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## Socially responsible purchasing in the supply chain drivers and barriers in Sweden

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# Socially responsible purchasing in supply chains: Drivers and barriers in Sweden.

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## Abstract

**Purpose** The purpose of the paper is to explore the factors that drive or hinder organisations to implement socially responsible purchasing.

**Methodology** A literature analysis is complemented with empirical data from interviews with 20 private and public Swedish organisations.

**Findings** The findings from the literature analysis are compared with findings from Swedish organisations. The study finds that in Swedish organisations, the main drivers for socially responsible purchasing include stakeholder influence and organisational values, media and NGOs attention and employees' concern. The main barriers are a lack of resources for supplier audits, difficulties to ensure that all suppliers fulfil the Code of

Conduct, differences in culture and management style, low levels of social standards and high levels of corruption in some countries of supply, all of which makes assurance practices a very costly enterprise.

**Research implications** Future research could compare SRP (socially responsible purchasing) practices of focal organisations from different countries and deepen the understanding on contextual factors that shape responses of suppliers situated in different regions.

**Practical implications** Though exploratory in nature, this study assists managers and public procurers with a greater understanding of the drivers and barriers of socially responsible purchasing, as well as of success factors for integrating social aspects into purchasing practices.

**Originality** The paper contributes to the limited body of literature on the drivers and barriers for organisations to initiate and maintain the work on socially responsible purchasing.

**Keywords:** socially responsible purchasing, Sweden, supply chain, assurance practices, Code of Conduct, private and public organisations

**Paper classification:** research paper

## 1 Introduction

Private and public organisations are receiving more and more attention from numerous stakeholders for their social performance, which includes not only issues of how they treat their workers and communities where their operations are located, but increasingly they are asked about the social profile of their suppliers and how they treat their workers and communities in which they operate. The response of businesses and public organisations to this attention is diverse, ranging from developing internal policies and putting demands on suppliers, to philanthropy projects, working directly with suppliers on aspects of labour practices or engaging in activities ensuring human rights in supply chains. The problem, however, is that these efforts are undertaken by very few large companies, while the majority of organisations still have not started addressing social issues in supply chains. Even among organisations that have initiated work with social issues, the extent of deployment and integration of these policies into operations can differ significantly (Murray, 2003). The majority are at the stage where they have developed internal policies and perhaps even started putting demands on suppliers, but have not yet proceeded to ensuring suppliers' compliance with the policies. Academic literature also demonstrates a gap in understanding how social issues could be dealt with by many more organisations.

Thus, there appears to be a gap between the societal desire of more socially responsible practices and in particular purchasing, and the slow and scattered implementation and uptake of socially responsible purchasing (SRP) at the aggregate level across companies and organisations. In order to close this gap there is a need for an in-depth investigation of available experiences and current practices. The purpose of this study is to investigate practices in pioneering organisations to better understand the drivers, barriers and success factors for including social aspects into their purchasing practices, as well as the

experiences with developing systems in facilitating management of social responsibility along the supply chain. The study is based on a literature analysis and a collection and analysis of empirical data from 20 Swedish public and private organisations regarding the ways they incorporate social aspects into their purchasing activities and stimulate social improvements in their supply chains. One to three representatives from each company were interviewed, who were typically CSR, environmental or sustainability managers, or purchasing managers who were working with social issues in the company and/or in the supply chain. In order to verify the information obtained during the interviews, additional sources of data about company activities were consulted including, reports published by researchers, investigative journalists and NGOs who act as watchdogs for social and sustainability issues; academic and newspaper articles; as well as company websites and publicly available official company documents, e.g. environmental and/or sustainability reports, Codes of Conduct, supplier checklists and guidelines for suppliers.

The article begins with a literature review on socially responsible purchasing and proceeds with literature analysis on drivers and barriers for organisations to engage in SRP. The following section 4 summarises the information on drivers and barriers collected from interviews with 20 Swedish companies. A discussion section looks at the differences and similarities between drivers and barriers identified in the literature versus those identified from empirical data and explores success factors for organisations to start working or maintaining the work with socially responsible purchasing. Section 6 outlines main conclusions and provides recommendations to companies and organisations involved or interested in socially responsible purchasing.

## **2 Defining socially responsible purchasing**

Many companies have already accepted corporate sustainability as a precondition for their business activities (Dyllick and Hockerts, 2002). In the globalised world, its becoming more and more obvious that besides managing an organisation's own social and environmental impacts, aspects and impacts of entire supply chains need to be managed, since suppliers' performances affects the buying organisation's performance and reputation (Bacallan, 2000). Purchasing<sup>1</sup> activities by organisations therefore become important for developing and setting social and environmental criteria for its suppliers and for improving overall supply chain performance. The application of non-economic considerations in purchasing practices implies an activity with a bearing not only on organisational strategy, but also its operations. Therefore, over time, management of the purchasing function is changing its importance: from serving a company with the lowest unit price, to coordinating purchasing between different business units, to an internal integration of cross functional purchasing, to the external integration of supply chain management and finally to a greater value chain orientation (van Weele, 2000).

The names and definitions that are used to denote socially responsible purchasing vary and the seemingly ad hoc inclusion of the social, environmental and ethical notions blurs the exact scope of SRP. Examples of names that are used are purchasing social responsibility (Carter, 2005), corporate social responsibility in the supply chain (Maloni and Brown, 2006), socially-responsible buying (Maignan et al., 2002), responsible procurement (Allen,

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<sup>1</sup> In this paper, we use the term purchasing as a general term interchangeable with procurement, buying or sourcing. As such it does not single out certain elements in the operational process nor does it focus on any particular products.

2006), socially responsible purchasing and disposal (Webb et al., 2008), and ethical purchasing (Wells, 2004). For public purchasing, the terms, such as ethical public procurement, green public procurement, green public purchasing, Fair Trade public procurement and ethical assurance schemes (EFTA, 2007) are used.

Exactly what aspects organisations choose to incorporate in their socially responsible purchasing differs significantly. Some organisations combine environmental and social aspects in their purchasing activities. The work on green purchasing has been taking place for a number of years and many more organisations have established routines and developed tools for introducing and implementing green purchasing. The social and ethical issues, on the other hand, have not received the same level of attention or have not resulted in the same level of formal and structured work as environmental issues. There are important differences between aspects and methods used in green purchasing and socially responsible purchasing. For example, socially responsible purchasing tends to focus on upstream life cycle stages and mainly on production methods and conditions, in which production takes place, such as workers' rights, health and safety issues, wages, workforce issues related to disabled workers, racial equality, minorities, ethnicity, gender equality and human rights (Lobel, 2006). Green purchasing, on the other hand, tends to focus not only on environmental aspects of production, but also on environmental features of products and the use phase. Thus, socially responsible purchasing appears to be more focused on supplier performance and compliance compared to environmentally responsible purchasing that also gives substantial attention to product performance. In both cases, however, focal organisations develop certain criteria that suppliers need to fulfil if they want to sell their products to the organisation.

Many companies use ILO standards and conventions as a starting point for developing social criteria for suppliers. The main topics of ILO conventions are outlined in Table 1.

*Table 1 Examples of subjects covered by International Labour Standards and other organisations and conventions (ILO, 2008)*

Human rights (UN Global Compact)	Fair wages (Convention 1, 20 and 47)
Collective bargaining (Convention 98)	Working time (Convention 1, 20 and 47)
Freedom of association (Convention 87)	Occupational safety and health (Convention 144)
Child labour (Convention 138 and 182) and International Programme on Elimination of Child Labour (IPEC)	Inspection of suppliers' facilities (Convention 148)
Forced labour (Convention 29 and 105)	Labour administration (Convention 144)
Equal opportunity and treatment, non-discrimination (Convention 100, 110 and 111)	Protection of indigenous populations and their rights (Convention 169)
Vocational guidance and training (UNESCO Project on Technical and Vocational Education (UNEVOC)	Employment policy and employment promotion (Convention 144)

Beside certain differences between environmentally and socially responsible purchasing, another dimension that needs to be taken into account is the differences in purchasing processes of private and public organisations (Thai et al., 2005). Private organisations aim to create an improved performance among many actors in the supply chain and increase competitiveness on the market by taking into consideration interests of primary and secondary stakeholders (Clarkson, 1995). Public organisations, on the other hand, have to contribute to a better achievement of social and environmental policy objectives through, among other things, purchasing (European Commission, 2000). As stated in an EC Directive, "contracting authorities and contracting entities may be called upon to

implement various aspects of social policy when awarding their contracts, as public purchasing is a tool that can be used to influence significantly the behaviour of economic operators. As examples of the pursuit of social policy objectives, one can mention legal obligations relating to employment protection and working conditions...” (European Commission, 2000). As such, political demands on non-economic considerations taken in business activities seem to be stronger in the public sector than in the private sector (Neill and Batchelor, 1999). However, while being under heavier political pressure, public purchasing tends to be more restrictive with utilising possibilities to pose non-economic demands on suppliers.

In this paper we do not distinguish between public and private purchasing and use the term socially responsible purchasing for both types of organisations. We define socially responsible purchasing as “the inclusion in purchasing decisions of the social issues advocated by organisational stakeholders” (Maignan et al., 2002). We also subscribe to the more elaborated definition by Drumwright (1994) that socially responsible purchasing “attempts to take into account the public consequences of organisational buying or bring about positive social change through organisational buying behaviour”.

### **3 Drivers and barriers for socially responsible purchasing**

#### **3.1 Drivers for socially responsible purchasing**

There is an abundance of literature sources that have investigated drivers for organisations to engage in corporate social responsibility activities, e.g. (European Commission, 2002), (Graafland and van de Ven, 2006), (Mackey et al., 2007), (Palazzi and Starcher, 2000), (SustainAbility, 2002), (WBCSD, 2002). There is also a sufficient body of literature that has investigated drivers for green purchasing, e.g. (Walker et al., 2008), (Cartner & Dresner 2001), (Ernst and Young 2008), Coggburn & Rahm 2005). (Zsidi & Siferd, 2001). Despite this, there is a very limited number of studies that specifically analysed drivers for organisations to engage in socially responsible purchasing. These few studies outline internal and external factors that drive organisations to practice socially responsible purchasing.

##### **3.1.1 External drivers**

External drivers are often associated with the stakeholders that trigger organisations to integrate social aspects into organisational purchasing practices. They can do it in direct and indirect ways. They can directly place demands on organisations’ purchasing processes, e.g. through legislation, or may indirectly influence organisations through e.g. consumer boycotts against child labour that is used in the production of products.

*Table 2 Examples of stakeholder actions driving socially responsible purchasing*

Driving stakeholders	Examples
Media	News, movies and articles in newspapers about activities of Swedish companies and their suppliers in many countries that do not follow basic human rights principles and

	conventions on decent working conditions, e.g. Swedish SVT1 programme "Uppdrag granskning" on practices of Indian and Chinese suppliers to Swedish producers and retailers.
Non-governmental organisations	<p>Include environmental and human rights groups, consumer advocates and other potential activists who together represent "civil regulation". For example, the work of SwedWatch, Fair Trade Center and Rena Kläder on investigating in what conditions medical instruments and hospital cloth are produced in Pakistan and India (Bjurling, 2007).</p> <p>Another example is the Swedish campaign "Mina skattepengar" that provides some examples for how to ensure that tax money are spent in an ethical and socially responsible way (Minaskattepengar, 2007).</p>
Competitors	For example, Dem Collective – a small company that is built on principles of ethical and environmental sourcing is driving other companies in textile business to consider more socially responsible purchasing (Dem Collective, 2008).
Consumers	<p>The growing consumer awareness and voting through purchase of Fair Trade products, such as coffee (Wallace, 2006), or textiles and clothes, or plants with Fair Flowers Fair Plants label.</p> <p>Consumers can also take part in boycotts or campaigns against specific products, e.g. toys produced in China, or companies.</p>
Investors	For example, Ekobanken has defined specific environmental and social criteria for their investments that support start-up companies and continuous environmental and socially responsible sourcing (Ekobanken, 2008).
Government	EU and Swedish legislation - Directives for the public sector on socially responsible purchasing, e.g. EU Directive COM (2001) 566 (European Commission, 2001).

Consumers are undoubtedly an increasingly important force that shapes the social responsibility of organisations. According to the latest UK report, in the last five years household expenditure on ethical products has almost doubled (Co-Op Bank, 2007a). In 2006 there was an increase in ethical purchases by 81% compared to year 2002 (from £366 per household up to £664). And since 1999, there has been 3 times more ethical shopping by UK consumers (Co-Op Bank, 2007b). Also, an increasing number of business consumers - retailers - are also shifting their buying preferences towards suppliers that have proven track records of corporate social responsibility (Vassallo et al., 2008). Moreover, one of the growing forces that shapes how organisations and companies do business is NGOs. Some say that "the rising influence of NGOs is one of the most significant developments in international affairs over the past 20 years" (Guay et al., 2004: p. 129). Another group is the media, giving attention and working with investigative journalists and various types of NGOs, e.g. Clean Clothes Campaign (Clean Clothes Campaign, 2005). The media is increasingly gaining importance as a driver for including social issues in ongoing efforts of companies and organisations to improve existing purchasing practices. Another rather new, but increasingly important group of stakeholders, are socially responsible investors. However, their influence differs substantially depending on the sector. Some studies demonstrate that in, for example, mining and retail sectors, the proportion of socially responsible investors is so small, that their impact on the overall behaviour of companies is minimal (Whitehouse, 2006). Finally, there is little evidence of suppliers being the drivers for both environmental and socially responsible purchasing (Maignan and McAlister, 2003, Walker et al., 2008).



### 3.1.2 Internal drivers

Internal drivers stem from ethical or instrumental grounds. Socially responsible purchasing is often presented as morally correct and as an activity linked to organisational pragmatism with regard to future benefits. According to Carter (2005), companies engage in socially responsible purchasing because “it is the right thing to do”, but with the thought that these activities might not benefit organisational performance. However, although there is no proven direct effect on supplier performance, socially responsible purchasing and the involvement of the purchasing personnel of the focal organisation in the management of the supply chain helps building trust and increases commitment in the buyer-supplier relationship, which increases organisational learning in the supply chain, thereby improving supplier performance and, ultimately, reducing costs (Worthington et al., 2008).

One of the key internal drivers for all organisations is to maintain reputation (Fombrun, 2005). They can do this by developing and implementing SRP practices that help avoid risks to brand names and reputation, which are key intangible assets of organisations (Roberts, 2003). This risk-averse behaviour of organisations has been classified as an internal driver for organisations, even though it is very much influenced by external forces. “With consumers’ confidence in the leaders of major corporations at an all-time low, individuals want and expect corporations to behave more socially and environmentally responsibly” (Webb et al., 2008). Following this change in consumer awareness, some companies have started to see socially responsible purchasing and CSR activities as a competitive advantage. The competitive advantage may also be translated into the possibility to improve supplier performance or find alternative suppliers, and thereby also find new sources of innovation, new marketing opportunities and improved production processes (Maignan et al., 2002).

Another important driver for organisations is their own values. Levi Strauss & Co. is a good example of a company with a proactive value-driven SRP strategy. “Our corporate values - Empathy, Originality, Integrity and Courage - are the foundation of our company and define who we are. They underlie how we compete in the marketplace and how we behave as a corporate citizen. They guide our foundations' giving programs, the support we provide to communities where we have a business presence, our employee community involvement programs and our approach to responsible product sourcing. Our values enable our vision of the future and reflect the legacy of our founder, Levi Strauss” (Levi Strauss & Co., 2008b).

Levi Strauss & Co. mentions that one of the important drivers to start developing the Code of Conduct were employees, who in the later 1980s began raising concerns about the working conditions of people making Levi Strauss products in various countries (Levi Strauss & Co., 2008a). Other companies may discover that socially responsible purchasing leads to increasing organisational commitment of employees.

For public organisations drivers for SRP is to contribute to the societal good (McCrudden, 2004) and to strengthen the profile of the public sector by demonstrating that the products and services they buy are not associated with violated human rights or child labour (Thorsell, 2008). It helps ensure that citizens and voters see them as having ethically and socially considerate and responsible behaviour (Minaskattepengar, 2007). As soon as public organisations set social and ethical aspects into their purchasing criteria, they immediately make socially responsible purchasing a competitive advantage for business and industry, and in this way they can stimulate more socially responsible practices of

suppliers and general improvement of the ethical and social profile of the entire society. Socially responsible purchasing practiced in the public sector also sends very clear signals to those companies and organisations who do not address ethical and social problems in their supply chain.

To summarise, the following are the drivers and potential benefits of socially responsible purchasing identified in literature.<sup>2</sup>

*Table 3 The drivers and potential benefits of socially responsible purchasing*

Society	Focal organisation	Supply chain
Aid diffusion of more socially responsible practices through industry	Reduce potential costs (in the middle and long run)	Develop cooperative relations with suppliers
Provide response to public concern	Organisation's values	Maintain security of supply
Reap social benefits through cooperation within sector	Employees concerns	Reduce direct costs associated with purchasing function
Eliminate or reduce demands for socially unacceptable products and services	Manage reputation risks and liability for potential social damage	Improve suppliers' social and ethical profile and performance
Meet and exceed market expectations	Improve product social and ethical profile	Improve status of purchasing function

### **3.2 Barriers for socially responsible purchasing**

In similar fashion as with drivers for CSR, there are many studies that have analysed barriers for organisations to engage in CSR activities, e.g. (Vogel, 2006), (DeTienne and Lewis, 2005). There also are many studies that provide a clear picture regarding the potential and actual barriers for organisations to engage in green purchasing, e.g. (Gunther and Scheibe, 2006), (Walker et al., 2008), (Lamming & Hampson, 1996), (Srivastava 2007). However, there are very few authors who have investigated barriers specifically for socially responsible purchasing, e.g. (Welford and Frost, 2006), (Maignan et al., 2002), (Vassallo et al., 2008).

We can divide barriers into external and internal barriers. The external barriers are the ones that arise outside the focal organisation and either come from the stakeholders or from the supply chain actors. We divide them into external barriers that focal organisations face when introducing or implementing social aspects into supply chains and barriers that suppliers face when Codes of Conduct and social requirements are introduced to the chain. We also discuss internal barriers for the focal organisation.

#### **3.2.1 Internal barriers for the focal organisation**

Introducing socially responsible purchasing may lead to significant changes in the focal organisation. For example it may necessitate changes in processes and systems for supplier selection, level of employee training, and procedures of verification and performance

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<sup>2</sup> Inspired by Bowen, F. E., Cousins, P. D., Lamming, R. C. and Faruk, A. C. (2001), "Horses for courses: Explaining the gap between the theory and practice of green supply", *Greener Management International*, Vol. 35, No. pp.41-59.

assessment. It may also impact product design, logistics and maintenance processes; as well as skills and competencies of purchasing staff (Vassallo et al., 2008). Another commonly mentioned barrier is the need to justify the activity and its cost to the Board of Directors in terms of business benefit or profit, since neither private nor public organisations are run as charity institutions (Whitehouse, 2006). Business logic and the bottom-line steers Boardrooms and therefore the “right” arguments need to be found to justify the undertaking. Additional costs are another important barrier; they may arise in short run from the need to develop additional systems to collect information about stakeholder expectations, to process the information and to develop internal and external SRP strategies and procedures and to implement them (Maignan et al., 2002). Other internal barriers can be lack of training and lack of information in the focal organisation regarding social and ethical aspects in the supply chain. Organisations may have advanced systems for dealing with social issues within the organisation, but have very little understanding of what issues can arise upstream in the supply chain, how they can affect the reputation and how to develop a system for addressing supply chain related social issues.

Furthermore, some companies lack top management commitment, or the commitment ends when resources are needed for implementation of the policy or the Code of Conduct (Maignan et al., 2002), especially if the company in order to comply with its Code of Conduct needs to choose better performing and therefore more expensive suppliers. The level of top management commitment therefore is decisive for purchasing managers to decide to what extent socially responsible purchasing is to be implemented in the company and how proactive they may be with introducing social responsibility to their supply chains. Some studies also discuss lack of legislation on socially responsible purchasing as a barrier for both companies and public organisations. Moreover, legal uncertainty is also suggested to act as a barrier to promotion of socially responsible purchasing or fair trade principles (EFTA, 2007). Even the EU interpretative communication for public purchasing “Commission Interpretative Communication on the Community law applicable to public purchasing and the possibilities for integrating social considerations into public purchasing” does not provide clear answers to all the questions and perhaps only gives rise to more uncertainties (European Commission, 2001).

### **3.2.2 External barriers for the focal organisation**

A general problem for social and ethical issues is that both the focal organisation and its suppliers have difficulties with imposing changes or checking the performance beyond the first tier suppliers. This does not mean that organisations do not recognise the possibility of problems upstream in the supply chain, but that they lack resources to address these potential problems (Welford and Frost, 2006).

Audits for socially responsible practices require significant input of time and financial resources from focal organisations. In order to reduce the costs focal organisations often hire external auditors, but then they might be unsatisfied with the quality of the conducted work. Especially problematic seem to be local auditing companies working in the country where suppliers are operating. Welford and Frost (2006) report the problem of increasing competition among auditing companies, which leads to drastic decreases of audit prices, in some cases being under US\$300. This further reduces the quality of audits and increases difficulties with acquiring educated auditors. The authors even state that with these conditions auditors become as exploited a workforce as factory workers.

In order to partially solve the problem of high costs for audits, focal organisations are looking for the opportunities to reduce the number of their suppliers and to establish long-term relations with the remaining companies, who ideally share customer values, have adequate training and are working on improving conditions for workers and on other social issues, thereby reducing the need for audits and inspections. On the one hand, this is of course a welcomed change – establishing long-term relations with suppliers. On the other hand, it leads to small and medium size suppliers having no chance of competing with larger companies, who have more resources and internal capabilities to invest into social and ethical improvements. Welford and Frost (2006) foresee that if SMEs will not get support with complying with Codes of Conduct, they are very likely to be excluded from the future market or will remain on the market with focal organisations who do not care about social and ethical issues, but only for price.

Another external barrier is the difference in cultures in countries and regions, which leads to discrepancy in expectations between the producing and consuming markets with regard to social aspects, health and safety standards, as well as environmental issues (Vassallo et al., 2008). There are also different cultures of management style between for instance Europe and Asia. For example, Welford and Frost (2006) call the Asian style the fire-fighting style of management, i.e. solving problems as they come and lack of strategic planning and preventative approaches. This may limit the possibility of establishing long-term and cooperative relations with suppliers aiming at meeting socially responsible purchasing criteria.

### **3.2.3 External barriers for the suppliers**

Audits are not only problematic for focal organisations, but for audited companies as well. Suppliers often lack understanding of social aspects or find the Codes of Conduct to be a nuisance, especially since they may not be reflected in or enforced by local law (Welford and Frost, 2006). In addition, suppliers have to comply with Codes of Conduct, host auditors and improve health and safety and workplace practices in their factories in the climate of, on the one hand, rising wages, and material and energy costs and, on the other hand, with customers constantly pressing down prices for the suppliers' products. This conflict between what suppliers are expected to do within the continuously decreasing margins also affects the way and extent the Codes of Conduct are followed (Welford and Frost, 2006).

Another problem for suppliers is that they typically have a number of different Codes of Conduct to follow, which might include contradictory requirements, e.g. regarding the working hours and overtime (Welford and Frost, 2006). The situation however differs among sectors. For example, in the garment sector there are no standard Codes of Conduct despite quite a long history of working with social and ethical issues. On the other hand, in the electronics sector a unified Code of Conduct is promoted and this helps suppliers to fulfil requirements of focal organisations in a more efficient manner.

Furthermore, suppliers complain about the need to fulfil different sets of requirements and spend a lot of time on being audited. Welford and Frost (2006) reported that some supplier factories hosted more than 50 audits per year. This situation also leads to that suppliers often keep several sets of accounting books to fit the requirements of numerous Codes of Conduct (Welford and Frost, 2006). Related to this is an ongoing debate regarding the extent to which suppliers are able to cheat in order to cover up non-compliance with Codes

of Conduct. In many cases workers of suppliers are glad to work overtime if it means getting higher wages and therefore they may not disclose non-compliance with the Code of Conduct (Welford and Frost, 2006). On the other hand, suppliers are urging focal organisations to find resources to pay for improved working situations and other issues, as well as to change their own practices of short-time orders, increasing speed of deliveries, etc., otherwise they will be forced to cheat.

To summarise, the barriers for companies to engage in socially responsible purchasing from both the customer and supplier side are presented in Table 4.

*Table 4 Barriers for companies to engage in socially responsible purchasing*

Internal barriers for focal organisation	External barriers for focal organisation	External barriers for suppliers
Lack of information on how to develop and implement SRP	High costs of auditing suppliers and poor quality of external auditors due to increasing competition among auditing companies and lower prices for audits	Customers' practices of short-term orders and increasing speed of deliveries facilitate poor working conditions and lack of attention to health and safety
Lack of top management commitment for initiation and especially implementation phases of SRP	Difficulties with establishing long-term and cooperative relations with suppliers, partially due to fire-fighting management style of suppliers	Numerous, often contradictory requirements, from different customers
Need to justify the activity and its cost based on profit or business benefit	Lack of understanding of the importance of social aspects by suppliers and double-bookkeeping and cheating at audits	Lack of legislation or its enforcement for suppliers in various countries
Significant changes in the focal organisation might be needed	Difficulties with influencing beyond the first tier suppliers and high costs of switching suppliers	Conflict between higher social performance standards and diminishing margins for products
Additional costs for education, training in focal organisation	Suppliers' employees may support current practices, e.g. overtime	Difficulties with influencing beyond the first tier suppliers
Lack of educational material for personnel training due to specificity of each sector and company	Lack of clear legislation for customers on how to integrate social issues in supply chain	Time spent on preparing for audits and inspections, keeping several sets of accounting books

## 4 Lessons from Sweden

These findings are based on information collected from personal and telephone semi-structured interviews with 20 Swedish organisations representing the public sector, and also private business-to-consumer and business-to-business companies.

### 4.1 Drivers for using social criteria in purchasing

The desire among the respondent organisations to incorporate social issues into purchasing processes can be seen as a part of the overall strategy to run their business in an environmentally and socially responsible manner, i.e. within the context of CSR.

An often mentioned internal driver to preserve and improve an organisation's reputation can often be linked to an organisations' perceptions of the changes in the external environment that are expressed in the increasing societal expectations on the role of businesses and public organisations. This shift has definitely taken place in recent years, as companies have been seen responsible not only for increasing the stockholder's value, but as much responsible for satisfying expectations of other stakeholders.

#### **4.1.1 External influences**

For IKEA, the main external driver is the expectations of primary stakeholders, but also the media and NGOs. For Kwintet and ITT, the driver especially comes from customers, who are asking for social and environmental management in the focal organisations. ABB reported that investors are becoming an important driver for social activities especially in the last 5 years. For Stora Enso, social issues are more and more in focus due to globalisation and the need to maintain the same standards in global supply chains.

The "opinion formers" are considered as the most important driver for many companies, although it is the subject to sector specificity (Whitehouse, 2006). The two groups that stand out among the opinion formers are NGOs and the media. For Skanska, risk associated with media attention and public opinion is an important driver. And for SAS, the main driver is "being a transparent company, open for public and media scrutiny". Some years ago, the initial driver for FMV to start working with social issues was the societal scrutiny of many organisations purchasing textiles after poor social practices in textile production, including child labour, were brought into the public light. In the same way, a scandal with child labour at a suppliers site was a trigger for IKEA to start working with social issues in the early 1990s. After the disclosures, the companies started working seriously with these issues and nowadays are at the forefront of these practices. However, it is almost impossible to ensure that all the suppliers in all supply chains and tiers fulfil the Code of Conduct of the focal organisation, as demonstrated in recent reports (de Haan and van Dijk, 2006).

For other companies, working on social issues can help maintain legitimacy in the eyes of stakeholders if new discoveries of inappropriate practices are made. For example, in 2007 SLL attracted media attention in "Kalla Fakta" due to the disclosures made in a report by SwedWatch, Fair Trade Center and Rena Kläder about child labour, poor working and health conditions among Indian and Pakistani suppliers of surgical tools and patients clothing (Bjurling, 2007). Since SLL together with Västra Götalandsregionen and Region Skåne had started working on a project on social issues in purchasing already in 2006, this helped demonstrate good will to stakeholders and to re-gain legitimacy after attention of the media, see e.g. (Salo, 2008).

Kwintet named the possibility to participate in tenders as an important external driver for furthering social issues in purchasing. Nowadays, no company can enter a tender without showing record of working with social aspects. It is important to note that there are still huge variations in the conditions of tenders and so many do include social criteria, but far from all.

External evaluation and rating indexes are also becoming a driving force for improvement of company performance on social issues in purchasing and supply chains. The main driver for SKF to start working with social and ethical issues in supply chains was when the

company applied for DJSI in 2004 to become “best in class”. The DJSI evaluation gave a low score to SKF for supplier management, after which in June 2005, a management review meeting was organised with among others the environmental manager to identify possible action. In the evaluation from 2006, SKF scored 71 out of 72 possible points for working with suppliers on social issues. To reach this result the company developed an action plan and set up objectives.

For FMV, the Swedish political vision illustrated in the “The National Strategy on Sustainable Development”, was an important driver for incorporating social issues into purchasing. FMV made a comparative analysis of the national strategy with the FMV performance, identified gaps and developed measures to address them.

The need to report on sustainability issues has been seen as a driver by many companies, but not all. For example, 2 years ago SLL started developing a suggestion for sustainable reporting, which identified gaps in the social area, and this served as an initial driving force for working with social issues in supply chains. For IKEA the need to report in a sustainability report is also a driver to include social aspects into purchasing activities. Since IKEA also drives other social projects in communities and charity about which it would like to report, it nowadays also includes information on working with suppliers on social issues. SAS anticipates that “the need to report in a social or sustainability report could become a driver with the development of the newly introduced organisation and considering the growing number of suppliers from the East”. For Kwintet, there is pressure to become more systematic in addressing social issues and reporting can help the way the work is structured, but reporting in itself is not the main driver. For public organisations, the main driver to start addressing social aspects is a decision of politicians to work with sustainability and social issues (SLL; Örebro and Lund municipalities). Finally, participation in development of international standards on social issues can also become a driver. For example SLL has been involved in the design of the ISO 26000 and this also stimulated the organisation’s activities in socially responsible purchasing.

#### **4.1.2 Internal influences**

For the majority of companies who have started including social issues in purchasing criteria the most important drivers are risk reduction and hence cost reduction. ABB reported that risk reduction is connected to quality issues: there is a close link between poor working conditions and poor product quality. Improving the first one leads to improved product quality and this is one of the drivers for the company to work with social issues.

In some companies, once a vision, policy or Code of Conduct becomes signed by top management and the CEO, this becomes an important driving force for the entire organisation (e.g. in SKF). For example, Skanska has recently developed a vision, which is now the main internal driver of all environmental and social work in the company. Other companies, such as IKEA and SCA, regard social considerations as a way to maintain employee loyalty and to make employees feel good and proud of the company, in which they are professionally active. The companies consider it important that employees share the company’s values and are well disposed towards company policies and strategies.

The driver of protecting the brand name or a good name follows from the external driver of societal pressure on the company. And this is relevant for both private and public

companies, although it seems that pressure is much higher on the private businesses for the moment. For publicly owned organisations such drivers as preserving the good name of Sweden on the international arena, as well as the good name in front of tax payers have been mentioned by e.g. FMV.

For IKEA, the main driver nowadays is the internal drive of finding suppliers that share IKEA's system of values. And a number of other companies also reported this being one of the main drivers to engage with social issues. For example, Indiska being a family company shares similar values with family-owned suppliers.

Another driver is the element of peace, i.e. peace at work and peace of mind, as was mentioned by Kwintet. Not addressing these issues are a cause of stress for the employees, both because it clashes with their own set of values, but also because if they do not address these issues they are frequently put into difficult situations when faced with questions from customers and the press.

In initiating and furthering the work on social issues in purchasing, it can be useful to have a champion who is engaged in the issue, who is enthusiastic about it and markets the idea in the company – a so called “champion” or “spearhead”. Especially some years ago, in the early ages of sustainable purchasing practices, it was common that one person initiated and maintained the work, as in the cases of Mariestad municipality and IAPSO.

Suppliers working with social issues may use records of these activities for expanding their customer base. According to the information from Indiska, suppliers use Indiska's sustainability profile, including the Code of Conduct, as a proof of their own performance (Indiska, 2008).

*Table 5 Internal and external drivers for Swedish companies to work with socially responsible purchasing*

Internal drivers	External drivers
Risk reduction and hence cost reduction	Expectations of stakeholders, especially NGOs and media
Organisation's vision, policy or Code of Conduct	Public opinion and messages from opinion formers
Protecting the brand name	Maintaining legitimacy in the eyes of stakeholders
Finding suppliers that share focal organisations' system of values	Participation in tenders more and more often requires good record of socially responsible practices
Provides element of working peace and peace of mind for all employees	External evaluation and rating indexes
Employees feel good and proud of the organisation's set of values and business practices	Participation in development of international standards on social issues
A champion in the organisation who initiates the work on socially responsible purchasing	Need to report on sustainability issues
For public organisations - preserving the good name of Sweden on international arena	For public organisations - political vision in Sweden
For the suppliers - working with social issues may be used	For public organisations - decision of politicians



## **4.2 Barriers for using social criteria in purchasing**

### **4.2.1 Internal barriers for the focal organisation**

One of the barriers for companies to initiate or advance work on social aspects is lack of top management understanding of the type of activities that might be needed. For example, top managers might support incorporation of social issues into the Code of Conduct and may consider it sufficient to ask suppliers for confirming information. Top management may however lack understanding that suppliers need to be audited and inspected, and furthermore long-term relations with suppliers might need to be established. For example, at ITT, there is interest in social issues from top management, but no real pressure to work with social issues in supply chains more intensively. This leads to that, in some large organisations there is a certain level of inertia to embark on the new journey.

Lack of resources for auditing of all types of suppliers including strategic and non-strategic was mentioned by ABB, ITT and many other companies as another kind of internal barrier. For example, ITT has 50-100 main suppliers (by volume) and up to 500 smaller direct suppliers. This reflects well the number of suppliers in other companies as well. Lack of resources is then translated into lacking education and training of auditors and lack of competent local personnel who can assist with audits of suppliers and who can implement the necessary changes according to requirements of the focal organisation at the suppliers' sites.

Another internal barrier, in some organisations especially noticeable during the initial stages of working with socially responsible purchasing, is lack of knowledge about social aspects and how to develop specific purchasing criteria integrating social issues. For example, the main internal barrier to include social and ethical aspects into the purchasing process for Skanska is information availability – “formulating what information is needed is very difficult, because it is a 'moving target' with continuously developing new products and continuous expansion of our knowledge about effects and impacts of various materials. Suppliers often do not know themselves about possible negative environmental and social impacts and turn to Skanska for help”. Internal information collection about all products, all types of suppliers and their activities is also a time consuming task.

Lack of practical tools and updated information is a barrier often mentioned by companies and organisations that are in the initial stage of their engagement with social work in purchasing and with suppliers. For example, Lund municipality reports a lack of possibility to control suppliers and a lack of monitoring tools for following up and evaluating suppliers. One company stated that “tools are out there, but I had hoped they would be even more developed”. For some companies it is difficult to find or develop tools due to the nature of the company activities. For example, Skanska experiences difficulties with incorporating social and ethical aspects in purchasing criteria because of the project-based nature of company's activities. For IAPSO, the limited understanding of how to develop specifications for social aspects so that they do not exclude any nations from competition is an important barrier. However, “the situation is changing and new ideas are sending the signal to markets that environmental and social criteria will be coming into the competition equation more and more in the future”. It seems to be easier to develop environmental

criteria for purchasing because they concern the product, while social aspects often relate to the company performance and not to a specific product, and are therefore more sensitive.

Moreover, a lack of time is certainly an issue both for the development of tailored to company needs training kits and supplier requirements, but even for identifying specific social aspects and incorporating them into purchasing criteria. Stora Enso reports a lack of interest from its purchasing department and the wish of purchasing managers for social criteria to be incorporated into purchasing as quickly and easily as possible. However with socially responsible purchasing, purchasers need to plan their activities ahead to give time to environmental or CSR staff to check up the products and suppliers and prepare information for the contract. Even more time-consuming are supplier audits, and inspections and supplier development in a long-term relationship. However, this is not really a barrier for including social criteria, but rather for the on-going work. What was also realised by SKF is that not only purchasers need to be trained, but also other personnel who have contact with suppliers, which again increases time pressure on the company. Finally, a lack of cooperation between different purchasing units leading to that each unit deals with social issues in its own way might be another barrier, as mentioned by Stora Enso.

#### **4.2.2 External barriers in Sweden**

One of the barriers mentioned by the Fair Trade Center to low uptake of socially responsible purchasing in Swedish companies is *absence of legislation* that would demand European or Swedish companies to include social and ethical criteria in purchasing. The EU directives on social issues in purchasing say that public sector purchasing officers may include these issues into their purchasing process, but not that they must. Having a common EU regulatory framework might speed up the incorporation of social criteria in purchasing of European companies, since now it takes too long and only few large companies are undertaking this activity. On the other hand, judging from the previous experiences with working with EU policy instruments – eco-labelling or IPP – it might also take a long time to develop such legislation.

A lack of court cases that would help interpret how the law about public purchasing should be used in practice was mentioned by Mariestad municipality. According to SLL, “purchasers need to dare to enter grey areas that have not yet been well defined”. The law on public purchasing came into force in January 2008, but has not yet been tried in court, which would help define better and help interpret the text of the law. However, perhaps no supplier would dare bring any customer into court because of the inclusion of social criteria since no one would want to defend child work, corruption, etc. in their practices. This situation however may delay more precise interpretation of the legal text and thereby delay the progress in the incorporation of social criteria into purchasing criteria in the future. There are so far very few court cases that addressed the issue of environmental or social criteria in purchasing and one of them is a landmark decision in the Helsinki Concordia Bus Case, when the European Court of Justice determined that public authorities could spend more money on a product or service if it met key social and environmental criteria when awarding contracts for a public tender (European Court of Justice, 2002).

Another barrier for developing and integrating social aspects into purchasing criteria is the perception that the market is not ready for strict criteria and that organisations, such as municipalities, lack tools to follow them up. For example, Lund municipality has “a well developed criteria document, but has not put them into procedures yet, since it lacks mechanisms for controlling their fulfilment. Therefore, there is no reason to develop too strict criteria”. So far suppliers of Lund municipality have to prove that they are following the policy of the municipality in any way they can. Finally, yet another barrier is the perception that in many cases it might be problematic to obtain lists of suppliers from Swedish suppliers and to check their performance. Thus, the Swedish suppliers of the first tier have to guarantee their work with social issues upstream in the supply chain.

#### **4.2.3 External barriers outside Europe**

One of the important barriers for many organisations to initiate socially responsible purchasing practices is the problem that it is practically impossible to ensure that 100% of all suppliers and sub-suppliers of different tiers follow up the focal organisation Code of Conduct or social policy. Since no organisation can assure that at any particular moment no supplier in its entire supply chain is using child labour or has poor working conditions or is paying lower than the established wage, it is therefore very difficult for organisation to engage with social issues. On the other hand, of course, if knowledge of these violations becomes public, organisations that have been working with these issues appear in a better light, than those who have not worked with these issues at all. No organisation is protected against such violations and potential negative publicity. Swedish companies can never say that they guarantee that no violation of ILO or other conventions is taking place. Therefore the best approach is for organisations to be able to demonstrate the ongoing work on social issues with suppliers.

Another barrier is different cultures of working and the low level of environmental and social standards and expectations, in for example, Poland, China, India and Ukraine versus Sweden. Companies report as a barrier the need to find arguments and ways of addressing human rights and other social issues in the absence of a general regulatory framework with regard to social and ethical issues. Sometimes, even suppliers’ workers themselves become a barrier, especially since the imposition of stricter social criteria with regard to working conditions and EHS may lead to increased product prices, and consequent lower level of orders and thus lower wages. In addition, social criteria may sometimes lead to increased workload for employees, while the payment for the work could stay the same. There are also many seasonal workers in India and China, who prefer to work a lot during several months of the year and then return home for their main occupation e.g. agriculture. These workers therefore tend to oppose shorter working hours.

According to SKF, “there are many barriers for companies to verify information presented by suppliers, even during audits. For example, many workers do not have ID cards in India, which makes it difficult for auditors to check the age of employees. The figures on salaries and other documentation may be false and there are many cases of double booking. In order to make information collection more reliable and to truly evaluate the suppliers, the announced audits are more and more replaced by unannounced visits.” Among suppliers in China double accounting is a reality almost everywhere, which makes assurance practices and supplier audits a very intricate procedure (Kwintet). ABB also reports that it is difficult to verify information provided by suppliers.

Another barrier often mentioned is a high level of corruption in different countries, which adds to the challenge of the work of auditors. Concerns about legality of social public purchasing have been seen as a barrier by IAPSO. “There is a continuous argument between developed and developing nations on whether environmental and social criteria can be seen as barriers to free trade and fair competition”. Legal aspects might become a barrier to integrating social issues into purchasing especially for multi-national companies operative in diverse legal environments. For example, legal issues become a barrier for ITT since it is a US-owned company. The USA have different legal frameworks, which might become a barrier for incorporating social aspects into purchasing. In addition, ITT has standardised processes and texts of contracts and a different legal base might be difficult to adapt to integrating social aspects.

Below is a summary of the internal and external barriers for Swedish organisations to introduce and implement socially responsible purchasing.

*Table 6 Internal and external barriers for Swedish organisations to work with socially responsible purchasing*

Internal barriers for focal organisations	External barriers for focal organisations	External barriers outside Europe
Top management lacks understanding	The market is not ready for strict purchasing criteria	Differences in working cultures
Lack of resources for auditing all suppliers	Lack of court cases that would help interpret how the law about public purchasing should be used in practice	Low level of environmental and social standards and expectations
Information availability and time consuming internal information collection	Problematic to obtain lists of suppliers from Swedish suppliers and to check their performance	Suppliers' workers themselves become a barrier
Lack of knowledge and time for identifying specific social aspects and incorporating them into purchasing criteria, and training kits tailored for the development of to company needs	The impossibility to ensure that 100% of all hundreds of suppliers and sub-suppliers of different tiers follow up the focal organisation Code of Conduct or social policy	Problems to verify information presented by suppliers because of the risk of false figures and double booking
Lack of practical tools and updated information	Absence of legislation that would demand European or Swedish companies to include social and ethical criteria in purchasing	High level of corruption in different countries
Lack of cooperation between different purchasing units		Concerns about legality of social public purchasing because social criteria can be seen as barriers to free trade and fair competition, and legal aspects for multinational organisations

## 5 Critical factors for socially responsible purchasing

The analysis of available literature together with the information from Swedish companies on drivers and barriers provides the possibility to outline factors that are perceived by Swedish organisations as the most significant and most problematic in initiating, maintaining and furthering the work with socially responsible purchasing.

The most important external driver identified both in the literature and in the interviews with Swedish companies was pressure from key stakeholders. The most interesting was the fact that media and NGOs who act as opinion formers for the public are taking the lead in stimulating socially responsible purchasing in both public and private organisations. It seems that the importance of influence of primary and secondary stakeholders on organisations is slightly changing, at least when it comes to socially responsible purchasing. Clarkson defined primary stakeholders as individuals or groups of people without which organisations cannot survive. These included shareholders, investors, employees, customers and suppliers, as well as governments and communities (Clarkson, 1995: p. 107). Media and NGOs – the groups of people who are not essential for survival of an organisation – Clarkson called secondary stakeholders. It seems, however, in the light of socially responsible purchasing and, in general, within the corporate social responsibility area, that precisely these two stakeholders exert significant pressure on organisations and even if they perhaps will not destroy the organisation completely, the impact on the organisation's reputation might be long-lasting and devastating. These two stakeholders have definitely become a force to reckon with. This finding is in line with the literature findings on the changing role of secondary stakeholders, especially NGOs and the media (Whitehouse, 2006). In this light, it becomes more and more important for organisation to have a continuous monitoring of stakeholder expectations, of changing focal issues and to recognise in time when action needs to be taken. One of the additional stakeholders that has to be taken into account was identified by Swedish companies - external evaluators and rating indexes, such as for example SEDEX. Also pressure on organisations through tender criteria seems to be growing, since it has not been mentioned in the literature.

Additional external drivers identified by Swedish companies and not reported in the literature was the need to report on sustainability issues. Collecting information for external sustainability reporting stimulates awareness about social and environmental issues in organisations and the willingness to address potential problems. For public organisations political decisions drive their engagement with social issues, e.g. through the political vision of Sweden or directly by decisions of local politicians that affect purchasing at the municipal level. So far, however, political decisions have not driven many public organisations to engage with social aspects in supply chains.

Internal drivers such as maintaining reputation and competitive advantage are often closely linked to external pressures from various stakeholders and to managing potential risks, such as damage to the brand name, or to reducing costs for maintaining reputation. Swedish companies confirm that risk reduction and the following potential reduction of costs for avoiding the risk is one of the main drivers nowadays. What is interesting to note in this respect is that organisations have difficulty to estimate the direct costs associated with building a fully-fledged system for managing social aspects through purchasing, but were well aware about the consequences of negative publicity, which however depends on the type of the organisation. There is for example a large difference between consumer goods companies that seem to be under constant attention of NGOs and the media, versus

business-to-business producers, who are less under pressure from the public eye. Even less visible are the companies whose shares are not traded on the stock market and who are therefore less susceptible to shareholders and public concerns.

Other important internal drivers identified both in the literature and in the interviews are organisation's values and employees' concern for the organisation's practices in supply chains. The first driver seems to be identified by companies with most developed procedures for socially responsible purchasing. It seems that they have passed the stage of engaging with socially responsible purchasing primarily in order to reduce risks and instead entered a phase of managing value in the supply chain. At this stage it becomes important for them to implement the organisation's vision or a Code of Conduct, in which social values are outlined. It becomes essential to find suppliers who not only comply with the Code of Conduct, but also share the values of the focal organisation.

Drivers to working with social issues in supply chains identified in the literature were to maintain security in supply chains and to reduce costs associated with purchasing function and to develop cooperative relations with suppliers, which would lead to long-term improvement of the supplier's social and ethical profile and performance. They are partially linked to the reports from Swedish companies about the need to establish long-term relations with suppliers and to improve social performance and profile of suppliers.

Internal barriers for focal organisations to engage with socially responsible purchasing identified in the literature such as lack of specified information and customised material on how to develop and implement socially responsible purchasing in an organisation have been supported by findings from Swedish organisations. Another barrier on which both sources agreed was the importance of the top management support and understanding of what kind of changes and resources are needed to develop a system for socially responsible purchasing in an organisation. On the other hand, Swedish organisations have not mentioned the barrier of needing to justify the cost of socially responsible purchasing based purely on business benefits. They have also not reported on the barrier from the literature, namely cost of education and training of personnel of the focal organisation. Swedish organisations mentioned several additional barriers, such as problems with collecting internal information in an organisation and lack of cooperation on social issues between various business units and functions in the focal organisation. An internal barrier that is typically mentioned within environmental purchasing – lack of legitimacy – has not been mentioned by companies working with socially responsible purchasing. On the contrary all the companies had no doubt that social issues are extremely important and relevant for the company's survival.

External barriers confirmed by both literature sources and empirical data are high cost of supplier audits, difficulties with establishing long-term relations with suppliers due to differences in management styles, different level of expectations with regard to social issues, double-booking and cheating by suppliers and high levels of corruption in some countries of supply. No Swedish organisation mentioned the falling quality of external auditors residing in the country of supply, perhaps because not many companies actually audit their suppliers and if they do, they use internal auditors or external auditors from European or international organisations, rather than local auditors.

External barriers for focal organisations in Sweden include lack of clarity in interpreting the legal text regarding developing and putting social demands on suppliers. It has been

expressed in interviews that court cases is a way that may help interpret how the law about public purchasing should be used in practice. One of the main barriers mentioned by many organisations is the problem with making sure that all suppliers of different tiers comply with the Code of Conduct of the focal organisation. And finally, some organisations identified the absence of legislation that would demand European or Swedish companies to include social and ethical criteria in purchasing as a barrier. This however is a controversial issue and needs to be studied separately.

External barriers for suppliers to improve social aspects of their operations were identified in the literature, but not explicitly by Swedish companies. They however are important for all focal organisations in Europe to understand, since they can contribute to reduction of these barriers. One important barrier for suppliers is the fact that they have different customers and therefore have to comply with multiple Codes of Conduct, which sometimes have contradictory requirements. Another important barrier that has to get attention of focal organisations is the fact that often their own requirements, e.g. short delivery time, leads to poor practices of suppliers. Reconsidering the production and marketing process to accommodate for social issues in supply chains may improve the situation at supplier sites.

## **6 Conclusions**

This study aimed at better understanding why there is a large gap between expectations of society regarding socially responsible purchasing practices of organisations and their actual activities, in business and public sectors. On the one hand, consumer awareness about social practices in producing and supplying companies is growing and media and NGOs are quite active in identifying inadequate practices in supply chains. On the other hand, the speed of development of socially responsible purchasing is somewhat limited. Despite the fact that there are quite a few companies that already include social aspects in their policy, it is the translation of the policy statements into operational practices that seems to be the main bottleneck.

In this article we have identified reasons for organisations to start developing, maintaining and advancing socially responsible purchasing. The most important reasons seem to be pressure from external stakeholders, especially media and NGOs, and the consequent need to manage risks, reputation and costs. For public organisations decisions of politicians are of primary significance, although they are also influenced by media and public attention. Some organisations start with internal drivers for socially responsible purchasing, namely organisational values and concerns of employees for practices in supply chains. This demonstrates the shift from a risk management attitude to socially responsible purchasing to a value management attitude – seeing possibilities and opportunities, rather than problems and risks.

Together with drivers, we also identified significant barriers to socially responsible purchasing, which could partially explain why there are still rather few organisations that engage in socially responsible purchasing. The main external barrier is perhaps the difficulty to ensure that all suppliers in the supply chain confirm to the Code of Conduct of the focal organisation. So even the best organisations with a fully-fledged system for socially responsible purchasing are not immune against negative media attention; all they can demonstrate is that they are working seriously with the issue. Beside that resource-intensity of supplier audits, differences in cultures and management styles between focal organisations and their suppliers, as well as, different levels of expectations with regard to

social issues were confirmed as the main external barriers for organisations to instigate supply chain wide changes. The main internal barrier is lack of specified information and customised material for how an organisation can build a systematic way for incorporating and improving social aspects in supply chains. Some organisations and literature also mentioned the importance of top management support and understanding of the level of changes that might be needed in organisations to implement socially responsible purchasing, including personnel education and training at different levels.

The theory and practice of socially responsible purchasing needs to be further developed and therefore the future directions might include collection of information on best practices that would help laggards to learn how to initiate work on socially responsible purchasing. The research and work should continue on developing tailor-made tools for companies to help them implement socially responsible purchasing. Such tools may include tools for identifying specific social aspects of importance for organisations from different sectors, education and training tools for personnel, tools for collecting and keeping audit records and for stimulating supplier development in the long term. Finally, one interesting question that deserves further investigation is the potential role of Swedish or European legislation in furthering work on socially responsible purchasing.

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