasing the sustainability of basic operational processes. Second, from Carter & Jennings (2004) we learn that the processes can be stimulated by putting in place the right enabling conditions which help organizations to overcome the barriers to successful SRP implementation. Third, Clarkson (1995) makes a distinction between reactive and pro-active strategies. This suggests that there are different degrees of intensity with which organizations can work on SRP. Maignan et al. (2002; 2003) suggested purchasing processes the pro-active strategy, thereby neglecting this notion of varying intensity. In our view, it is important to address the whole range of different intensity levels and provide organizations with suggestions on what purchasing processes would fit each of these intensity levels. A summary of the enabling conditions derived from Carter and Jennings (2004) together with the essential purchasing processes discussed by Maignan et al. (2002; 2003) can be found in Figure 2.

Insert Figure 2 about here.

During the *focus group meeting*, it became clear that the participants strongly believed that for an organization to try and attain a sustainable supply chain, first, the internal organization needs to be sustainable. As one of the participants indicated: “How can we expect our suppliers to be sustainable, if we do not act in a socially responsible manner ourselves?”(Category Manager). Sustainability should thus be part of the overall organization strategy. Since the purchasing strategy is ideally derived from and in line with the organization strategy, a second step would be to translate the sustainable organization strategy into a sustainable purchasing strategy. The participants also emphasize the importance of clearly communicating this sustainable purchasing strategy to the various stakeholders inside the organization. Clearly, the organization’s performance in the area of sustainability should be closely monitored. For this purpose, appropriate Key Performance Indicators (KPIs) and measurement moments should be identified. The CSR coordinator indicated that sustainability aspects also need to be included in the purchase specifications. The impact of a focus on sustainability will be highest when the aspect is taken into account early in the purchasing process. The purchase consultants agreed, but pointed out that this means that purchasing should be involved early in the process. Furthermore, all participants agreed that it is important to demand more and more sustainable products and services from suppliers. In cases where the suppliers are not yet very mature in terms of sustainability, “the buying organization could help its suppliers to become more sustainable by starting an improvement process” (Purchase Consultant). Also, the suppliers should be monitored in terms of their sustainability performance: the KPIs should thus concern both the internal organization’s performance as well as the suppliers’ performance. Interestingly, participants indicated to be uncertain about how to monitor supplier performance, and which suppliers to monitor. Questions that arose for example were whether it was sufficient to have all suppliers sign a code-of-conduct or perform a self-assessment, and what to with suppliers that refused to do

so. Another question that was continuously debated during the session was the organizational aspect of implementing SRP: should there be one person carrying full responsibility for the various SRP elements, or not? This illustrates an important finding that people involved with SRP know what are important elements of implementing SRP, but not necessarily how to shape those elements.

When comparing the findings of the focus group with the findings from literature (see Table 1), we find that the elements crucial for a structural and successful SRP ambition as defined by the focus group participants are highly similar to the elements observed by Maignan et al. (2002). At the same time, one dimension mentioned by Maignan et al. (2002) is clearly lacking in the focus group discussion, as shown by the last two elements in the left-hand column, namely is the explicit dialogue with stakeholders. Maignan et al. (2002) emphasized that it is not only important to communicate the sustainable purchasing strategy, but also to obtain feedback from various internal and external stakeholders. This feedback loop is missing in the focus group discussion. Purchasing practitioners do communicate intensively with internal stakeholders, but not so much with external stakeholders like Non-Governmental Organizations, activist groups, et cetera. When we confronted the focus group participants with this observation (we contacted them individually to ask for their views on this finding), the participants explained this from the fact that they had focused in the discussion on getting SRP implemented, not on maintaining SRP over time. They nevertheless acknowledged the importance of continuously communicating with internal and external stakeholders.

Insert Table 1 about here.

From the findings from the literature review and focus group discussion, we derive four main building blocks for an SRP Evolution Model:

1) The **organizational level** at which process take place:

Various purchasing processes were identified. According to Collignon et al. (2007) the purchasing process can be analyzed at three different levels: strategic, tactical and operational. At the strategic level, top-management develops a mission and vision for the purchasing function. At the tactical level, segmentation strategies and supply policies with a medium-term impact are developed. At the operational level, specifications are determined, suppliers selected, contracts signed, products ordered, and evaluation takes place. Each of the organizational levels needs to be related to SRP. At each organizational level, various processes take place that need to incorporate sustainability aspects. Since the three organizational levels are interdependent, the processes at all three levels should ideally be in line with each other.

2) The **scope** of SRP:

The results from the focus group discussion show that the internal processes need to be well-organized before any organization can start looking at their suppliers for socially responsible behavior. When distinguishing between an inward and an outward focus, various degrees of external orientation can be identified: 1) no external orientation (purely inward-looking); 2) looking at only 1st tier suppliers; 3) looking at the supply chain (upstream); and 4) looking at the complete value chain/ network (upstream and downstream). This ties back to the differing levels of intensity as mentioned by Clarkson (1995); however, we focus not on intensity of action, but on the extent to which parties external to the focal organization are involved in SRP implementation.

3) SRP **processes** and **enablers**:

It is important to differentiate between *SRP processes* and *SRP enablers*. While SRP processes determine what purchasing processes i.e. activities are needed within the organization, SRP enablers facilitate these purchasing processes and activities. An example of an SRP process is supplier monitoring; an example of an SRP enablers is education (see also Maignan et al. 2003; 2002). However, during the focus group discussion, it was found that practitioners are not always certain of what these processes and enablers exactly look like, nor how to shape them.

To summarize: we found that SRP activities take place at various organizational levels, and that they vary in scope (from the internal organization to the complete value chain). The organizational level and scope could be viewed as two dimensions that need to be considered in a combined manner. As such, a table could be constructed consisting of three rows denoting the three organizational levels, and of four columns denoting the four different scopes.

We also found that enablers need to be in place and that appropriate processes have to be executed at each organizational level. These processes will vary depending on the scope of SRP. Still, we have less understanding of what these processes look like for each combination of organizational level and scope. We therefore perform extensive document analyses to see whether we can build on existing checklists and models to describe these processes.

Document analyses

By reviewing publicly available reports and implementation guides from a diverse range of (mainly governmental) organizations, we will complete the ingredients for the evolutionary model. Each of the documents supports SRP practices by providing guiding principles based on extended case studies. It is not surprising that most of the reports are developed by government and non-for-profit organizations, because (especially Anglo-Saxon) governments set high targets

for themselves and thereby set an example. For the purpose of this research we review the documents containing their practical recommendations and process models for conducting SRP. We find elaborate information on SRP-specific process steps; nevertheless, the guidelines and implementation principles are more focusing on how to get started, and lack specific insights on how to develop a structural process.

Supportive, however, is the observation that the document analyses demonstrate strong parallels with the findings from the literature review and the focus group meeting (see Tables 2a and 2b). For instance, we recognize the differentiation between strategic, tactical and operational considerations in the key areas of the WRAP, I&DEA and SOLACE report from 2003. Organizational levels are implicitly present in most other reports as well (UK Sustainable Procurement Task Force, MVO Nederland). Furthermore, the various degrees of external orientation (scope), i.e. the extent to which SRP impacts or includes other members in the supply chain, is a key topic for WRAP, I&DEA, and SOLACE (2003), and remains a topic of discussion in all the other documents. As our initial dimensions for the model are clearly present in the documents, we will use these ingredients for the elaboration of the model. In this section we will merely focus on new insights obtained from the document analyses.

Insert Tables 2a and 2b about here.

The main finding obtained from the document studies was the need to prioritize actions. Moreover, we obtained insight in how to conduct this process. The core message is that in order to contribute the most, an organization needs to know their battlefields: who can they easily engage given their position in the supply chain or industry? Where can they apply their knowledge for a better world? What issue do they care about most? Taking a closer look at

prioritization demonstrates that the ambitions at the strategic level are translated into business specific and realizable targets. In other words: prioritization is the core activity at the tactical organization-level in order to set medium- and short-term targets for daily operations at the operational level. In a field as complex as sustainable purchasing, priorities are required because of limited time and resources (UKSP Task Force, 2006; SenterNovem; Forum of the Future, 2007). Different approaches to prioritization can be adopted:

1. Focus on ease of implementation and level of impact (Forum of the Future, 2007);
2. Focus on sustainability risks (New Zealand Business Council for Sustainable Development, 2003);
3. Focus on compliant supply chains, i.e. supply chains which the organization is able to influence (New Zealand Business Council for Sustainable Development, 2003).

The possibilities of SRP-related actions are numerous. Therefore, prioritizing is essential for not losing track and being capable to realize a successful SRP strategy. This idea is very similar to the advice by Pearce and Doh (2005) to choose a stubborn challenge close to the organization's expertise, meaning that the organization can draw on its key capabilities to make a contribution in the area of sustainability. Think for example of TNT joining forces with the World Food Program, thereby applying their logistical expertise for sustainability purposes. Moreover, the concept of prioritization is at the core of the tactical level of a function. Since organizations have to reckon with the limited amount of time and resources, most tactical decisions concern prioritization challenges.

Results 1: an SRP Evolution Model

In sum, with the numerous elements from the document analyses we can identify processes for the SRP Evolution Model. Tying these back to the three organizational levels, we can categorize

these processes as strategic, tactical or operational. Moreover, with regard to the external scope of SRP we differentiate between looking only at the internal organization, looking at 1st tier suppliers, looking upstream into the supply chain, and, looking both up- and downstream in the value chain/ network. Putting together the three organizational levels and the four types of scope, the resulting SRP Evolution Model can be found in Figure 3. The different SRP processes that emerged from the document analyses have been included in this Figure. Finally, the model is supported by SRP enablers that facilitate smooth implementation of the SRP processes.

The model is referred to as an evolution model, since in our view, SRP in a organization will generally evolve from the situation in the first to the situation described by the last column. As such, we could consider the columns phases of SRP implementation, and each of the four phases have been labeled with a term that best reflects the content of each phase. These phases are described in more detail hereafter. Since the enablers are equally important across the various phases of the evolution model, we will not discuss them explicitly for each individual phase.

Insert Figure 3 about here.

Phase 1 – Take-off

In the take-off phase, an organization initiates SRP. As SRP is part of CSR, a simple SRP strategy should be derived from the overall corporate sustainability strategy. A simple SRP strategy is easy to communicate to staff and key suppliers and a useful tool to create awareness about SRP. Besides a sustainable procurement strategy, sustainable procurement should be reflected in organizational goals and management performance indicators to outline the organization's timescales and targets. When starting with SRP, the organizational goals and KPIs should encourage buyers to adopt SRP, which can be done by building quick wins and

identifying flagship projects to demonstrate good sustainable procurement practice at a tactical level, for example through demand management. At the operational level, the key contracts that are easy to implement should include general sustainability criteria.

Phase 2 – Risk Mitigation

For the next phase, the SRP strategy and organizational goals are put on a higher level by including explicit risk mitigation measures. Organizations for example will protect potential reputational damage, especially because they are now claiming to be socially responsible. To cover risks, organizations first assess their sustainability risks, for which prioritization is a key element. Second, minimum common standards are identified to cover these (main) risks. To identify those standards, a dialogue with both internal and external stakeholders is becoming crucial in setting the standards. For putting risk mitigation into practice, sustainable product specifications are formulated and suppliers are overwhelmed with requests to sign the code-of-conduct. To monitor suppliers, supplier self-assessments or supplier audits are often well arranged.

Phase 3 – Value Creation

In the third phase of the SRP Evolution Model value creation is core. To go from risk-mitigation to value creation an organization therefore raises the bar and sets goals that are more demanding, thereby leveling expectations. By conducting a spend analysis and by prioritizing the organization determines in which supply chains it has the power and position to make the difference. Taking into account the complexity of the supply chain, an organization chooses “its battle”, in such a way that the organization can take responsibility to make a move to a better supply chain. To create value, the organization will encourage a supplier’s sustainable

development. To meet increasingly demanding product specifications, a supplier improvement program is introduced. Therefore, organizations will keep in close contact with main suppliers and foster a dialogue to discuss sustainable improvement opportunities. Moreover, suppliers are encouraged by gain-sharing and rewarding exceptional performance.

Phase 4 – Truly Sustainable

In the ultimate phase, organizations stake everything to improve the sustainability of its supply chains. The organization has an outward focus and its strategy recognizes each supply chain as essential to achieve sustainability goals. Moreover, suppliers recognize they have to continually improve their sustainability profile to keep their client's business. In this phase, the organization creates an enabling environment as one of the means to encourage the market to offer sustainable solutions. This platform provides a mean for purchasing professionals to encourage dialogue with suppliers and to encourage wider adoption of sustainable procurement through partnerships between governments, organizations, industry, business, education centers, and the non-profit sector. Moreover, fostering a viable market for sustainable products and services can be done by supporting businesses and industry groups that demonstrate innovation in sustainability. Therefore, the organization will often participate in national commitments and government programs to improve sustainable development.

As was mentioned earlier, the processes at the various organizational levels need to be aligned. It makes no sense to have strategic processes fitting with phase 3, while the operational processes still more closely resemble phase 1. Assuming that in phase N, the processes at the three organizational levels are aligned, organizations may seek to move into phase N+1.

Results 2: Initial validation of the model

The interviews provided the researchers with an in-depth understanding of how SRP is conducted at the bank, thereby enabling the researchers to assess the bank in terms of the SRP Evolution Model. Based on the information obtained, the reviewers deem that overall, the risk mitigation phase best reflects the bank's current activities. The bank develops a code-of-conduct, sustainable product specifications and executes a supplier self-assessment. Moreover, it creates awareness amongst its employees by executing successful SRP projects. Finally, within its purchasing strategy, it clearly formulated its sustainability objectives, human rights, and environment.

Subsequently, the SRP Evolution Model was presented to the interviewees, who were asked to depict which positions in the model (at the three organizational levels) best reflected the current activities of the bank. It was found that the assessments of the individual interviewees were highly diverse: while some interviewees positioned the bank as being in the first phase, some others noted that the bank was already deeply involved in the later, more advanced phase of value creation. The majority of the interviewees however indicated that the risk-mitigation phase overall best reflects the bank's current activities. However, the results from the interviews also indicated that there is a discrepancy between the strategic and the operational levels of SRP implementation. The discrepancy between strategy and operation is mainly observed in high scores on the development of the SRP ambition. However, we did not find indications that explicit choices had been made for executing this ambition. We did not find a list of projects or actions that specifically match the stated ambition. Nevertheless, we did observe several successful project ('champions') who served as shining examples for successful SRP. For example, the foil in which newsletters and brochures are wrapped is now made of biologically degradable wheat. Reviewing the SRP Development Model results in a prominent observation that the translation from ambitious strategies into explicit tactical choices for operational action is

lacking. The result of this lack is that although many illustrative projects have been initiated, the bank still is uncertain as to what is the next step for implementing SRP. They do not seem to have developed a strong sense of direction. This observation is so striking that it might well explain the difficulties that organizations have in realizing SRP. In the end it is up to the organization to decide in which domain to make a difference. Just as the bank needs a technology or product roadmap to provide a sense of direction for the business, a long-term SRP objective may benefit from an SRP roadmap in which priorities are set in accordance with the CSR strategy and the resources and time available.

The results of the case study lead us to conclude that the SRP Evolution Model developed makes sense in practice. All practitioners who were confronted with the model recognized the various building blocks of the model. They furthermore indicated that the model provided them with an overview of what SRP may look like in an organization, as well as with insights into what are major hurdles in the implementation of SRP. The fact that at the tactical level, no SRP processes were properly put in place explained to the bank why they had difficulties with structural implementation of SRP. In order to implement SRP in a structured manner, their first step will be to go back to phase 1 and make sure appropriate SRP processes are in place at all organizational levels. From there on, they can start to professionalize their SRP practices further.

Conclusion, limitations and suggestions for further research

Although the topic of Socially Responsible Purchasing (SRP) is at the heart of the majority of purchasing organizations, to date, research on this topic remains scarce. This observation is not surprising considering the complexity of the topic: corporate social responsibility has been hardly defined yet, and addressing SRP by including supply chain considerations opens up a larger debate on definitions and scope. First, this study sought to understand what SRP may look like in

an organization and how this may evolve over time. By means of an extensive literature review and an in-depth focus group discussion, the essential building blocks of the SRP Evolution Model were defined:

1. Organizational level: SRP requires specific processes at different levels in the organization: strategic, tactical and operational. For attaining a structural SRP process each of the levels should be in accordance with the others.
2. Scope: SRP can vary in terms of its impact: the impact could be only internal, include 1st tier suppliers, include the whole upstream supply chain, or even the complete value chain (both up- and downstream).
3. SRP processes and SRP enablers: SRP processes describe the activities that make up socially responsible purchasing. SRP enablers facilitate these purchasing processes and activities

By integrating the dimensions of organizational level and scope, an SRP Evolution Model emerges that indicates the process steps on each organizational level for scope. Document analyses complement the Evolution Model with specific processes and enablers.

The second part of the study consisted of an in-depth case study at a bank to provide an initial validation of our model. For the bank, the main objective was to explore the hurdles in conducting SRP. The model was deemed understandable and could furthermore be used to diagnose problems in SRP implementation at the bank.

Limitations and future research

Despite the merits of this study, there are some limitations that need to be mentioned. Firstly, although the development of the SRP Evolution Model presents a useful starting point for further research into SRP implementation, the validation of the SRP Evolution Model has been

performed through a single case study. Replications are necessary to further increase our confidence in the model. Related to this, although data collection was intensive, it would have perhaps been beneficial to study a series of actual projects. This could have provided us with more objective observations regarding SRP evolution over time.

Other limitations relate to some three assumptions implicitly underlying the model. We will discuss each of these three assumptions hereafter.

Firstly, the question arises whether SRP implementation is a top-down or a bottom-up approach. The study shows that SRP process activities at different levels of the organization should be in line with each other. Activities are undertaken at the strategic, tactical and operational level, and these activities should be in line: if not, the benefits of SRP will be difficult to attain. The notion of activities at different organizational levels being matched had not yet been explicitly acknowledged, and therefore provides new insights into SRP practices. However, this ‘matching’ of organizational activities implicitly assumes a top-down approach. This results from the observation that strategic ambitions need to be translated to tactical priorities and finally operational action. What about the role of the individual initiative for the sake of the organization? Is it possible to have successful a bottom-up initiatives? And how could this be accommodated in the model? Maignan et al. (2002; 2003) found that firms reported three motivations for behaving in socially responsible ways. The first reason is that managers value such behavior in its own right. Second, managers believe that this behavior enhances the financial performance of their firms. Third, stakeholders, notably community groups, customers and regulators, pressure firms to behave in socially responsible ways. The first two drivers for SRP can be easily fit into the top-down approach. In the third approach however, based on stakeholder initiatives, the impact of the individual employee on the SRP strategy becomes more prevalent. Although the model seems to advocate a top-down approach, we should not underestimate the

impact of intrinsic motivation working bottom-up. Further research could be aimed at investigating precisely this situation, and how this impacts the model. Related to this, (top-down) formalization associated with a structured implementation process may deprive individuals from their motivation to deploy local initiatives. These local initiatives however could be key to success: perhaps, SRP implementation is more a culture that needs to be developed, rather than a process which should be formalized. This is another thing that should be investigated in more detail: we can question whether it is beneficial for the organization to have a structured process in the first place.

Secondly, it could be debated whether the SRP Evolution Model indeed describes evolution, or maturity. An evolution model indicates progress in SRP practices. The aim of the evolution model is to describe how SRP may develop over time. Although it was not the aim of the study, the model might raise the question whether being in the take-off phase represents being a beginner in SRP and being in the truly sustainable phase denotes being an expert. The model thus suggests the concept of maturity. This is not a problem in itself, as organizations develop over time. However, it would be incorrect to assume that all organizations need to end up in phase four. Depending on – for example – type of industry, position of the purchasing function within the organization, or other contextual variables, there is no one best phase for all organizations. The impact of contextual variables on what phase in the Evolution Model is most effective is noted here as a suggestion for further research.

Finally, the question is how organizations can/ should move through the SRP Evolution Model. The current model requires an organization to go through each phase, and to in each phase start from strategic ambitions and goals to prioritization at the tactical level to be implemented at the operational level. It might be interesting for organizations that are completing prioritization to think through the targets to be set at the next phase. This means that while ambitions are

formulated for the next step in SRP, operations still struggles implementing the first step. What we found in this study is that the discrepancy between strategy and operation might cut back motivation. So, progress requires the enablers such as communication, and corporate values need to remain in pace. This brings us to the preliminary conclusion that this model represents a step-wise approach. Phase N needs to be fully operational before targeting phase N+1.

This study has provided a useful model for further studying Socially Responsible Purchasing in organizations/ supply chains. As the importance of sustainable practices becomes ever more prevalent, we intend to continue to study this topic, since we believe that corporations have an important role to play in making our society more sustainable. This should not be limited to reactive behavior in response to customer demands. Rather, we think corporations should take the lead and increase the sustainability of their products, processes and overall business. We hope our research can make a small contribution here.

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Tables and Figures

Table 1 Comparison of literature with focus group findings

<i>Maignan et al., 2002</i>	<i>Focus group discussion</i>
	1) first internal process right before communicating to supplier networks
1) defining social responsibility goals for the purchasing function	2) SRP strategy (derived from corporate strategy)
2) designing organizational members in charge of SRP	3) goals and KPI's (who is responsible and accountable?)
	4) full purchasing process: from specification phase on
3) educating suppliers	5) communicate strategy to suppliers and support supplier development
4) monitoring suppliers	6) monitoring suppliers
5) sanctioning suppliers	
6) communicating achievements to stakeholders	
7) receiving stakeholders' feedback	

Table 2a Overview Process Elements

Element	Agreed on by
1. Look at internal processes first	NZBCSD (2003)
2. Adopt a sustainable procurement policy.	WRAP, I&DEA, SOLACE (2003) Forum for the Future (2007) ANZ Government (APCC?)
	NZBCSD (2003)
	SenterNovem
3. Set clear organisational Goals & KPI's	Senternovem
	NZBCSD (2003)
	UKSP Task Force (2006)
4. Determine specifications	WRAP, I&DEA, SOLACE (2003);
	UKSP Task Force (2006)
	Senternovem
	APCC (2007)
	Forum of the Future (2007)
	Wrap et al. (2003)
	MVO Nederland
5. Manage suppliers	NZBCSD (2003)
	APCC (2007)
	Forum of the Future (2007)
	Wrap et al. (2003)
	Beco & Cramer
	MVO Nederland
6. Monitoring & Evaluation	APCC (2007)
	NZBCSD (2003)

Table 2b Overview Drivers & Barriers

Element	Agreed on by
Leadership Support	UKSP Task Force (2006) NZBCSD (2003) APCC (2007)
Knowledge	Forum of the Future (2007) UKSP Task Force (2006) APCC (2007)
Organizational Structure & Decision Making	Forum of the Future (2007)
Budgetary Mechanisms	Forum for the Future (2007); ANZ Government; UKSP Tasks Force (2006) APCC (2007) Forum of the Future (2007)



Figure 1 The Pyramid of Corporate Social Responsibility (Carroll, 1991)

SRP Processes/ Activities	SRP Enablers
<ul style="list-style-type: none"> • Defining SRP Goals • Educating Suppliers • Monitoring Suppliers • Sanctioning Suppliers • Communicating with Stakeholders • Receiving Stakeholders' Feedback 	<ul style="list-style-type: none"> • Organizational Culture • Leadership Support • Employees' Values • Coordination of Activities • Availability of a Product

Figure 2 Outcomes literature review

	TAKE OFF	RISK MITIGATION	VALUE CREATION	TRULY SUSTAINABLE
Strategic				
Ambition/ strategy	Simple SRP strategy, as part of CSR strategy, in place.	Augment the SRP strategy into a strategy covering risks.	Link strategy to creating added-value.	Strategy recognizes the whole supply chain as essential to achieve sustainability goals.
Goals & KPI's	Easy to reach goals are set and linked to show-case projects	Goals are linked to SRP risk areas and projects	More challenging goals are set for the key spend areas	Goal setting in cooperation with partner organizations
Tactical				
Prioritization	Prioritization of SRP projects based on ease to implement	General sustainability risks assessed and used for prioritization	Supply chains for key spend areas have been mapped and used for prioritization	Create an enabling environment for SRP
Operational				
Determine specifications	Small set of specifications for easy projects	Set of minimum specifications	More demanding specifications in place	Setting standards in the market
Manage supplier performance	Focus on supplier commitment-	Rewarding exceptional performance	Supplier development program in place	Gain share and incentives
Monitor and evaluate outcomes	Code of conduct sent and signed by all suppliers	Ask of guarantees & Self-assessment	Audit in place to assess risk suppliers	Monitoring of total supply chain
 <p>People and culture; organizational structure; management support; knowledge; budgetary mechanisms</p>				

Figure 3 SRP Evolution Model

Appendix A Interview Protocol

Introduction (5 minutes):

- Introduce ourselves.
- Tell the interviewee about the project and SRP.
- Tell the interviewee about the purpose of this interview and the procedure.

Questions (50 minutes):

1. Tell me what your role is in the procurement process. (Prompts: Directly or indirectly involved, procurer or internal client).
2. What do you think about CSR and SRP? (Prompts: Do you think it is important for the Bank to do or not, are you personally motivated?)
3. Has the Bank a clear CSR and/or SRP strategy? (Prompts: What do you think about it?)
4. Have you or the department set SRP related goals? (Prompts: Short term, long term, how to measure, can you give an example)
5. Do you or the organisation have an SRP action plan? (Prompts: like what projects to do first, or which SRP principles to focus on (e.g. environment, human rights)? Do you know what the next step is?)
6. Have you or the organisations set SRP specifications? (Prompts: are these minimum standards, or specs without obligations; compared to other specifications, how much do they weigh?)
7. Do you or the organisation work with other organisations on SRP? (Prompts: e.g. government, other financial institutions or NGO's)
8. What is the role of suppliers in SRP? (Prompts: how do you manage/develop suppliers SRP performance?)
9. Do you or the organisation monitor and evaluate SRP? (Prompts: How? Do you also give feedback to suppliers and others?)
10. What do you think are the main drivers and/or barriers of SRP? (Prompts: Organisational design, Top Management Support, Capacity of Employees, Budgeting mechanisms)
11. Finally, if you have a look at this framework, where would you place the Bank now and what would be the ideal situation? (Prompts: why?)

Ending (5 minutes):

- Thank the interviewee for his time and effort.
- Discuss whether and how you should give feedback or not.

Appendix B People interviewed

Category Manager

Manager RCI support

Category Manager

CSR coordinator IT

Purchase consultant

Representative IT Department

Representative Legal Department

Purchase consultant

Purchase consultant

Representative CSR Department