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**Co-operative values and principles as means to sustainable supply chain management in a
consumer co-operative context**

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Author: Jaakko Ikonen

Supervisors: Roman Teplov

Terhi Tuominen

ABSTRACT

Author: Jaakko Ikonen
Title: Co-operative values and principles as means to sustainable supply chain management in a consumer co-operative context
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Supervisors: Roman Teplov, Terhi Tuominen
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Sustainable supply chain management takes all three dimensions of sustainability, being economic, environmental and social dimensions into consideration when determining the suitable supply chain management practices. The triple bottom line framework created by John Elkington is the main tool used in this study to analyse these different aspects of sustainability. Co-operative organizations are generally seen as sustainable organizations due to co-operative values and principles focusing on concepts like equality and developing the communities around the sustainably. Despite this, there has not been previous research done on the supply chain management side of co-operatives.

This study aims to analyse the sustainability practices of a large consumer co-operative and find the connections between the practices and co-operative values and principles. The research is made using qualitative research methods and the data is collected from the sustainability reports of the case co-operative and by a themed interview.

In the study it was found that the co-operative values and principles are significant factors in improving the co-operative's sustainability and determining the correct practices to achieve that.

TIIVISTELMÄ

Tekijä:	Jaakko Ikonen
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Vastuullisessa hankintojen johtamisessa vastuullisuuden kolme osa-alueetta, taloudellinen, ympäristöllinen ja sosiaalinen osa-alue, pyritään ottamaan huomioon määrittäessä sopivia käytänteitä hankintojen johtamiseen. John Elkingtonin luomaa triple bottom line- mallia käytetään tutkielmassa edellä mainittujen vastuullisuuden osa-alueiden analysointiin. Osuustoiminnallisia organisaatioita pidetään usein vastuullisina organisaatioina niiden arvojen ja periaatteiden vuoksi. Tutkimuksen kannalta keskeisiä arvoja ja periaatteita ovat muun muassa tasa-arvo ja yhteisöjen vastuullinen kehittäminen. Osuuskuntien vastuullisuudesta huolimatta aiempaa tutkimusta osuuskuntien hankintojen johtamisesta ei ole tehty.

Tässä tutkielmassa tarkastellaan suuren asiakasomisteisen osuuskunnan vastuullisuuskäytänteitä ja pyritään löytämään yhteys osuustoiminnallisten arvojen ja periaatteiden sekä vastuullisuuskäytänteiden välillä. Tutkielma on tehty käyttäen laadullisia tutkimusmenetelmiä ja aineisto tutkielmaan on kerätty case-osuuskunnan vastuullisuus- ja toimintaraporteista sekä teemahaastattelulla.

Tutkimuksessa havaittiin osuustoiminnallisten arvojen ja periaatteiden olevan merkittäviä tekijöitä osuuskuntien vastuullisuuden kehittämisessä ja oikeiden hankintojen johtamisen käytänteiden valinnassa.

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1.Introduction

Sustainable supply chain management and its trends has been an increasingly interesting topic for researchers in recent years (Yildiz Çankaya S. & Sezen B. 2019; Koberg E. & Longoni A. 2019; Tsai, F.M. et al. 2021; Jin M. et al. 2021). The general idea of sustainability has concerned firms more and more over the past two decades and improving the sustainability in their supply chains has been a popular approach (Koberg E. & Longoni A. 2019). It has even been argued that most of the currently existing supply chains will not survive without a complete overhaul to their practices and business models (Pagell M. & Shevchenko A. 2014). Focusing on supply chains when looking to improve firm's overall sustainability performance is effective since according to Bové and Swartz (2016) over 80-percent of all greenhouse-gas emissions coming from consumer-goods occur in the supply chain.

Like every other organization, consumer co-operatives are affected by the increased interest in sustainability. Consumer co-operatives, like all co-operatives, are based on the co-operative values defined in 1995 by International Co-operative Alliance (ICA, 2021a). Values like equality and solidarity, in addition to ethical values such as social responsibility and honesty, give co-operatives a great foundation for operating sustainably. The co-operative principles are set to guide the co-operatives to put their values into practice and one of the seven principles guides co-operatives to work towards sustainable development of their communities (ICA. 2021a).

The purpose of this study is to analyse the potential effects which the co-operative values and principles have on a consumer co-operative's supply chain management and its sustainability. In this thesis the theory related sustainable supply chain management and consumer co-operatives will be used to examine the practices of a case consumer co-operative, S-Group/S-Ryhmä. S-Group is a customer-owned network of companies in mainly retail and service sectors. S-Group has almost 40 000 employees in more than 1800 outlets in Finland (S-Group, 2021).

The main research question of this study is:

How do the co-operative values and principles help to ensure the sustainability of the supply chains in the case co-operative?

The following sub-questions are meant to assist in answering the main research question:

How is the sustainability of the supply chains ensured in the case co-operative?

Do the co-operative values and principles affect case co-operative's sourcing practices?

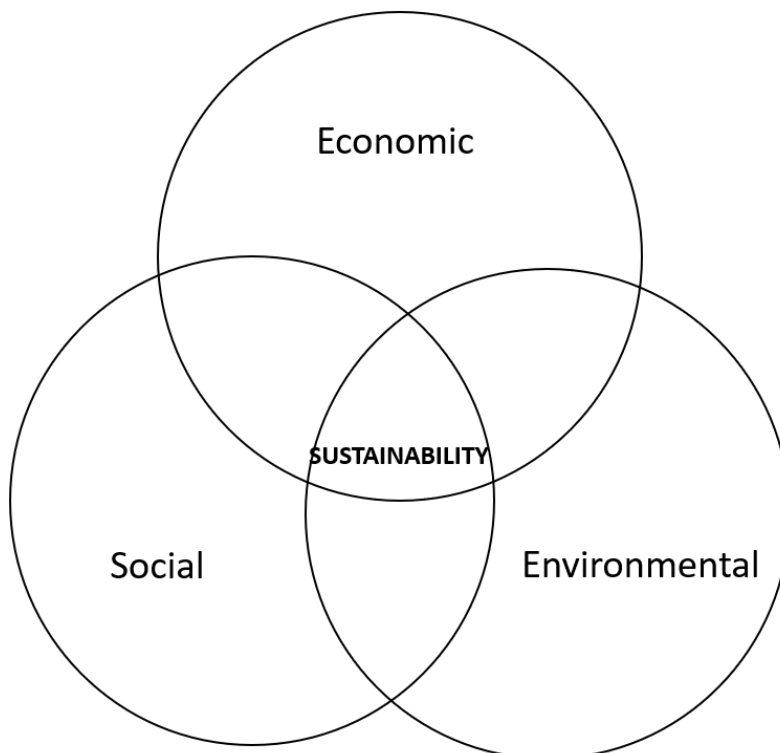
While there have been previous studies about sustainability and social responsibility in consumer co-operatives (Tuominen T. 2013; Ruostesaari M-L. & Troberg E 2016) and the sustainability of the practices in producer co-operatives (Bijman J. 2018; Chen J. et al. 2018), the studies have not focused specifically to the sustainability of the supply chains in consumer co-operatives. Analyzing the supply chain management practices of the case co-operative should give a great overall view about the sustainability performance of the company and about the effect co-operative principles and values have on them.

2.Sustainable supply chain management and consumer co-operatives

While supply chain management has traditionally focused mainly on lowering the costs of the production, in recent years sustainable supply chain management has moved the focus into meeting environmental, social and economic triple bottom line across the supply chain (Xu M. et al. 2019).

2.1. Triple bottom line

Being sustainable has been an often-recurring theme for companies in the past few decades but the concept is fairly new. The triple bottom line was originally an accounting framework created by John Elkington in the 1990s (Slaper T. & Hall T. 2011). In traditional accounting context the term “bottom line” usually refers to company’s profit or loss. In 1998 Elkington specified the term by separating the three components of the triple bottom line performance, social, environmental and economic, from each other. The three dimensions and them together forming sustainability is demonstrated in Picture 1. These dimensions of the triple bottom line are also commonly called the three P:s, being planet, people and profits (Slaper T. & Hall T. 2011). The triple bottom line concept weights all of the three dimensions equally and creates competitive advantage when focusing on acting in a sustainable way (Hussain N. et al. 2018).



Picture 1. Triple bottom line (adapted from: Carter C. & Rodgers D. 2008)

2.1.1. Economic, social and environmental factors

The economic dimension of the triple bottom line framework consists of factors which are used in measuring firms' financial performance. These factors include values like turnover, the amount of taxes paid or profit (Slaper T. & Hall T. 2011). These values are commonly tracked in companies regardless of the amount of effort implementing the concept of triple bottom line into their practices. Analysing the economic factors does give the firm valuable information about their efficiency and profitability. Additionally, tracking the key values of the economic dimension before and after making changes to the company's practices can assist the firm to determine how successful the changes are. Therefore, properly measured economic factors can provide important data when assessing the firm's overall triple bottom line performance.

While the economic dimension of the triple bottom line framework is focused on numerical values about the company's profitability and efficiency, the dimension of social sustainability shifts the focus into the communities inside and outside of the company (Pullman M. et al. 2009). Elkington (1994) defined social sustainability as means that the organization takes to provide equal opportunities, encourage diversity, promote connectedness in communities within and outside of the company and ensure the quality of life. It could also be said that the social dimension of triple bottom line focuses on ensuring the well-being of the employees in all the processes the company is involved in.

While the social dimension is harder to numerically measure than the economic factors, there are some key factors to be analysed. The average commute time, incomes of the employees, equality in labour force participation and the amount of training employees have are some of the measurable factors (Slaper T. & Hall T. 2011). The overall healthiness and happiness of the communities inside and outside of the company are clearly harder to measure but they are essential to the well-being of the communities, thus also for the social sustainability dimension of the triple bottom line framework.

Environmental dimension of the framework is probably the most discussed in the public media outlets. The definition of sustainability used by the World Commission on Environment and Development (1987): “Development that meets the needs of the present without compromising the ability of future generations to meet their needs”, provides a good foundation on the concept of environmental sustainability.

The environmental dimension includes measurable values such as electricity consumption, the amount of fossil fuels consumed, greenhouse gas emissions or the amount and sustainability of the land usage (Slaper T: & Hall T. 2011). In addition to these factors, the idea of tracking the carbon footprint of a product through the whole life cycle of it has been a popular topic of discussion in recent years.

2.1.2. The limitations of the triple bottom line framework

While the concept of triple bottom line framework provides a good way for companies to evaluate their performance, the implementation of the practices might be challenging. The triple bottom line approach only adds value to the company’s processes if they are planned properly for long-term and are revised or developed regularly (Juutinen S. & Steiner M-L. 2010).

The framework itself can also cause conflicts. Measuring three different dimensions of business performance through one analytical framework is challenging and issues might arise in either within one dimension (e.g., differing interests between communities or groups within the social dimension) or between the dimensions (e.g., the costs of improving the environmental dimension performance versus the economic dimension). (Winter M. & Knemeyer M. 2013)

2.1.3. Triple bottom line framework in supply chain management

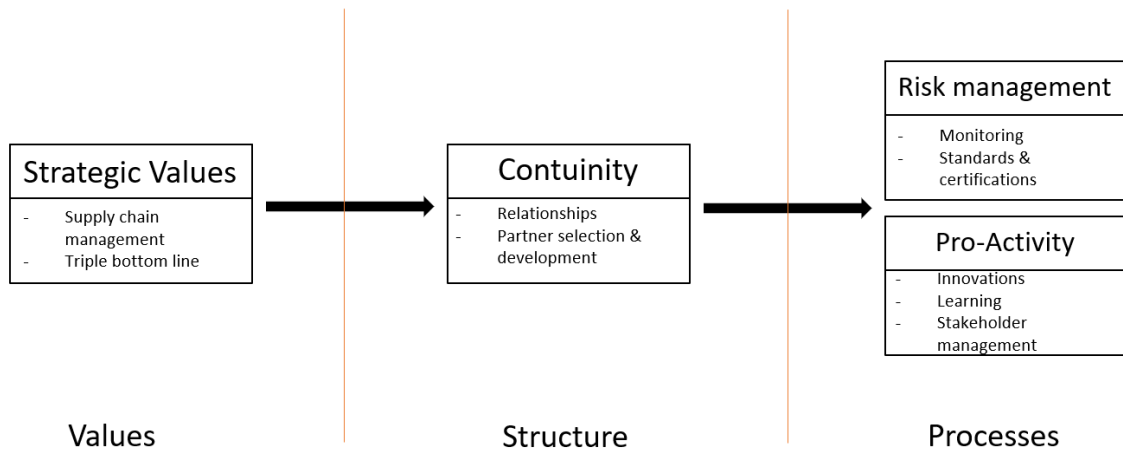
The implementation of the triple bottom line practices to supply chains and the issues that come with it have been a point of interest for many researchers (Biswas I. et al. 2018; Brandenburg M. et al. 2014; Brandenburg M. & Rebs T. 2015). Supply chains having many parties involved (e.g., suppliers, focal firm and retailers) creates challenges of implementing sustainable practices into all of the chain (Ahi P. & Searcy C. 2015). It has been recognized that supply chain management practices have significant impacts on the natural environment (Mentzer J. T. et al. 2001) and that for supply chain management to be sustainable, the environmental, social and economic aspect have to be integrated into the supply chain management and business practices (Svensson G. 2007).

The economic factors are traditionally considered to be the foundation of the supply chain management processes. Optimizing the business processes through the product's life cycle from the raw materials to the end-user to gain long-term success and competitive advantage is the basis of effective supply chain management (Winter M. & Knemeyer M. 2013).

The social and environmental dimensions of the triple bottom line framework are nowadays implemented into the supply chain management processes to improve the sustainability performance as well as to provide long-term economic benefits (Winter M. & Knemeyer M. 2013). Especially the social dimension of sustainability is a key challenge in making the supply chains sustainable since the long supply chains mean the number of stakeholders with different interests, demands or needs may be challenging to manage (Pagell M. & Wu Z. 2009).

2.2. Sustainable supply chain management practices

The sustainability of company's suppliers defines the entire company's level of sustainability (Grosvold J. et al. 2014), and the stakeholders are more and more interested in what is happening at the supplier sites all across the supply chain (Foerstl K. et al. 2018). Thus, the companies must build proactive strategies, develop new capabilities to fit these strategies and aim to develop their suppliers and their capabilities as well (Kähkönen A-K. et al. 2018).



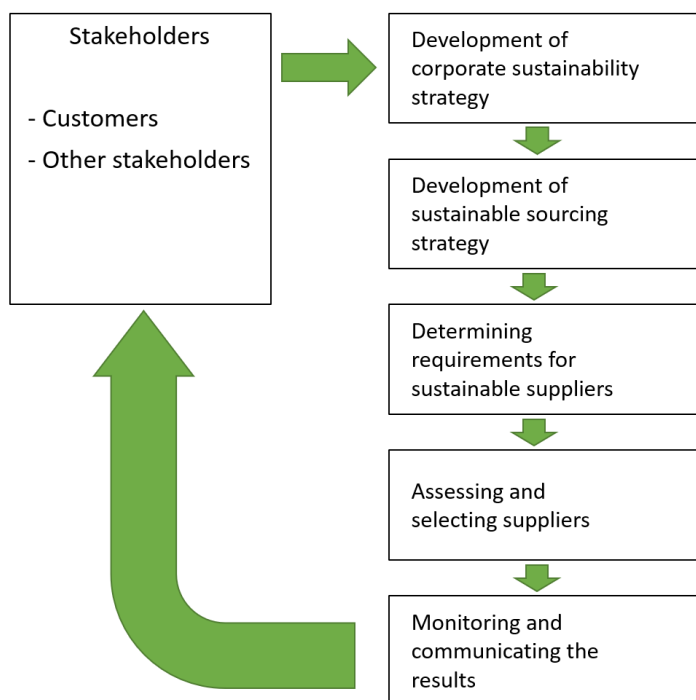
Picture 2. Sustainable supply chain management categories (adapted from: Beske P. & Seuring S. 2014)

The supply chain management has been divided to three different levels (see Picture 2.): strategic values, structure and processes, by Beske & Seuring (2014). For a supply chain to be sustainable, the sustainability must be integrated into all these sectors. The decision to be sustainable and dedicate to it has to be apparent in the values of the firm and be incorporated on a strategic level (Beske P. & Seuring S. 2014). Beske and Seuring also suggest that when sustainability is heavily encouraged by the management, the acceptance of the values and practices is more likely. Pagell and Wu (2009) suggest that the implementation of triple

bottom line and sustainability goals and practices into company's day-to-day supply management is essential in achieving a truly sustainable supply chain.

While the integration of the sustainable values and the concept of the triple bottom line framework are essential to having a sustainable supply chain, the actions Beske & Seuring have listed under Continuity/Structure (Picture 2.) aim to ensure that the strategic values are implemented into practice. In the supply chains, the performance of the whole supply chain depends on each individual link/company and thus might be hindered by some of the weakest ones (Seuring S. 2009). Therefore, putting effort and focus into selecting and developing the partners of the firm with sustainability in mind, can increase the overall triple bottom line performance significantly.

Evaluating and selecting correct suppliers are critical decisions when developing a strategic advantage in a supply chain (Handfield R. et al. 2002). Dai & Blackhurst (2012) created a model and a graph for sustainable supplier selection processes (Picture 3.)



Picture 3. Sustainable purchasing strategy development and supplier selection process (adapted from: Dai J. & Blackhurst J. 2012)

Developing a clear corporate level sustainability strategy based on the concept of the triple bottom line framework leads to an effective sustainable sourcing strategy which consists of requirements for sustainable suppliers and assessment/selection processes (see Picture 3.). When setting the requirements for potential suppliers, the company must consider many factors. Amindoust et al. (2012) used 29 different requirements related to sustainability in their study on supplier selection. These 29 criteria included factors from all three dimensions of the triple bottom line, economic (e.g. the cost and the quality of the product, financial capability and production facilities) environmental (e.g. sustainable R&D, recycling and green supply chain management) and social dimensions (e.g. work safety, labour health and respect for the policies implemented).

2.3. Consumer co-operatives and sustainability

Co-operatives are enterprises which are run, controlled and owned by their members to meet their common needs (ICA, 2021b). Co-operatives are based on the values defined by International Cooperative Alliance in 1995. These values are self-help, self-responsibility, democracy, equality, equity and solidarity (ICA, 2021a). Therefore, co-operatives could be seen as ethical and potentially sustainable organizations. To meet the goals of the organization and put the co-operative values into practice, ICA (ICA,2021a) has listed seven co-operative principles which act as guidelines for all co-operative organizations. The first principle is voluntary and open membership meaning that anyone able to use the services and accepting the rules and responsibilities can become a member regardless of their gender, race, religion or age for example. Second principle, democratic member control, ensures that all levels of the co-operation are organized democratically. The third principle, member's economic participation, relates to the capital of the co-operative which is controlled by and benefitted from by the members. Fourth principle, autonomy and independence, guide the co-operatives to maintain the democratic control of the members even when entering agreements

with other organizations. Fifth, education, training and information, ensures both the training of the members needed to develop the co-operative and informing the general public. Sixth guideline, co-operation among co-operatives, encourages co-operatives to work together to serve their members effectively. The last guideline, concern for community, sums up the values of co-operative by guiding co-operatives to work sustainably to develop their communities.

Consumer co-operatives are usually owned and controlled their members democratically to meet their main purpose of providing services and goods for their members at reasonable prices when such services or goods are not available, or the prices are unfair. (Tuominen P. et al. 2017) Previous research (Tuominen T. 2013) has suggested that consumer co-operatives both can and should implement sustainable practices into their business model.

In conclusion, the values and principles of co-operatives defined by International Cooperative Association are compatible with the 17 goals of sustainable development set by the United Nations in their "Agenda 2030- " publication from 2019. These 17 goals consider all three aspects of sustainable development, economical, ecological and social factors. Therefore, it can be argued that co-operative values and principles can increase the organization's triple bottom line- performance by taking the sustainable development goals into consideration. Sustainable supply chain management being a key factor in ensuring the organization's sustainability performance, co-operative values and principles could have significant effect on it.

3. Methodology

This chapter of the study explains the methods used to collect the data and analyse it. The study also has its own limitations which will be covered in this chapter as well.

3.1. Data collection and research methods

The study is made using a single case study method, S-Group being the case company. Single case study has its limitations, the main one being that it is focused on one company in one country so the generalization of the findings might be limited. The selected case company S-Group is one of the largest co-operatives in the world and definitely the biggest in Finland, making the data and findings a bit more suitable in terms of generalization. In addition to large co-operatives the findings could be valuable for all companies in the service and retail sectors when improving their sustainability practices.

The data for this study was collected from the case company, S-Group's, sustainability reports and an interview with the sustainability manager of SOK. The interview was conducted via a 30-minute-long video call with the interviewee as a half-structured theme interview. The questions of the interview are included as an attachment. The questions focused on the themes of co-operative values and principles and their effect on S-Group's sustainability practices rather than the practices themselves which are well reported in the yearly sustainability reports. The interview was recorded so margin of error for mishearing is fairly small.

The interview was conducted in Finnish which is the native language of both the interviewer and the interviewee and then translated to English when needed. Some parts of the information might be lost or slightly change meaning in the translation, but the interviewee will be contacted to ensure the information is correct to limit the errors.

The thesis is made using qualitative research methods. The data collected is analysed using content analysis- method, which fits this study well due to the nature of the interview.

3.2. Limitations of the study

The main limitation of the study is that it is made focusing on one case co-operative and one specific aspect of their operations. Although S-Group is the largest co-operative organization in Finland, all of the regional co-operatives have their own practices regarding to some of the themes in this study which might differ from the ones listed in the sustainability reports. Also the nature of S-Group as an organization consisting of 19 regional co-operatives makes it impossible to interview all the personnel needed to get detailed information about each one of them which leads to possibly inaccurate data regarding some sustainability practices.

The other limitation in this study is that it only focuses on one specific co-operative in one country, being Finland, so the findings of this study might not be comparable to co-operatives in other countries or in other business sectors. Doing a cross-country study in the future could help to improve the quality of the findings.

4. Sustainable supply chain management in the case co-operative

The case co-operative in this study, S-Group, is a customer-owned network of companies operating in retail and service sectors. S-Group has over 1800 outlets in Finland with almost 40 000 employees. S-Group consists of 19 regional co-operatives and SOK (Suomen Osuuskauppojen Keskuskunta), which is a central company formed by the co-operatives. S-Group is committed to systematic co-operation with all stakeholders involved and is able to provide customers a wide range of services such as supermarkets, speciality stores, service and fuel

stations, hospitality businesses and bank services. As of 2020, S-Group has almost 2,5 million co-op members making it one of the largest co-operative businesses in the world. (S-Group, 2021)

4.1. Sustainability in S-Group

S-Group has a clear strategy and vision for their sustainable and responsible actions. The main theme of S-Group's sustainability program is "We make Finland a better place to live". (S-Group, 2021) This mission implemented in the latest sustainability program updated in 2020 is changing the way S-Group is approaching sustainability. This new way of thinking is expanding the concept of sustainability from the operations happening in the organization to also the customer-owners and their actions. S-Group aims to help consumers make sustainable choices and emphasises the fact that sustainable development is a common interest for all the parties involved.

Although sustainability is an important factor in all business sections of S-Group, the sustainability and responsibility unit of SOK is responsible for the group-level strategies, goals and principles of sustainable business practices. The sustainability and responsibility unit is working together with the regional co-operatives to find the correct practices to implement in each of the businesses. In addition to different parties in the organization, S-Group also has an "Advisory Group", consisting of specialists from the outside of the organization to help with and challenge the development of responsibility in S-Group.

The main mission of S-Group's responsibility programme, "We make Finland a better place to live", consist of both long-term and short-term goals based on the goals of sustainable development defined by the United Nations. The sustainability programme introduced in 2020 is covering years 2021-2030 so the implementation of practices to achieve the long-term

goals is reasonable. The main mission itself is divided into three themes: “sustainable consumption - together, one step at a time”, “sustainable growth – by respecting natural resources” and “equal world – by removing inequality”.

The theme of sustainable consumption in S-Group’s responsibility programme’s case means encouraging customers to make responsible and sustainable choices together, improving their business practices towards carbon-neutrality or carbon-negativity and ensuring the domestic production of the food. Examples of concrete goals and actions of S-Group regarding sustainable consumption are goals to increase the share of plant-based food sold to at least 65% of all the food they sell by 2030, the implementation of mobile apps for consumers in which they can track their shopping habits, the carbon footprint their purchases create and the environmental effects of the products they choose and making a commitment to carbon-neutrality in Finnish traffic by increasing the amount of fast-charging stations for electric cars in their ABC- service stations.

The theme, “sustainable growth – by respecting natural resources” focuses on taking nature and environment into consideration in S-Group’s business practices. The most important goal of this theme is for S-Group to be carbon-negative by the end of 2025. To achieve this goal, S-Group is aiming to lower the overall emissions by 90% from 2015 to the end of 2030. S-Group is also committed to ensuring that all electricity used in their organization is produced using renewable sources by the end of 2030. In addition to using renewable energy, S-Group also invests in making their practices and equipment more efficient by for example finding new ways to use heat coming from refrigeration appliances to heat the buildings. Another one of S-Group’s goals regarding sustainable growth is promoting circular economy by improving waste recycling practices and using materials or resources more effectively. S-Group aims to have 80% of the waste it produces to be recycled into materials or new products by the end of 2025. Reducing the amount of plastic bags and packages is also an important part of achieving these goals.

The third theme, “equal world – by removing inequality”, is about treating every individual both inside and outside of the organization equally. S-Group is committed to promoting the

respect for all the human rights in their own business practices as well as all of their business partners. S-Group's principles regarding human rights guide their ways of working and ensure fair treatment among all the employees. Promoting safe working environments and fighting against discrimination of all sorts are both included in the principles and represent S-Group's commitment to equality.

4.2. Sustainable supply chain management practices in S-Group

Sustainable supply chains are a key part in ensuring organizations overall sustainability. S-Group emphasizes the indirect effects their practices have on the sustainability and responsibility of all the products and employees in all levels of the supply chain.

Supplier selection and ensuring their sustainability is a key factor in improving organization's sustainability performance. S-Group aims to match the targets and values regarding sustainable business operations with all of their suppliers and is determined to ensure that the sustainable actions which all parties have agreed on are actually implemented into all the supplier's practices. This is done by using third-party-auditing especially in the manufacturers operating in countries with a high risk level in terms of social responsibility or using materials from such countries. The risk levels of the countries are assessed by using an amfori BSCI (Business Social Compliance Initiative)- list and report of country specific risks for example. In addition to using the amfori BSCI system, S-Group has also actively participated in the development of the system over the years. The main purpose of amfori BSCI is to improve the level of working conditions and working safety by harmonising the monitoring of suppliers in the high-risk countries. When assessing the suppliers, S-Group uses also the Sedex (Supplier Ethical Data Exchange) database to monitor their sustainability and responsibility.

While most of the practices to ensure sustainability in the supply chain focus on high-risk countries, most of S-Group's purchases come from Finland (over 80% of all purchases) and other European countries. Less than 2% of all of S-Group's purchases come from high-risk

sourcing countries with China being the largest one of them. S-Group aims to do business with only suppliers which have been audited by a third-party auditor. In all purchases S-Group is committed to practicing good and fair business to ensure fair rules for all operators in the supply chain. Practicing fair business includes policies about contracts, predictability and responsibility when assessing the risks. Even if the countries themselves are not listed as high-risk countries, S-Group recognizes that there can be areas which need special attention regarding either human rights or other social/environmental issues in the ways the suppliers work. One example of this is agricultural sector in southern European countries like Italy or Spain which are known to have infringements of human rights in their business practices. S-Group's goal is to have all material, service and product suppliers in high-risk countries audited and supervised by a third-party auditor by the end of year 2025. Currently 97% of the purchases from high-risk countries used in S-Group's own brand's products are from suppliers which have been audited recently. Year 2020 came with some challenges with international business partnerships and especially auditing seemed to be difficult for third-party auditors. These restrictions lead to S-Group having to cut the amount of audits to some countries, especially India. Amfori BSCI gave manufacturers three- to six-month-extensions to their currently active certificates of successful audits to push the audits to a later date. This meant that the level of audited suppliers in high-risk countries of S-Group dropped by 1% from the year 2019 to 2020. While this drop is barely significant enough to mention, it shows that external factors like the COVID-19- pandemic might affect organizations sustainability performance in surprising ways.

Auditing process S-Group is using is very detailed and thorough. Suppliers in high-risk countries are under supervision especially about issues regarding working safety and human right infringements. In audits third-party auditor will examine the facilities and ensure that the suppliers work practices match the ones agreed on with S-Group. Some of the practical examples of things auditors examine are working hours, safety procedures and sufficient wage payments. As far as the results from 2020 are concerned, S-Group's suppliers in high-risk countries seem to mostly operate on the "acceptable" level on the BSCI- scale (81% of all audits made) and only 2% received the "insufficient"- grade. Main areas for improvement were leadership and working hours practices and working safety. Even if there are issues found

regarding some aspects of sustainability in the supplier's practices, S-Group does not end the partnership but works on to improve the sustainability together with the suppliers.

Transparency throughout the supply chains is also an important factor of responsible business for S-Group. In 2019 S-Group published a report about how canned tomatoes are produced in Italy. This report was supposed to reveal some potential challenges which could arise when working with new suppliers both in high-risk and low-risk countries. It was found that in product categories like tomatoes, the issues often are related to vulnerability of the workers at the farms. Based on the findings of this report S-Group has worked together with their suppliers to implement anonymous communication channels where employees can report subpar working conditions or safety hazards for example. Identifying these patterns and common issues can definitely help S-Group in the future when starting new partnerships with new suppliers.

4.3. Co-operative values and principles in S-Group and sustainable supply chains

S-Group being a consumer owned co-operative, co-operative values and principles are an important part of their strategy and business practices. Although S-Group is one of the largest co-operative organizations in the world, the basic principles of open membership and working together for development are still present in all of their operations. The sustainability program revised for 2020 is mainly driven by co-operative values and its main target is to build a sustainable and responsible business model which provides long-term benefits for the owners/members of the co-operative.

One of the main themes in S-Group's sustainability practices is the well-being and co-operation of the local communities around them, including their owners, customers and business partners for example. S-Group having more than 1800 outlets all over Finland, local suppliers and developing local communities are key factors in ensuring sustainability. The sustainability program gives guidelines and general practices for all the regional co-operatives but

working together with all the local suppliers and partners is the best way to find new ways of improving the sustainability or come up with solutions to the issues different outlets might face. Working together local partners comes with lots of advantages. In S-Group's case it means new opportunities to invent new business practices to lower the environmental harms by using circular economy more effectively for example or ensuring employment and financial well-being of their partners.

The three dimensions of sustainability, economical, environmental and social dimensions, can often be difficult to take into consideration equally. The choices all organizations have to make regarding these different views on sustainability can be challenging. In S-Group's case, one of the choices could be prioritising affordable and healthy food over the more environmentally sustainable option if it costs significantly more. Providing customer-owners with the chance to buy healthy food even with smaller incomes is definitely in line with co-operative values and principles of equality and creating benefits for the owners, but it might hinder the sustainability from the environmental point of view. Another example is the planned increase in the sales of plant-based products mentioned in the sustainability program. Increasing the share of plant-based products in their line-up supposedly forces S-group to decrease the selection of animal-based products. While this is definitely good for the environment and most likely good for people's health, it could affect the local communities S-Group has built negatively by possibly taking away jobs or livelihoods of people with decrease of demand. Taking all aspects into consideration is the key to truly improve the sustainability of the organization but compromises must often be made.

The customer-owner nature of S-Group's members gives some unique opportunities for improving sustainability. The theme of working together for better future S-Group is promoting opens up a new opportunity for customer-owners to get more involved in S-Group's operations by giving customer feedback for example. The co-operative values and principles of working together give customers more chances to participate in the development of the organization compared to traditional companies. Having the feeling of being able to affect the development is likely to promote more feedback from the customers and thus making it easier for the co-operative to fulfil its purpose of creating benefits for all of them members of

the co-operative. Getting customer-owners more and more involved in the decision-making while being sustainable could create additional value for both the organization as well as the customer-owners. For the organization, the members could be more “loyal” to the co-operative and use their services more and more due to feeling like they are a part of responsible and sustainable organization. For the customer-owners a chance to affect the decisions can help to get the co-operative to match their needs better.

Sustainability and sustainable business practices are seen as important parts of the organization and they are heavily implemented into their strategy. The discussion about sustainability is more about the “hows” and “whens” rather than the “whys”. According to the interviewee, the sustainable actions do not need to be explained why they are required but rather how and when. Although S-Group putting a lot of focus into sustainability, they still are looking to improve their overall sustainability performance by discussing issues with all the different stakeholders.

4.4. Challenges in sustainable practices in S-Group

The main challenge S-Group faces in ensuring their sustainability in all their practices comes with one of their most important practices, the freedom of the regional co-operatives to work together with the local suppliers and business partners towards better performance. Having outlets all over Finland working with wide variety of suppliers might cause inconsistencies in the sustainability between the different outlets and clear values or goals of the organization might not be achieved in certain aspects.

Also being competitive especially in the retail sector means that the prices have to be competitive when compared to other large operators in the sector. This might lead to difficult choices in how to weigh the different aspects of firm’s overall performance. The most economic option for companies is rarely the most environmentally or socially sustainable one so maintaining the balance between all aspects of sustainability can be challenging in highly competitive business sectors.

Creating long-lasting partnerships with suppliers and business partners might also create conflicts of interest in the decision-making processes. One example of this was mentioned by the interviewee when talking about the co-operative ways of working. The example mentioned was the choice between promoting healthier and more plant-based products in S-Group's different outlets and developing their partnership with meat and dairy suppliers for example.

5. Conclusions

In this study the co-operative values and principle and their effect on the sustainability of the supply chains of a case co-operative, S-Group, were analysed based on the existing theories discussed in the theory section of the thesis. In this section the main findings of the study are summarized and some selected themes of the study are revised. Also new questions regarding the findings are discussed and suggestions or ideas for further studies are presented.

The core of this study was the theory of triple bottom line- approach to sustainability and its all three dimensions. The triple bottom line- concept, created by John Elkington in 1998, consists of three dimensions. The economic dimension of the triple bottom line framework consists of factors which are used in measuring firms' financial performance, the dimension of social sustainability focuses on the communities inside and outside of the company and the environmental dimension includes measurable values such as electricity consumption, the amount of fossil fuels consumed, greenhouse gas emissions or the amount and sustainability of the land usage (Elkington J. 1998; Slaper T. & Hall T. 2011). All these dimensions must be taken into consideration when assessing organizations overall sustainability performance.

In S-Group's case, all the three dimensions are implemented into their sustainability strategy. The three themes in their sustainability strategy, sustainable consumption, sustainable growth and equal world cover the environmental and social dimensions well. The economic dimension in S-Group's strategy takes all the stakeholders and business partners of theirs into consideration, extending the sustainable practices to the outside of the organization itself.

5.1. The study questions

The main research question of this study was:

How do the co-operative values and principles help to ensure the sustainability of the supply chains in the case co-operative?

The following sub-questions were meant to assist in answering the main research question:

How is the sustainability of the supply chains ensured in the case co-operative?

Do the co-operative values and principles affect case co-operative's sourcing practices?

The first one of the sub-questions "How is the sustainability of the supply chains ensured in the case co-operative?" is essential for analysing S-Group's sustainability. In the study it was found that S-Group has multiple practices listed in their sustainability strategy to ensure the sustainability and responsibility of their supply chains. Main practices for ensuring sustainable actions of S-Group's suppliers are the frequent and thorough audits, especially in the high-risk countries. S-Group uses a lot of third-party-auditors to monitor the sustainability of their partners and if there are issues found in the manufacturers practices, S-Group doesn't end the partnership but rather works together with the partners to develop their practices towards more sustainable solutions. The COVID-19 pandemic of 2020 and 2021 has made

auditing more difficult in some of the countries S-Group has suppliers in which has hindered S-Group's chances of monitoring their suppliers.

The second sub-question "Do the co-operative values and principles affect case co-operative's sourcing practices?" is a bit more difficult one to answer. In the study it was found that co-operative values and principles have significant effect on the sustainability practices of S-Group by being the basis for all their operations. It is hard to pinpoint the exact supply chain management policies the co-operative values and principles have effect on but being the main factors behind the sustainability program and strategy, it can be said that co-operative values and principles have a significant effect on the supply chain management practices as well.

The main research question "How do the co-operative values and principles help to ensure the sustainability of the supply chains in the case co-operative?" is a combination of both sub-questions. Having a clear and thorough sustainability program based on the co-operative values and principles, the sustainability of supply chains is affected heavily by the values and principles. All the three dimensions of sustainability, the economic, environmental and social dimensions are taken into consideration in S-Group sustainability programs and especially the social dimension is strongly linked with the co-operative values and principles.

5.2. Applications of the findings and further research

The theme of working together for sustainable development was a key factor in S-Group's sustainability performance. Getting customers more and more involved in the decision-making towards more responsible consumption is something all co-operatives and even investor-owned firms should strive for. Bringing the co-operative values of self-help, self-responsibility, democracy, equality, equity and solidarity to all business organizations could be a key towards a more sustainable, equal and responsible future. S-Group's principle of creating sustainability through building local communities with their stakeholders and innovating new ways of working can definitely be adapted by most companies operating in different sectors.

Further research is possibly needed about co-operative values' and principles' effects on the supplier selection- part of sustainable supply chain management. S-Group's approach to sustainability focuses mainly on the current partnerships and monitoring already existing suppliers. While this approach of developing better practices with their current partners is good for building long-lasting relationships and local communities, the supplier selection process could be examined in further studies.

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APPENDIXES

Appendix 1. Interview questions

- Vaikuttavatko perinteiset osuuskuntien periaatteet ja arvot (esimerkiksi vastuu toimintaympäristöstä, avoimuus, yhteiskunnallinen vastuu tai muista ihmisistä välittäminen) nykyään erittäin suuren osuuskunnan kuten S-Ryhmän toimintatapoihin?

- Millainen suhde SOK:lla/S-Ryhmällä on asiakasomistajiin? (saadun palautteen määrä vastuullisuuteen liittyen tai siihen reagointi, onko eroa osakeyhtiön saamaan asiakaspalautteeseen?)

- Mihin vastuullisuuden osa-alueisiin palaute keskittyy (taloudellinen/yhteiskunnallinen, ympäristövastuu...)?

- Koetaanko S-Ryhmässä vastuullisuus ”velvollisuutena”, tuleeko asiakkailta ”paineistusta” vastuullisuuteen vai koetaanko vastuullisen toiminnan tuovan lisäarvoa eri sidosryhmille (pääasiassa varmasti asiakasomistajille)?