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DEVELOPING SOCIAL SUSTAINABILITY THROUGH SUPPLIER DEVELOPMENT

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ABSTRACT

The objective of this study is to gain deeper understanding of social sustainability in the supply chain context and how supplier development can be used to develop it, and what motivates companies to adapt social sustainability practices. Based on the existing literature, the relationship between supplier development and social sustainability is a relatively new research area, as out of the three sustainability dimensions social sustainability has been the least studied in the field of supplier management. However, based on the current literature and the empirical findings of this study, supplier development is one of the key processes in improving the social sustainability of the company. In the empirical part of this study four purchasing and sustainability experts in the field of grocery trade were interviewed. Based on the empirical findings, managing social sustainability through supplier development is an important part of company's sustainability strategy. The public awareness of social issues has increased, which makes the management of social issues in the supply chain necessary. Based on the results, there are both internal and external factors that motivate companies to adapt more socially sustainable practices. The key challenges identified were the length and complexity of the supply chains, distant location of the supplier and the limited power of a single company.

TIIVISTELMÄ

Tämän Pro gradu -tutkielman tarkoitus on tutkia miten toimittajien kehittämistä voidaan käyttää keinona toimitusketjun sosiaalisen vastuun kehittämiseksi, ja ymmärtää paremmin syitä miksi yritykset pyrkivät kehittämään sosiaalista vastuuta. Tämän hetkisen tutkimuksen perusteella sosiaalinen vastuu ja toimittajien kehittäminen on melko uusi tutkimusalue, sillä vastuullisuuden kolmesta dimensiosta sosiaalinen vastuu on ollut vähiten tutkituin. Viime aikoina aihe on kuitenkin herättänyt enemmän kiinnostusta, ja nykyisten tutkimusten sekä tämän tutkielman empiiristen tulosten pohjalta voi todeta, että toimittajien kehittämien on yksi tärkeimmistä prosesseista toimitusketjun sosiaalisen vastuun kehittämisen kannalta. Tämän Pro gradu -tutkielman empiirinen osuus on toteutettu haastattelemalla neljää ostotoiminnan ja vastuullisuuden ammattilaista vähittäiskaupan alalta. Empiirisen osuuden tulokset osoittavat, että sosiaalisen vastuun hallinta toimittajien kehittämisen avulla on tärkeä osa yritysten vastuullisuus-strategiaa. Yleinen tietoisuus liittyen sosiaaliseen vastuullisuuteen on lisääntynyt, joten sosiaalisen vastuun huomioiminen toimitusketjussa on tärkeää. Empiirisen osuuden tuloksien perusteella sekä sisäiset että ulkoiset tekijät motivoivat yrityksiä kehittämään toimitusketjun sosiaalista vastuuta. Merkittävimmät haasteet ovat toimitusketjujen pituus ja monimutkaisuus, toimittajien kaukainen sijainti ja yksittäisen yrityksen rajoitettu vaikutusvalta.

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1. INTRODUCTION

The main goal of this research is to understand what social sustainability in a supply chain context is and how companies can develop the social sustainability of their supply chain through supplier development. Based on the existing literature, researchers have concluded that supplier development plays the key role in achieving the sustainability goals of the company (Trapp & Sarkis 2016; Yawar & Seuring 2017; Liu et al. 2018). Many companies have multi-tier, global supply chains and outsource from less developed countries. Complex supply chains, distant location of the suppliers and less developed sustainability conditions of the developing countries make it challenging for companies to achieve the sustainability of the whole supply chain. As many have stated, the company is as sustainable as its supply chain, which means the sustainability of the suppliers plays a key role in adapting more sustainable business practices.

The research on sustainable supply chain management has mainly focused on economic and environmental issues and only recently the importance of social sustainability has been fully recognized but the concept still needs clarification (Ashby et al. 2012; Croom et al. 2018; Najjar et al. 2020). Understanding what social sustainability is, is problematic because the social requirements companies have, consist of different factors. Some social requirements are guided by laws and regulations, such as labor laws. However, there are unwritten rules and norms which companies are expected to follow depending on how they are positioned in the society and in what sector they operate in. There are many different stakeholders that have certain expectations for companies, which creates pressure for companies to adapt more socially sustainable supply chain. It is a challenging task to find the balance between all these expectations and how to manage them. Managing social sustainability should be a continuous process, and companies should be able to react fast to the changing circumstances. More complex the supply chain is, more challenging it becomes.

The importance of supplier development as a main tool to achieve sustainability is recognized, but there is only little research conducted on how supplier development can improve the social sustainability of companies (Yawar & Kauppi 2018; Yawar & Seuring 2018). There are also different approaches in the literature on what is supplier

development. Some researchers see it as a management method to increase the performance of the suppliers. Some argue that the core function of supplier development is to improve learning, trust and communication between the buyer and supplier. Multiple research papers state that different supplier development practices only work when communication and trust occur (Prahinski & Benton 2004; Wagner & Krause 2009; Yang & Zhang 2017), but the practical point of view how this kind of relationship between a buyer and supplier is implemented is lacking. Many researchers agree that the current practices of supplier development used to improve the sustainability of the supply chain such as audits or codes of conduct are problematic, as there is evidence that they can tricker unethical behavior such as lying and damage the trust relationship between the buyer and supplier (Croom et al. 2018). The lack of communication and information sharing between buyer and supplier in the implementation process of these practices can have negative impact on the sustainability in the long run.

From theoretical perspective this research deepens the understanding of what social sustainability means and how supplier development can be used to improve the social sustainability of the supply chain. From managerial point of view this research can help companies to better understand why improving social sustainability is important and how it can be improved through efficient supplier development. Hopefully, this research would also inspire decision-makers to consider how they can support the transformation towards more sustainable supply chains and how important it is to efficiently communicate to the companies what social sustainability truly means.

1.1 Research problem and objectives

The purpose of this research is to examine what is social sustainability in supply chain, why companies aim to improve it and how supplier development can be used to improve social sustainability. Therefore, the main research question is:

How supplier development can improve social sustainability in the supply chain?

To gain better understanding of the benefits and challenges of developing social sustainability and how supplier development can be used to improve it, the following sub-questions are asked:

1. *What are the benefits and challenges in improving social sustainability with supplier?*
2. *What kind of supplier development practices can be used to improve social sustainability?*

1.2 Conceptual framework

In the conceptual framework below the key concepts of this study and their relationships are presented. The main goal of this study is to understand why companies adapt more socially sustainable practices, how companies can develop social sustainability through supplier development and what are the benefits and challenges of improving the social sustainability in the supply chain. The framework in figure 1 below shows how there are drivers and barriers of improving the social sustainability of the supply chain, which pressure companies to improve the sustainability of their supply chain. Based on the current studies, supplier development is considered as one of the most important processes to achieve more sustainable supply chains (Trapp & Sarkis 2016; Yawar & Seuring 2017; Liu et al. 2018). Given that, the adaption of supplier development practices is linked to improved social sustainability in the supply chain. In the theory part of this thesis, the dynamics between these key concepts are discussed in more detail. The framework also shows that this study only examines the social sustainability and supplier development in grocery trade. More about the delimitations of this study can be found in chapter 1.5.
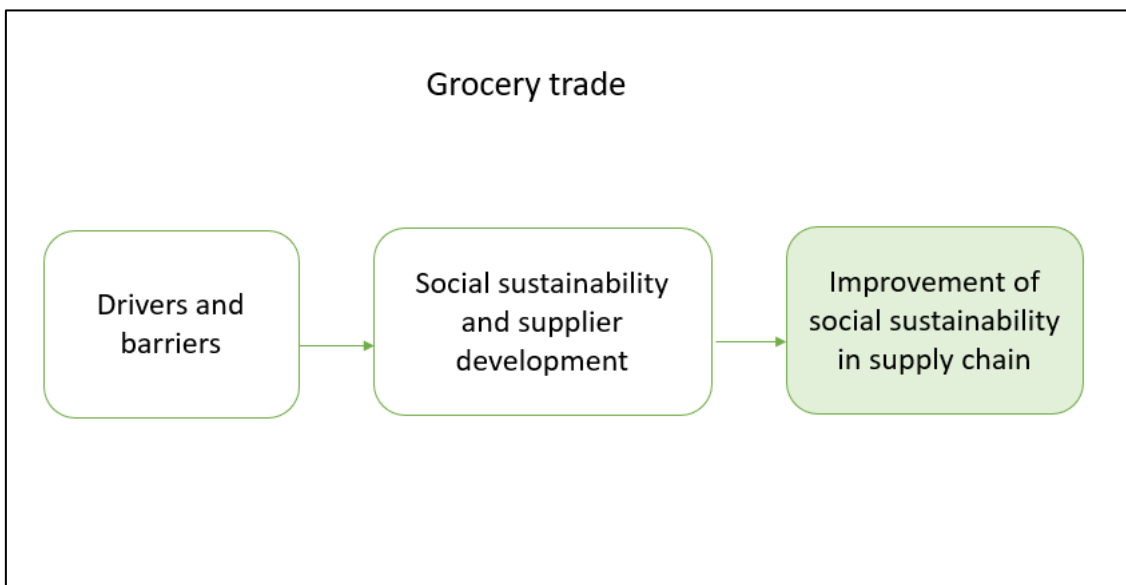
Figure 1. *Conceptual framework*

1.3 Key concepts of the study

Sustainability is defined as "the development that meets the needs of the present without compromising the ability of future generations to meet their needs", first introduced in the report of Brutland Commission in 1987 (World Commission on Environment and Development 1987, 8). The concept of triple bottom line introduced by Elkington (1997) is the most used approach behind the conceptualization of sustainability. Based on this approach, companies should be concerned of the social and environmental impact of their business operations as well instead of only focusing on profit making. (Carter & Rogers 2008, 364-365)

Social sustainability is considered as an open, dynamic concept that changes over time in a place (Boström 2012, 4). According to the definition by Dyllick and Hockerts (2002) socially sustainable companies "add value to the communities within which they operate by increasing the human capital of individual partners as well furthering the societal capital of these communities" (Dyllick & Hockerts 2002, 134). The management of social sustainability is concerned with the social resources of the company, such as people's skills, institutions, relationships, and social values (Sarkis et al. 2010,

338). The requirements of social sustainability are not only guided by laws and regulations, but also by unwritten rules and norms in the society. Based on research there are similarities between social sustainability and corporate social responsibility (CSR) and these terms are sometimes used interchangeably. Yet, there are differences how the terms are used, for example, CSR is often related to all three environmental dimensions, and in practice CSR operations focus more on environmental issues than social issues (Toussaint et al. 2021, 103). Based on these mixed interpretations of the terms CSR and social sustainability, in this research, the term social sustainability is used as an independent concept. (Hutchins & Sutherland 2008, 1689)

Sustainable supply chain management (SSCM) can be defined as an integration of social, economic, and environmental practices within a global supply chain to provide greener products and accurate information for the consumers aiming to ensure sustainable development. SSCM does not benefit only the firm itself, but also different stakeholders which the company has either direct or indirect relationship. (Diabat et al. 2014, 392-393)

Supplier development can be defined as a "long-term cooperative effort between a buying firm and its suppliers to upgrade the suppliers' technical, quality, delivery and cost capabilities and to foster ongoing improvements" (Watts & Hahn 1993, 12). Later Krause et al. introduced the performance perspective to the definition, as they define that supplier development includes all the activities buy buyer to identify, measure and improve supplier performance (Krause et al. 1998, 40). One aspect of supplier development is to achieve the buying firm's goals by increasing the supplier performance (Carr & Pearson 1999, 500). Supplier development is often described as the key process in improving the sustainability of the whole supply chain (Trapp & Sarkis 2016, 2090).

1.4 Research methodology

By conducting interviews with experts from several companies who have global supply chains the aim is to deepen the understanding of what is social sustainability in supply

chains and how supplier development can be used to improve it. Companies chosen to be interviewed operate in the grocery trade market. The reason why this sector was chosen is because the supply chains in grocery trade market are complex and global and thus the amount of sustainability related risks is relatively high. The companies chosen to be interviewed are large, which means they are resourceful enough to have already established a sustainability related processes in their supply chains being able to provide insightful information considering the research questions of these thesis. As stated before, currently there are different interpretations of what is supplier development and by collecting empirical data on the subject, the concept of supplier development can be clarified, and the research gab filled.

The research in this study is carried out using qualitative methods. The main goal of this study is to gain deeper understanding of what is social sustainability in supply chain context, what motivates companies to develop it, what hinders the development of social sustainability in their supply chain and how it can be improved through supplier development. The main function of qualitative research is to better understand or interpret a certain phenomenon. To gain understanding of something, we need to know why something is occurring, and to answer *why* qualitative method can be used. In business science, one main way to use qualitative research is to use qualitative methods in the first phase of a study, which is followed by quantitative research. The second method is to use qualitative research to better understand issues that are unclear in quantitative studies. However, Eriksson and Kovalainen (2008,4) consider "qualitative business research as an adequate method of knowledge production, also without any link to quantitative research". In this study qualitative research is used without intentions to further investigate the research problem with quantitative methods, however it does not rule out quantitative methods could not be used in the future. (Eriksson & Kovalainen 2008, 4)

The data collection in qualitative research is not standardized, and due to the naturalistic and interactive nature of the research process questions and procedures may emerge during the research process (Saunders et al. 2015, 168). In qualitative research one or more data collection technique can be used. In this study, the empirical part is conducted by interviewing several experts who work in companies which have

global, multi-tier supply chains and are sourcing from emerging or developing economies. The reason why this research method was chosen is to gain deeper understanding of the research problems and by conducting interviews with the companies, valuable first-hand information can be gained. The use of multiple respondents is important in order to limit the interview bias and in gaining deeper understanding of a complex phenomenon. (Kähkönen 2011, 34)

It is important to note that using interviews as a data collection method is challenging, as there is risk that the interviewee might manipulate the situation and direct the discussion. To minimize this risk, the interviews are conducted as theme interviews, which means both participants know beforehand the themes and structure of the interview. There is also a risk that the target companies want to present themselves in a positive light, especially when it comes to sustainability related issues. To support the primary data, some secondary data is used such as company reports, existing interviews and company websites. Using this kind of secondary data is to some extent challenging, as the researcher may translate the content to best serve the research purposes. However, this type of secondary data is valuable, as the target companies of this research are listed companies, which means there is a good amount of relevant information available. (Tavory 2020, 451-452)

1.5 Structure of the thesis and delimitations

Structure

The thesis consists of four main parts. First part is the introduction, which introduces the topic of the research to the reader. It starts by discussing about the background of the main themes of this study, why the topic was chosen and how it has emerged in the literature. After that, the research problems and the main goals of this research are introduced. This is followed by introducing the research methodology used in this study and the framework, which clarifies the main concepts discussed in this research and how they are connected. In the end of the introduction part the structure of the thesis and the limitations of the research are introduced.

The theoretical part of the study consists of two main topics. First the concept of sustainability is examined in more detail focusing mainly on social sustainability as it is a central theme in this study. One of the main aims of this part is to connect sustainability with supply chain management, in order to gain deeper understanding why and how companies are affected by sustainability, and how supply chain management (SCM) has evolved to sustainable supply chain management (SSCM). In this section global and multi-tier supply chains are discussed from sustainability point of view including a brief discussion about the characteristics of emerging economies. In the end of the first part of the theory, some of the key characteristics of grocery trade are discussed.

The second part of the theoretical part focuses on supplier development. The concept of supplier development is defined and the different research streams on the topic are analyzed. The main purpose is to understand the current state of research on supplier development and sustainability, by analyzing the different supplier development practices and the implementation processes. In this part also the challenges and benefits of supplier development are discussed. Finally, the existing literature that focuses on supplier development and social sustainability is discussed.

The third major part of this thesis is the empirical analysis. In this part the research methodology, data collection process and data collection are introduced. As this study is narrowed down to examine the trade of grocery goods, the industry and its relationship with supply chain management and supplier development are briefly discussed. In the last section of this part the empirical results are presented. The fourth and final part of this thesis includes the discussion and conclusions. First the results found in the empirical part are analyzed in the light of theoretical findings, and the research questions of this thesis are answered. This is followed by evaluating the reliability and validity of the research. The last section includes the suggestions for future research and conclusive words.

Limitations

This study focuses on finding out how social sustainability in global, multi-tier supply chains can be developed. Even though sustainability consists of three dimensions: economic, social and environmental, in this study only the social aspect is examined.

Despite all these three dimensions are important and companies should consider them all in their sustainability strategy, this limitation needed to be made as otherwise the focus of this research would have been too wide. There is also a theoretical reason for choosing social responsibility as a research topic, as based on literature review the concept of social responsibility needs still clarification (Ashby et al. 2012; Croom et al. 2018; Najjar et al. 2020).

Supplier development is used to achieve better performance of the suppliers and depending on the company, the goals of supplier development can vary. In this study supplier development is considered as a method to improve the social sustainability of the company ruling out other areas the supplier development could be used for. There are also other methods companies can use to improve the social sustainability of their supply chain, not just supplier development. However, as in this study the supplier development is an important research topic and as it has been recognized as one of the most important processes in improving the sustainability of the company, it is the main focus area in this research.

In order to gather consistent and relevant empirical data, the companies interviewed are companies operating in grocery trade. This industry limitation was chosen because the companies who operate in grocery trading have complex, multi-tier supply chains as the goods are sourced from many different countries and continents. These companies are dealing with multiple sustainability related risks and as many of their products originate from developing countries, risks related to social sustainability are common for these companies. Another reason is that these companies are large enough to have already established sustainability related operations which means meaningful data can be gathered.

The practical limitations of this study are the limited amount of time used for conducting the study and limited resources. Gathering qualitative data by conducting interviews is time-consuming, which means only limited amount of data is used in this study. However, interviews are an efficient method to gain deeper understanding on certain topic, which makes the results of this study relevant and practical, and they can be used to identify potential areas of research for the future. In the theoretical section only limited

number of sources are used, as analyzing, and comparing them is time consuming and not all potential sources can be accessed.

2. SUSTAINABLE SUPPLY CHAIN MANAGEMENT (SSCM)

To find answers to what is social sustainability and how it can be developed in supply chains, it is important to first define the concepts of sustainability and sustainable supply chain management. This chapter aims to discuss the influence of sustainability on supply chain management, why companies adapt sustainable supply chain practices and what kind of barriers exist. In the end of this chapter, the current practices of SSCM to develop social sustainability are discussed, which is important to better understand the current state of research concerning social sustainability and supply chain management.

2.1 Social sustainability

Sustainability is the hot topic in today's business world and sustainability and sustainable development have a significant impact on how companies operate today and will operate in the future. Probably the best-known definition of sustainable development is "development that meets the needs of the present without compromising the ability of future generations to meet their needs", which was introduced in the report of Brutland Commission in 1987 (World Commission on Environment and Development 1987, 8). Even though the impact of business operations on environment were discussed in the report, the content was difficult for companies to interpret and apply in their operations. As a result, more micro-economic applications for sustainability evolved in different research fields focusing mainly on ecological sustainability lacking the conceptualization of social and economic responsibilities. (Carter & Rogers 2008, 363-364)

In the field of supply management, the research has examined different topics of sustainability, mainly focusing on environmental issues and green purchasing. Hutchins and Sutherland argue that the social issues have gained little attention in the literature compared to economic and environmental aspects (Hutchins & Sutherland 2008, 1688). However, in recent years the principles of triple-bottom line have been identified as the core of different conceptualizations of sustainability and sustainable supply chain management and social issues have gained more attention. Carter and Rogers

identify that the three components; environmental, social, and economic, define the concept of organizational sustainability. Based on the model of triple-bottom line, in the intersection of environmental, social, and economic performance exist the activities that organizations can engage and positively affect the environment and society and gain long-term economic benefits and competitive advantage. The intersection of the three sustainability pillars is illustrated below. (Carter & Rogers 2008, 364-365)
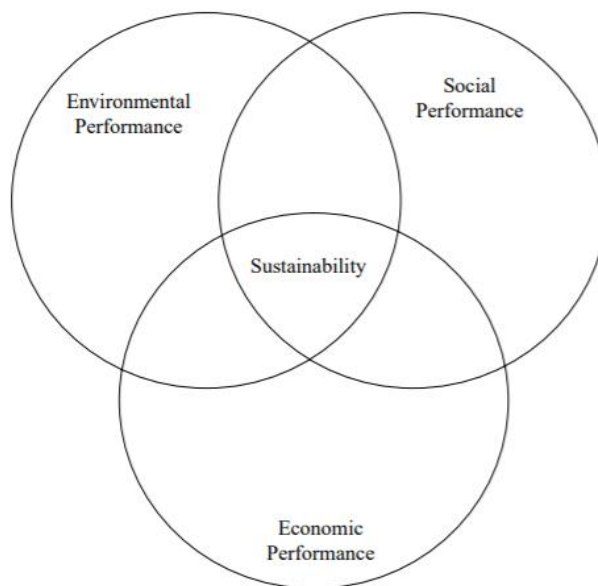
Figure 2. *Sustainability triple bottom line (Carter & Rogers 2008)*

Even though the use of the term "social sustainability" has increased during the past decades, there still is not a common definition or conceptualisation of the term. It has been argued that it is not clear enough how social sustainability relates to other sustainability dimensions or other social development issues. Lehtonen (2004) points out, that given the complexity of the concept, social sustainability should not be addressed with the same frameworks than environmental or economic sustainability. Social sustainability is seen as dynamic and constantly changing, which makes the definition and conceptualisation more challenging. According to Boström (2012) social issues are the consequences of competing interest and values in the society, which are changing over time and thus the collection of large-scale data is a challenge. Some researchers such as Lee and Jung (2019) argue that it could be more important to focus on tracking the changing scope and interest of society rather than focusing on defining social sustainability. On the other hand, some researchers point out that if the definition and

conceptualization of social sustainability is lacking, there is a risk that those in power might take an advantage of this compromising the development of social sustainability. (Crepardi et al. 2020, 19-20)

There is increasing interest to conceptualize social sustainability and therefore there are different approaches towards social sustainability in the literature. Boyer et al. (2016) identify five different ways the concept of social sustainability has been applied in the current literature which will be shortly discussed to better understand the current research of social sustainability. All of these can be seen in the figure 3 below. The first approach is to consider social sustainability as a distinct objective separate from other sustainability dimensions. Models constructed based on this approach have separate sustainability indicators for social issues. This kind of conceptualisation has its advantages and can be efficient when investigating a certain social issue at specific place and time. However, there is a lot of criticism, and many researchers argue that social sustainability should not be considered as an independent object and the understanding of how the three sustainability dimensions interact is crucial (Lehtonen 2004, Huq et al. 2014). The second approach is to consider social sustainability as a constraint upon economic and environmental imperatives. Based on this approach, social sustainability is dependent on other dimensions and sustainable development is the process of finding the balance between the priorities of the three dimensions. (Boyer et al. 2016, 4-6)

The third approach that can be identified in the literature is to consider social sustainability as a pre-condition for environmental and economic sustainability as investing in social sustainability the environmental and economic development can be improved. This approach has been popular and when considering developing countries, many researchers agree on that to gain economic or environmental development, first the social issues need to be improved (Bhatti & Dixon 2003; Vallance et al. 2011). In many ways this makes sense, for example better availability and quality of education has impact on how aware people are about sustainability related issues. However, despite the popularity of this approach, often the economic or environmental agenda weights more in the decision making. It is difficult to build a framework that shows that improv-

ing social sustainability would improve economic or environmental sustainability, because the relationship between the three dimensions is complex, and improving one dimension does not necessarily mean the others will improve as well. For example, according to the study by Scherer et al. (2018) based on the United Nations (UN) Sustainable Development Goals (SDGs), there is a trade-off between social sustainability and other sustainability dimensions, as generally achieving the social goals would increase the environmental impact of a country (Scherer et al. 2018, 65). (Boyer et al. 2016, 7-9)

The fourth approach identified by Boyer et al. is to view social sustainability as a stimulus for environmental and economic development. This means that social sustainability is not seen as a condition for economic or environmental development, but more as a source of inspiration and innovation. The changes in social sustainability can trigger new ways of thinking or inspire to adapt new models or governing methods for environmental or economic sustainability. Based on studies, developing social capital can drive the development of environmental innovations (Chen 2008, Huang et al. 2016). Despite this approach suggest that the three dimensions are connected and emphasizes the importance of social sustainability, the three dimensions are still considered as separate variables. Based on the fifth approach, social sustainability is seen as place-based, process-oriented, and fully integrated. Based on this approach, economic, environmental, and social dimensions of sustainability are overlapping, and fully integrated and sustainable development requires innovative governance approaches that can consider multiple different perspectives and support local ownership of ideas and resources. (Boyer et al. 2016, 9-12)

Figure 3. *Five approaches to Social Sustainability (Boyer 2016)*

Traditionally in the field of supply management, the research on social sustainability has addressed issues related to legislation and health and safety of the employees rather than cultural or ethical issues (Ashby et al. 2012; Mani et al. 2015). In the current research of supply chain management, the common way to understand social sustainability is to examine it through network approach. This means that to become more socially responsible, the whole supply chain needs to be considered, not only those stakeholders the focal company is in direct contact. This is especially complex when companies have global multi-tier supply chains, as it is difficult to map all the stakeholders that are indirectly affected by the company's operations. Some researchers have recognized that there are significant similarities between the principles of social sustainability and corporate social responsibility (CSR). One of the main principles of CSR and social sustainability is that the company should conduct its business in a way that "it is consistent with the morals and values of the society, but not necessarily required by the law". However, it is complex to define what these social responsibilities that are not required by the law are, and whom they concern. When considering social sustainability from an organizational perspective, two different perspectives can be identified (Hutchins & Sutherland 2008, 1689). These are internal social sustainability,

which aims to support and develop the inter-organizational human and social capital, and external social sustainability, which is related to strategically managing the external aspects of social sustainability. (Galuppo et al. 2014, 687-688)

2.2 Supply chain management and sustainability

In the literature, one research stream to study how companies can manage sustainability related issues, is to examine the relationship between sustainability and supply chain management. The key function of supply chain management has been defined as managing the fast and reliable supply of raw materials and finished products to customers. When supply chains became global, the complexity of the tasks of supply management increased, as more participants became involved in the supply chains. Today companies need to consider the expectations of multiple different stakeholders, which means the role of sustainable development has become important in the field of supply management. The need to achieve more sustainable supply chain practices has encouraged the development of sustainable supply chain. The common view by researchers is that sustainable supply chain management (SSCM) is an important factor in adapting more sustainable practices in organizations. (Sánchez-Flores et al. 2020, 4)

SSCM can be defined as an integration of social, economic, and environmental practices within a global supply chain to provide greener products and accurate information for the consumers. One of the main functions of SSCM is to ensure sustainable development. The benefits resulted from the company's operations are shared together with different stakeholders of the company, thus SSCM should not benefit only the firm itself, but also its employees, shareholders, suppliers, customers, local actors and other stakeholders who are in direct or indirect relationship with the company. When comparing SSCM with the traditional supply chain management where the goals are mostly economic, in SSCM the environmental and social perspective have gained equal importance. (Diabat et al. 2014, 392-393)

In the research of SSCM, emerging economies have become a key interest area. In the literature, the concepts of emerging economies and developing economies have been used interchangeably. The common characteristics of emerging economies are lower per capita income, limited infrastructure, poor level of social and environmental development compared to western countries and relatively high economic growth rate. Compared to developing countries, the economic growth rate and other indicators measuring development are higher, but still many characteristics are similar. As companies are outsourcing their core operations such as manufacturing, assembling or customer service to emerging economies, the role of emerging economies in global supply chains is critical and has gained the attention of different stakeholders and researchers. Global supply chains result in higher logistics costs, complexity, market barriers and lower direct control over factories or other actors operating in emerging countries. Due to the characteristics of emerging economies, the implementation of new technology, infrastructure and knowledge can be challenging, and the social and environmental standards can be significantly different compared to western countries. (Sánchez-Flores et al. 2020, 5-6)

2.2.1 Drivers and barriers of SSCM

Understanding the different drivers and barriers of SSCM is important, as it can significantly influence how successfully the SSCM practices are implemented (Narimissa et al. 2020, 249). There can be both internal and external drivers that motivate companies to adapt SSCM practices (Harms et al. 2013, 207). The pressure and requirements can come from the inside of the company, for example the top management or corporate responsibility department can present certain sustainability requirements that should be met. Based on research, personal commitment of individuals can have positive effect on the sustainability of the company. Especially when the founder or owner of the company has strong sustainable values, this can affect the organizational culture and company's sustainability strategy significantly. On the other hand, Carter et al. (1998) found out that middle management, not top management has a positive impact on environmental purchasing. Employee involvement has been also proven to be positively related to sustainability improvements. (Walker et al. 2008, 70)

The drivers are not necessarily related to interests to enhance sustainable development. Based on some studies, researchers have found out that the desire to reduce costs is a common driver to adapt SSCM practices, thus the motives to adapt sustainable SSCM practices have not been necessarily related to improving sustainable development. For example, the adaption of closed-loop processes or material substitution can save costs, improve quality, and reduce waste. Sustainability related problems in the supply chain can threaten the reputation of the company, and one driver to adapt SSCM practices can be related to increased motivation to better manage sustainability related risks (Sajjad et al. 2015, 644). Increased pressure from investors is considered one of the main internal drivers for SSCM. Even though investors are technically not operating inside the company, they are still significantly involved in the company and therefore in the literature often seen as internal rather than external factors. Stakeholder pressure can cause top management to react and set new environmental or social goals which requires adapting new more sustainable supply chain management practices. The investor pressure is significant for the companies and today sustainability plays an important role when investors are choosing between investment opportunities. (Walker et al. 2008, 70)

External drivers can be divided into three levels which are regulators and governments on the regulatory level, customers and competitors on the market level and non-governmental organizations (NGOs) and the public on societal level. Government regulations are one of the most significant external drivers pressuring companies to adapt more sustainable practices (Sajjad et al. 2015, 645). If companies are determinant to follow the rules and regulations implemented by the policy makers, more likely they are to adapt sustainable supply chain management practices. However, following the environmental legislation does not necessarily mean the sustainability of the company is improving. Therefore, the influence of regulatory level is not straight forward, and to have a positive effect on the sustainability of the company, motivation from inside of the company is needed. If companies are proactive and see environmental regulators as a motivator to innovate new, more sustainable solutions which can be implemented in their supply chain processes, then the pressure from governments can have positive results in the long run. (Walker et al. 2008, 72)

Based on research, customers can influence the sustainability decisions of the company, especially when the timeframe for customer demands is reasonable. There are various ways how customer can pressure companies to adapt more sustainable practices, and the customer can be either end-customer and/or a company operating in the supply chain. One example is a scenario where a company conducts customer research and finds out that their end-customers are demanding more sustainable products. If the demand is high enough, the company acts and makes the necessary changes in the supply chain to produce more sustainable products. The level of the customer pressure depends on how exposed the core operations of the company are. Companies that directly sell to end-customers often face more pressure, as from the customer's point of view they are responsible of the products they are offering. How well the company is able to answer to the changes in demand depends on how influential the company is over other companies in the supply chain. Smaller companies are more vulnerable to customer pressure, whereas bigger companies can have more leverage over their suppliers. (Walker et al. 2008, 72)

Competitors have been also identified as a driver for adapting SSCM practices. For example, a successful implementation of new, more sustainable technology can improve the performance of a company and inspire other companies to adapt similar practices. A powerful competitor can even set industry norms or legal mandates which can drive the environmental innovation among companies. By adapting SSCM practices, companies can gain competitive advantage and improve their performance. The motives for doing what competitor does are not necessarily related to sustainability, the reasons can be related to the desire to gain competitive advantage and improve the financial performance. (Walker et al. 2008, 72)

The public awareness of environmental issues has significantly increased during the past couple of decades and the expectations of the society, and its different stakeholders have a major influence on companies. Companies are expected to be transparent and honest about their whole supply chain and where and what companies purchase is one of the key interest areas of the public. Sustainability related issues in the supply chain can cause serious damage to the company's reputation which can even cause

the company to go out of business. This public pressure causes companies to adapt more sustainable supply chain management practices and to communicate more openly about their operations to different stakeholders. By proactively communicating about the sustainability efforts, companies can even reach new customer groups. On the other hand, companies are constantly evaluated by different NGOs and activist groups, which means the sustainability policies can be easily misinterpreted and considered as greenwash. (Walker et al. 2008, 73)

Compared to the drivers for adapting more sustainable supply chain management practices, the discussion about the barriers seems to be less popular in the literature (Sajjad et al. 2020, 593). The main barriers for adapting SSCM can be divided into internal and external barriers. One main internal barrier of the company are the supply costs. Even though company is motivated to make more sustainable choices in their purchasing process, it can be challenged by higher supply costs. Especially smaller companies are struggling with this, because as a smaller client they have less negotiation power. In order to overcome the cost barrier, the company should adapt more long-term perspective (Sajjad et al. 2020, 646). Another internal barrier is the lack of internal legitimacy. Some people are less passionate about environmental issues, or they consider environmental practices as greenwash. Especially in organizations where more traditional, hierarchical structures still exist, it can be challenging to change the way people are thinking. Even though the company would be willing to adapt SSCM practices, it can be challenging if the management skills, experience, and essential tools are limited or lacking (Zhu & Sarkis 2004, 282). (Walker et al. 2008, 74)

Depending on the industry, the external barriers can vary. Some industries are more strictly governed by laws and regulations than others. Different rules and regulations can be discouraging, hinder innovation or set unreasonable deadlines. Following regulations can even feel unfair, especially when there are differences whether certain rules are applied to all companies or is there variation. Second main external barrier is poor supplier commitment. This is caused by several reasons such as unwillingness to share information, even though there is strong evidence that efficient communication and information sharing between a buyer and a supplier can improve sustainability in

the supply chain and improve the performance of the company. The challenges related to supplier commitment are later discussed in more detail. (Walker et al. 2008, 75)

Measuring the effects of SSCM practices is challenging, as the performance of the whole supply chain should be considered. Measuring the performance in every level of the supply chain is time-consuming, and it requires high levels of management and commitment from every member of the supply chain. There are different guidelines and methods how the sustainable supply chain performance can be measured, which makes the performance measurement a complex task. These challenges related to sustainable supply chain performance measures can limit the willingness of companies to adapt SSCM practices. Another major barrier is that consumers are not always willing to pay higher prices for sustainable products and services. Producing more sustainable products can increase costs at least in the short-run, and if there is not enough demand for sustainable products or the customers are unwilling to pay higher prices, the motivation to implement SSCM practices is discouraged. (Sajjad et al. 2015, 646)

The main drivers and barriers are presented in the table 1 below. It is important to notice, that many of the components can work as both a driver or a barrier, depending on the industry, current market situation and how the company is positioned.

Table 1. *Main drivers and barriers of SSCM. (Walker et al. 2008; Sajjad et al. 2015)*

Internal drivers	Internal barriers
Top management commitment	Lack of top management commitment and internal legitimacy
Cost reduction	High supply costs of sustainable products
Desire to manage sustainability related risks	Lack of management skills, experience, and tools
Pressure from investors	
External drivers	**External barriers**
Laws and regulations	Laws and regulations
Competitive pressure	Poor supplier commitment
Customer demand	Weak demand for sustainable products/services
Public awareness and pressure from NGOs	Lack of sustainable supply chain performance measures

2.2.2 SSCM strategies

Based on the goals of the company, there can be two strategies of SSCM identified: risk- oriented and opportunity- oriented strategies. Global supply chains are complex and to perform in a responsible way, companies face multiple challenges, and they need to manage risks. There are many different economic, environmental, and social risks that need to be considered in SSCM, and the complexity of global supply chains makes it challenging. The risks that companies need to consider are for example related to the use of child labour, use of harmful substances in the production or biodiversity loss. Instead of dealing with each risk separately, companies tend to adapt globally recognised standards and norms which can be categorized based on economic, environmental, and social aspects. For example, to manage environmental

risks, the company can use management instruments such as the EU Eco-Management and Audit Scheme (EMAS). To control the environmental and social impacts of the suppliers, companies can adapt codes of conduct, which are used in the supplier selection and evaluation process. (Harms et al. 2013, 207)

In the opportunity- oriented strategy the company aims to develop and offer sustainable products. This requires active collaboration with other members of the supply chain. The adoption of life-cycle perspective and effective supplier management process are the key practices in the development of more sustainable products. When considering supplier management processes, the importance of supplier development is highly emphasized. An efficient supplier development requires active dialogue between the buyer and the supplier, joint development of new products and processes, raising awareness of environmental and social issues and ensuring long-term relationships with the suppliers. In the adaption of SSCM, companies normally combine both risk- and opportunity- oriented strategies. This allows companies to achieve long-term economic benefits, without compromising environmental or social factors in the supply chain. (Harms et al. 2013, 207)

2.2.3 SSCM and supplier management

In today's global and dynamic business environment, the nature of the competition has changed from individual company level to the entire supply chain. This means, that the suppliers play a key role in how well the companies are performing and succeeding in the long run. Companies have come to realize, that their suppliers not only affect their economic performance, but also their environmental and social impact. Supplier management is the core of supply chain management, and to manage the environmental and social risks related to suppliers, companies can use sustainable supplier management (SSM) practices. In addition to traditional supplier management, SSM emphasizes the role of sustainability in supplier management. Based on studies, there are four key components of SSM: sustainable supplier selection, sustainable supplier monitoring, sustainable supplier collaboration and sustainable supplier development. (Yang & Zhang 2017, 114)

Companies choose their suppliers based on the characteristics of the suppliers that best fit to the requirements of the company itself. In the past, the buyers chose their suppliers mainly based on economic criteria, such as price and delivery times. As discussed, this has changed during the past few decades, as the environmental and social factors have gained more importance. In sustainable supplier selection the sustainable factors are considered, and the suppliers are selected based on environmental and social requirements, such as environmental protection or labor rights. For example, the buyer could choose only those suppliers, that use recyclable or reusable material in their products. Many researchers argue that both the environmental and social requirements are equally important and should be included in the sustainable supplier selection process. However, the social issues have gained less attention in the sustainable supplier selection literature. (Barkemeyer et al. 2014, 18; Wu et al. 2021, 3). (Yang & Zhang 2017, 114)

Based on research, the supplier monitoring activities are justified but there is dispute how effective supplier monitoring is compared to other main supplier management activities. However, in a dynamic and uncertain business environment, the monitoring of suppliers is necessary, and it can reduce irresponsible supplier behavior (Hill et al. 2019, 283). The monitoring of suppliers should be a continuous process with an efficient feedback mechanism and open communication. Sustainable supplier monitoring means, that the supplier evaluation is conducted based on environmental and social aspects. Usually, the supplier monitoring process consists of surveys, inspections, and audits. By giving feedback the buyer can clarify its expectations and communicate what kind of improvements the supplier may need to do. As mentioned, this can be challenging, as the supplier may feel that the buyer-supplier relationship in a monitoring process is unfair. It is important that the buyer can communicate the reasons for the requirements and give support. (Yang & Zhang 2017, 115)

The third main component of sustainable supplier management is sustainable supplier collaboration. Active collaboration has been identified as one of the most effective activities to enhance the buyer-supplier relationship and supplier development. Wagner has defined collaboration as "the combination of internal resources of the buying firm

with the resources and capabilities of suppliers" (Wagner 2003, 5). The goal of collaboration is to achieve a win-win situation, which benefits both the buyer and supplier. The main activities of collaboration are information sharing, solving quality-related problems together with the supplier and planning the future development goals jointly. Successful collaboration should reduce information asymmetry, increase mutual trust, and help to maintain long-term relationship. In sustainable collaboration the common goals should include environmental and social goals. For example, in the product design process collaboration can result in more innovative and sustainable solutions. (Yang & Zhang 2017, 115)

Supplier development has been considered as the key element of supplier management in ensuring a sustainable supply chain (Trapp & Sarkis 2016; Yawar & Seuring 2017; Liu et al. 2018). Based on literature, the key activities of supplier development are providing the suppliers with training and technological support, providing the suppliers with equipment, and providing the suppliers with professional personnel. In addition to the traditional supplier development, sustainable supplier development also includes activities that are oriented to achieve the sustainable and social goals of the buyer. For example, the buyer can help the suppliers to implement environmental practices. Usually supplier development includes various activities, which are all used in a combination to offer enough support for the supplier. Supplier development will be discussed in the next part in more detail. (Yang & Zhang 2017, 115)

2.3 Current state of social sustainability practices

Based on literature, there is growing interest to examine social sustainability and how companies can improve it. Due to the increased complexity in supply chains, focal companies have limited information of the sustainability of their upstream and downstream partners. Monitoring the sustainability of the whole supply chain is difficult and requires resources, which not many companies have. During the past decade, many companies have been negatively influenced by the problems related to social sustainability in their supply chains (Zorzini et al. 2015). This has created a need to better understand what social sustainability is, how it can be managed and integrated into the

company's strategy. Compared to environmental sustainability, there are less frameworks and tools developed to improve social sustainability (Weingaertner & Moberg 2014). As discussed, there is a dispute over what is meant by social sustainability and due to the difficulties to define and measure it, there is limited number of practical tools and implementation processes found in the literature. Najjar et al. (2020) argue that the current models can be only used to develop the social sustainability of first-tier suppliers, lacking the ability to recognize the need to manage the social sustainability of the whole supply chain. (Najjar et al. 2020, 3)

The current practices to improve social sustainability focus on issues such as human rights or working conditions of the employees. However, there is a growing interest to include socially responsible procurement practices that benefit people outside of the supply chain, such as local communities. In the field of supply management, many researchers argue that the power of large, global companies is the key in the implementation of more socially sustainable procurement practices. However, based on studies, not only one single powerful company can fully implement those practices that improve social sustainability. Influencing the first-tier supplier is not enough, in order to change the practices and behaviour in the whole supply chain the firs-tier supplier should ensure engagement with second-tier supplier and so on. Amaeshi et al. (2008) define this as the ripple effect. (Marshall et al. 2019, 1083)

Marshall et al. (2015) make a distinction between process-based and market-based practices. The process-based practices include monitoring process which aims to oversee how well the supplier implements the requirements of social sustainability established by the buyer. The areas that are monitored usually concern social issues such as safety and health of the employees. To ensure that the supplier is following the given standards, the buyer can demand that the supplier has certain certificates or that it uses a socially responsible management system. The social standards can be regulatory or set by the buyer, in the latter case those can be harder for the supplier to conduct. In practice, the supplier can provide information about its ability to meet the given standards, or the buyer can collect data through shared software system or by visiting the supplier's firm. Based on the gathered information, the buyer will evaluate the performance of the supplier and give feedback. Some process-based practices, for

example if the buyer assists the supplier in the process of acquiring certain certificates, can improve the collaboration between the buyer and supplier, but in most cases the collaboration between the buyer and supplier is in a low level. (Marshall et al. 2019, 1084-1085)

The market-based practices are more collaborative in nature. Those practices focus on developing new product innovations and processes and can be more strategic compared to process-based practices. Adapting market-based practices should benefit different stakeholders involved in the supply chain, for example consumers, workers, or local communities. In order to achieve the implementation of market-based practices, non-traditional partners should be involved in the decision-making and the transparency of the supply chain operation and governance should be improved. In order to make new product innovation, an active collaboration between the buyer and supplier is required. Innovating new products itself is not a guarantee for more socially sustainable supply chain. The social sustainability goals should be considered in the early stages of the product design, for example innovating ways to guarantee that in all stages in the supply chain workers are provided with fair wages or additional education. (Marshall et al. 2019, 1085)

Market-based practices can focus on changing the fundamental business model, which concerns the company's strategy, vision, and mission. By including suppliers or secondary stakeholder group such as NGOs in the decision-making, a company can gain better understanding of the expectations of different stakeholders and use that information to develop a social sustainability strategy that will benefit multiple stakeholders. Especially for bigger, publicly listed companies, communicating openly about their sustainability strategy and being transparent about their supply chain is important, but also smaller companies are voluntary publishing sustainability reports and developing processes that benefit people outside of their supply chain. (Marshall et al. 2019, 1085)

Croom et al. argue that the current practices used to achieve social sustainability in supply chain, such as codes of conduct and monitoring systems, might improve the social sustainability behaviour, but they do not improve the social sustainability perfor-

mance in the supply chain. Many researchers have pointed out that the practices currently used such as audits may drive dishonest behaviour and cause problems with the relationship and trust between the buyer and the supplier. On the other hand, the monitoring activities may help in identifying the critical performance areas (Akamp & Müller 2013, 59). Market-oriented practices such as product redesign and Fairtrade initiatives are considered much more efficient, as they are more collaborative in nature and can improve the sustainability performance in the long-term. Based on the literature review on existing frameworks and methods to improve social sustainability, it can be noted that they are often criticised. The current practices are more suitable for developing the social sustainability of the firs-tier suppliers, lacking the ability to support long-term development and change in the sustainability performance. The existing frameworks focus on supplier selection and control, ignoring supplier development (Alan et al. 2016, 1873). Yet, many researchers suggest that communication and information sharing through supplier development is one of the most efficient methods to improve sustainability in the supply chain. (Croom et al. 2018, 2345)

2.4 Grocery trade and social sustainability

Consumers are increasingly more interested and concerned on sustainability related issues, which affects their purchasing decisions. Especially when considering food products, the attributes of sustainable production have an effect on the purchasing decision (Bangsa & Schlegelmilch 2020, 11). Therefore, the sustainability issues in grocery trade have become important and should be considered in the different stages of the supply chain. According to Statista, Finnish consumers have become more interested in purchasing ecologically and locally produced food products and the sales of organic and plant-based products has increased (Statista 2021). Based on research, the demand for sustainable products is growing, and those companies that implement sustainability strategies will earn bigger market shares and profits. However, the relationship between consumer behaviour and sustainability is complex, as it is challenging to identify the factors which have the most impact on the buying behaviour. The target

audience of grocery trade products is wide and diverse, as these products are necessities, which means there can be a lot of variation in the purchasing behaviour among the consumers. (Moser 2016, 289-390)

Despite there is evidence that consumers are more concerned about sustainability related issues and that the sustainability of the product can affect the consumers' purchasing decisions, it should be noted that the consumers' understanding of the concept "sustainability" is to some extent problematic. Based on research, consumers relate the term "sustainability" with environmental issues, excluding economic and social dimensions. However, there is evidence that when considering food products consumers are able to differentiate the environmental and social matters. One explanation for this can be that the retailers operating in grocery trade have hundreds of different products in their selection and many of the products sold are sourced from less developed countries, which are associated with social problems such as low salary, poor work safety conditions and unequal treatment of workers. However, the research on grocery trade goods, consumer behaviour and social sustainability is lacking, as most of the research concerns environmental sustainability of the products or the results are mixed. For example, according to the study by Ghvanidze et al. (2017), the price and information related to the nutrition have more impact on consumers than environmental or social issues. (Lazzarini et al. 2017, 166)

Based on research, there is evidence that when consumers consider the sustainability related issues of food products, the country of origin plays a significant role in decision-making process, influencing both environmental and social aspect of the product. The domestically produced goods are viewed as safer and more sustainable. Local production is associated with lower environmental impact due to the shorter transportation distance and better product safety. On the other hand, when it comes to fresh products such as vegetables and fruits, consumers consider the locally produced goods environmentally friendly when it is their farming season. The country of origin can also influence how socially sustainable the consumers evaluate the product. Normally consumers trust that the working conditions are good in their home country, which makes the locally produced goods more socially sustainable. However, the distant location of the production country does not necessarily mean the consumers consider the goods

socially unsustainable, it depends on the level of information the consumer has on the production process and the production country. Retailers in the grocery trade have a wide selection of different products from all over the world, which makes the management of sustainability related issues more complex, and it increases the sustainability related risks. Compared to other industries, the number of different types of products is relatively high. (Lazzarini et al. 2017, 175-176)

3. SUPPLIER DEVELOPMENT

To improve the sustainability of the whole supply chain, supplier development is seen as one of the most important processes of supplier management. In this chapter, the goal is to define what is supplier development and why it is considered efficient in improving the sustainability of the supply chain. First the origins of the concept supplier development are discussed. This is followed by an analysis on supplier development and sustainability. In order to achieve a clear picture of the current methods of supplier development, the supplier development process and different practices are analysed. This chapter ends with a discussion about the current state of research regarding social sustainability and supplier development.

Supplier development has become a key interest area in the field of supply chain management. Due to increased competition between supply chains companies have realized that in order to achieve competitive advantage, they need to work together with their key suppliers. Building a long-term relationship with capable suppliers can lead to cost-savings, new innovations, and improved supplier performance. If the current suppliers are not meeting the expectations of the buyer and they are not able to provide the demanded product or their performance is not competitive, the buyer has three options. The first option is to switch suppliers and search new supplier. The second option is vertical integration, which means the buyer can bring the product in-house by either setting up own production facilities or acquire the supplier. The third option is supplier development, for example in the form of support from the buyer to improve the supplier's performance. Switching to a new supplier can be expensive or difficult, if the number of potential suppliers in the market is limited. Bringing the production in-house requires a lot of resources, and in many cases the buyer does not have the required knowledge and skills. Therefore, the third option, supplier development has become a popular approach to become more competitive and achieve long-term benefits in the supply chain. (Wagner 2006, 554-555)

Over the past decades many different approaches on supplier development have emerged in the literature. One main research stream in the literature views supplier

development as a management tool to improve the economic performance of the suppliers. In this approach supplier development is one part of supplier management process and the main aim of supplier development is to improve the performance of the supplier through various activities such as supplier selection, monitoring, and evaluation (Krause & Ellram 1997, 21). Cox (2004) views supplier development as one of the four basic sourcing options (Cox 2004, 349). Some researchers however have different approach, and supplier development is seen more as a process to increase learning through efficient communication and knowledge sharing between buyer and suppliers to achieve long-term benefits for both (Prahinski & Benton 2004, 60). Many researchers combine these two approaches and acknowledge that the collaboration and information sharing are important functions of supplier development and should be implemented through each step of the supplier development process.

Even though the concept of supplier development can be traced back to ancient times, the more intense use of it emerged during and after the World War Two by Toyota in Japan. However, according to Wagner et al. (2006) the academic history of supplier development originates from North America. The first wave of research took place between 1989 and 1991 among the researchers of quality management. The second wave can be seen to start around 1995, when relationship management issues became a key interest area. The different definitions and approaches towards supplier development during the so-called second wave are next introduced in order to form a deeper understanding of the concept of supplier development and how it has evolved during the past few decades. (Wagner et al 2006, 555-556)

Watts and Hahn (1993) defined supplier development as "a long-term cooperative effort between a buying firm and its suppliers to upgrade the suppliers' technical, quality, delivery, and cost capabilities and to foster ongoing improvements" (Watts & Hahn 1993, 12). Similar definition emerged in 1997, when Krause and Ellram defined supplier development as "any activity undertaken by a buying firm to improve either supplier performance, supplier capabilities, or both, and to meet the buying firm's short- and/or long-term supply needs" (Krause & Ellram 1997, 21). In their study they present the critical elements of supplier development, which are effective two-way, multifunctional communication, top management involvement, cross-functional buying firm

teams, total cost of ownership approach, long-term perspective and supplier evaluation and recognition (Krause & Ellram 1997, 23-34). These two definitions introduced in the 90s are often cited and agreed on by many researchers (Wagner 2006, 556). For example, the definition by Carr and Pearson describes supplier development as "any effort by the buying firm to increase its supplier's performance in order to meet the buying firm's objectives" (Carr & Pearson 1999, 500). In the more recent definition by Praxmarer-Carus et al., supplier development is defined as "any set of activities that a buyer expends on a supplier to improve the supplier's performance and/ or capability in a manner that meets the buyer's supply needs and generates favorable results" (Praxmarer-Carus et al. 2013, 202).

Table 2. Early definitions of supplier development.

Definition	Writer(s) and year of publication
"a long-term cooperative effort between a buying firm and its suppliers to upgrade the suppliers' technical, quality, delivery, and cost capabilities and to foster ongoing improvements"	Watts & Hahn, 1993, 12
"any activity undertaken by a buying firm to improve either supplier performance, supplier capabilities, or both, and to meet the buying firm's short- and/or long-term supply needs"	Krause & Ellram, 1997, 21
"any effort by the buying firm to increase its supplier's performance in order to meet the buying firm's objectives"	Carr & Pearson 1999, 500
"any set of activities that a buyer expends on a supplier to improve the supplier's performance and/ or capability in a manner that meets the buyer's supply needs and generates favorable results"	Praxmarer-Carus et al. 2013, 202

Researchers have examined different approaches of supplier development that companies can use. For example, Krause et al. (1998) distinguish between two different approaches, which are strategic and reactive approaches. In the strategic approach the goal is to identify the critical elements which need development and are crucial for gaining competitive advantage and achieving long-term benefits for the company. The strategic approach is featured with active buyer involvement, the use of cross-functional teams and information sharing. The motivation for supplier development comes from strategic reasons, which requires that the company understands how the supplier is important in the process of achieving long-term benefits. In the reactive approach, the motivation comes from supplier's non-performance. In practice, it means that the supplier development only occurs when there are problems related to the production, or the buyer has received complaints from its customers or internal users of the supplier's products. In the strategic approach, the critical suppliers are identified, and their performance is improved through long-term supplier development programs. In the reactive approach, the supplier development is not a systematic process, as it takes place only when a problem occurs and targets a single supplier. (Krause et al. 1998, 45)

According to Chen et al. (2015) performance improvement and capability development are the two ultimate goals of supplier development and the foundation for different approaches to supplier development. Chen et al. distinguish three different approaches to supplier development which are capability approach, performance approach and capability/performance approach. In the performance approach the aim is to solve different production related problems by improving the performance of the suppliers. When a problem occurs, the buyer informs the supplier's top management about the problem and offers hands-on assistance. However, this approach is problematic because it does not encourage supplier to independently develop their problem-solving techniques. The capability approach is more long-term in nature, as it focuses on long-term development of supplier's capabilities. Developing supplier's capabilities is more time-consuming, as it includes transferring some in-house capabilities across the firm's boundaries. Both performance and capability approaches require information sharing but are different in terms of buyer's involvement and investment. (Chen et al. 2015, 252)

Efficient two-way information-sharing and supplier commitment have become the key words in the supplier development research, and their importance is often emphasized. According to Prahinski and Benton (2004), the implementation of supplier development practices requires supplier's commitment and trust, which can be achieved through efficient communication and relationship management (Prahinski & Benton 2004, 60). Wagner and Krause (2009) argue that in order to realize performance improvements and benefit from improved supplier's capabilities, relationship-specific investments are necessary. Based on the study by Li et al. (2007), joint actions and trust are the most important factors in improving the competitive performance of the buyer (Li et al. 2007, 244). Based on the recent literature review by Yawar and Seuring (2020), the key enablers of supplier development are trust and commitment between the buyer and supplier, information sharing and top-management involvement (Yawar & Seuring 2020, 2575). These studies suggest that supplier development should take a collaborative form, where both the buyer and supplier share information. The communication should be rich and include different types of information and occur between the employees of buyer and supplier. (Wagner & Krause 2009, 3163)

3.1 Drivers and barriers of sustainable supplier development

Over the last few decades many companies have outsourced their production to emerging economies. One of the main drivers for this has been lower labour costs in emerging economies. The distant countries the western companies are outsourcing to, are in many ways different and this has created multiple challenges how to manage supply chains ethically and sustainably. Consumers and other stakeholders, such as investors and governmental organizations, are expecting that companies are responsible and aim to meet the environmental and social requirements. The social and environmental conditions in emerging economies can be in a poor level, which creates problems for those companies that are outsourcing from less developed countries. The supply management has significantly changed, as before buyers were able to select

the suppliers based on quality and price. Today, buyers need to consider the sustainability factors, in order to meet the expectations of the different stakeholders. (Busse et al. 2016, 443-444)

Based on research, supplier development plays key role in improving the sustainability of the supply chain. Sustainable supplier development aims to develop the sustainability of suppliers through various key activities. The performance of the suppliers is not only evaluated based on economic indicators such as cost, delivery time or quality, but also how well the supplier manages to comply with the environmental and social standards of the company. Sustainable supplier development is necessary especially when companies are sourcing from less developed countries, where the sustainability issues can be in a poor level. Training and investment are common methods used in sustainable supplier development. Through training companies can for example educate suppliers about recycling. Sustainable supplier development in the form of investments can be for example new eco-friendly technology or green marketing campaigns. (Trapp & Sarkis 2016, 2090)

The external factors have significant influence on companies when considering why companies are adapting more sustainable supplier development practices. Sancha et al. analyse the influence of external pressures created by the environment the company is operating in on the adoption of sustainable supplier development practices through the lenses of institutional theory. The institutional theory identifies three types of institutional drivers: coercive, normative, and mimetic. Coercive drivers are created by those who are in power, such as governments. The laws and regulations the governments implement have major impact on the environment the companies are operating in, and coercive drivers are considered having the biggest impact on pressuring companies to adapt sustainable practices. For example, in 2001 Japan introduced the Japanese Law on Promoting Green purchasing, which created a pressure for companies to buy from environmentally friendly suppliers. (Sancha et al. 2015a, 96)

Normative drivers are created by the pressures coming from different social groups. The social groups can be for example non-governmental organizations (NGO), media or trade unions. These social groups affect the adaption of certain environmental and

social practices, and usually companies are pressured to meet different types of voluntary environmental and social requirements. The influence of these groups differs between countries and regions. For example, there can be active local groups promoting to preserve a certain natural area, which can have a significant influence on companies and their sustainability actions in that area. The mimetic drivers pressure companies to imitate successful competition in the same industry. Based on research, companies that adapt proactive environmental practices are more successful. Environmental and social practices can help in achieving competitive advantage, as customers may prefer buying more environmentally friendly products or services. The more sustainable the successful competitors are, the more it pushes to adopt sustainable practices. (Sancha et al. 2015a, 96)

A successful adaption of sustainable practices requires support from buyers via inter-organizational collaboration and learning. The main barriers are similar to the barriers of sustainable supply chain management discussed in the previous chapter. One of the main barriers is lack of resources (Busse et al. 2016, 444). Especially small and middle-sized companies do not necessarily have enough resources to support the developing process of sustainability capabilities. Bai and Satir (2020) argue, that the implementation of sustainable supplier development practices is often challenging due to the lack of consistent sustainability measuring system and insufficient funding (Bai & Satir 2020, 2). Without internal capabilities such expertise on sustainability related issues and top-management support, the implementation of sustainable supplier development practices is challenging. The main external barriers are lack of governmental support and the lack of commitment of the suppliers (Bai & Satir 2020, 2). Especially upstream and first-tier suppliers can be reluctant to adapt new sustainability related practices if their operations already meet the legal minimum of sustainability requirements (Foerstl et al. 2015, 68).

Another main barrier is lack of awareness of social responsibilities. Social sustainability does not only include the responsibilities that are defined by laws and regulations, which can make it difficult for companies to identify what different stakeholders are expecting from them. Environmental and social responsibility is characterised with vol-

untary actions, for example taking part in different types of charity or publishing volun-tary sustainability reports. One significant barrier is the lack of support from the top management. This is challenging, because the results of supplier development for sus-tainability might not be visible in the short-run, thus the top management has to have an understanding how the supplier development for sustainability benefits the com-pany's strategy and goals in the long-run. (Busse et al. 2016, 444)

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3.2 Supplier development process and practices

In this section first the supplier development process is briefly discussed in order to achieve a clear picture of what are the traditional elements of supplier development process. Even though there are different kind of process models, for this report the generic model by Krause et al. (1998) was chosen, as it has been used as a basis for the later models. In the second part of this section the supplier development practices will be analysed, focusing mostly on sustainable supplier development practices. The problems of the current practices are addressed in the end.

3.2.1 Process

Based on the exploratory study Krause et al. conducted in 1998, the authors built a process map describing the supplier development process and used it to describe and

compare two different approaches: reactive and strategic approach. Building a process map is necessary from the management point of view, as it helps companies to understand what the requirements for the process are, what steps should be included and how it should be managed. Even though it has been over twenty years since the model by Krause et al. was published, it still shows many important features of the strategic supplier development process. The ten-step process model by Krause et al. can be seen below in figure 4, and each of the step will be analysed using the reactive and strategic approaches. (Krause et al. 1998, 44)
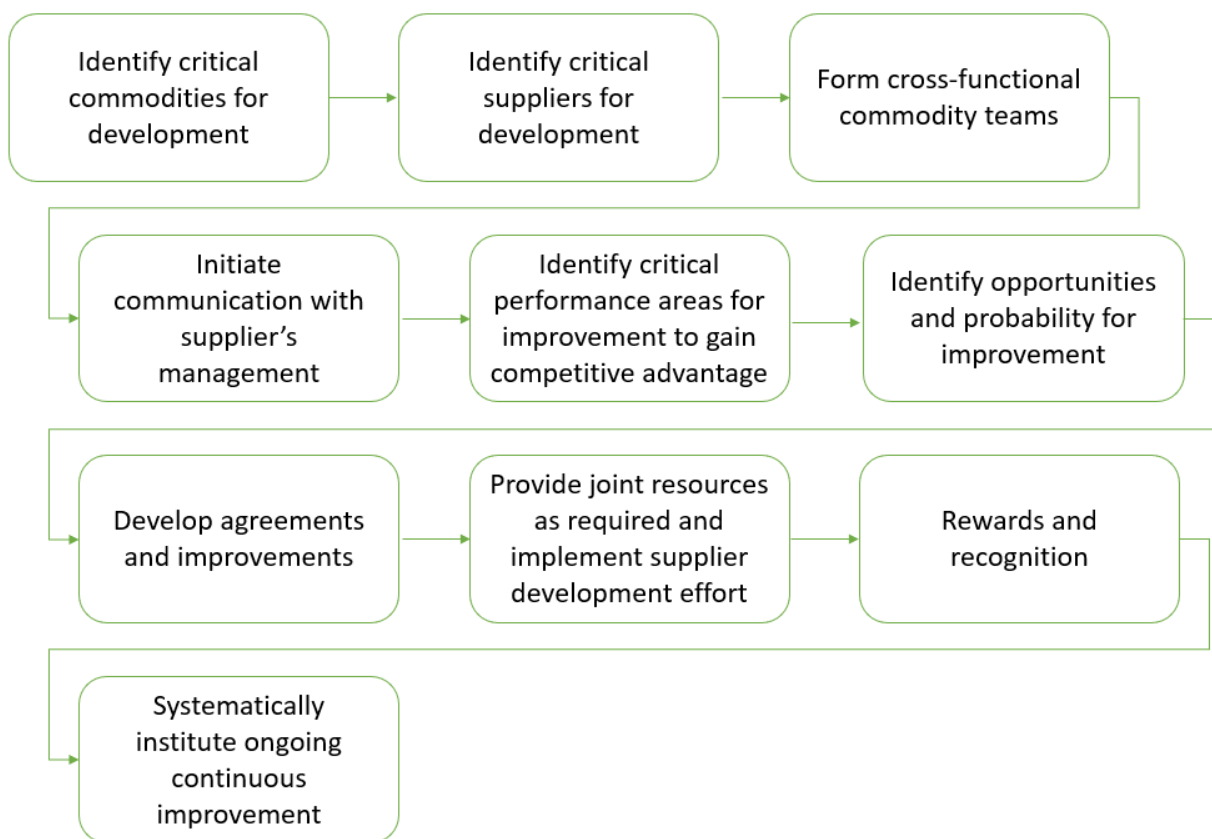
Figure 4. *Strategic supplier development process (Krause et al. 1998)*

According to Krause et al (1998), some companies see supplier development as a strategic tool while others view it as a reactive response to problems occurring in the supply chain, and the primary differences between the strategic and reactive approach take place in the first steps of the supplier development process. The first steps are a result of strategic planning, thus the companies that view supplier development as a strategic tool are more likely to implement those steps. The first step is to identify the

critical commodities for development as not all the commodities companies are sourcing are critical. The second step is to identify critical suppliers for development, which is usually implemented by a multi-criteria selection process (Talluri & Narasimhan 2004, 238). In the strategic approach supplier development focuses on the entire supplier base, whereas in the reactive approach the focus is on one specific supplier. Companies should be able to identify which suppliers are most critical for them based on their strategic goals. The identification of critical commodities and suppliers can be executed using pareto or portfolio analysis based on the market-driven requirements. After the critical commodities and suppliers are identified, cross-functional teams can be formed. According to Krause et al. (1998) companies having a strategic approach formed cross-functional teams in the early stages of supplier development, involving the supplier company in the planning phase of supplier development process. (Krause et al. 1998, 45)

The next step is to establish communication with the supplier's management. Efficient two-way communication is one of the key features of a successful supplier development process (Prahinski & Benton 2004; Wagner & Krause 2009; Yang & Zhang 2017). In the strategic approach the aim is to make an agreement with the buyer to work jointly to improve the efficient flow of information and products in order to gain mutual benefits for the buyer and the supplier. After the communication with the buyer has been implemented, the next phase is to identify the critical performance areas for improvement to gain competitive advantage. Based on the study by Krause et al., they found that companies having a strategic approach had multiple improvement objectives, which were driven by customers' expectations, need to standardize processes or identify quality problems or by the need to improve inventory management or implement joint information sharing systems. One of the main drivers was a mutual interest to identify improvement opportunities for new technology and product development. Firms having a reactive approach didn't have a systematic process to identify critical performance areas for improvements. (Krause et al. 1998, 50)

Once the potential improvement opportunities have been identified, the next step is to identify opportunities and probability for improvement. There are various methods which can be used to identify the best opportunities for improvement, such as cost-

benefit analysis, compare the total cost of production with the potential savings or analyse the supplier's willingness and ability to implement the changes. The potential risks should be identified and compared with the benefits and recognise the strategic importance of the potential improvements. After the key improvement areas have been identified, then the agreement on improvements and performance matrix are developed. According to the research by Krause et al. (1998), the companies having a strategic approach indicated that the agreement should clearly state the role of each party, including detailed information such as resource allocation and timing. The performance metrics used can include percent cost savings, percent quality improvement or percent delivery or cycle time improvements, just to name a few. The metrics used should be developed based on the improvement that needs to be measured. (Krause et al. 1998, 51)

The next step in the supplier development process is to deploy resources and implement development effort. One key element of strategic approach is that the buyer realises that the supplier development requires improvements from both parties, not just from the supplier's side. According to Lawson et al. (2009), the development effort is achieved through mutual deployment of resources. The supplier is less likely to make improvements if the buyer is not offering support for the supplier. After the implementation of the required improvements, the suppliers' performance should be evaluated and if successful, rewarded. According to the Krause et al. (1998), there are no significant differences between strategic and reactive approaches regarding the reward and recognition of the suppliers, but there is later evidence that an efficient rewarding system is one way to increase supplier's commitment and thus a significant part of the supplier development process. The last step of the supplier development process is to institute ongoing continuous improvement activities. The improvement progress of the supplier should be monitored, which requires a systematic information sharing between the buyer and the supplier, which can be used to improve the supplier development process. (Krause et al. 1998, 53-54)

Companies tend to use supplier development first as a reactive tool and later, when the supplier's performance and capabilities have improved, supplier development is used as a strategic tool. Krause et al. (1998) argue that this kind of approach is justified,

because companies should aim to identify the poor performing suppliers, and either eliminate them or invest in them and improve their performance. Once the performance problems have been eliminated, the buyer can view their supplier base from a strategic point of view and implement supplier development based on the potential competitive advantage achieved. The process map developed by Krause et al. (1998) offers many important key insights about the supplier development process, but it is to some extent limited. First, each of the process steps is only shortly discussed, failing to provide detailed information about the implementation process. Especially problematic is the lack of discussion about establishing the communication and information sharing systems, even though the importance of those is highlighted in the research. Secondly, as the authors point out themselves, the process model is built based on data collected using buyers as a sample group, which means the suppliers' point of view is not considered. And thirdly, the model is built to develop tangible aspects of the supplier rather than intangible. However, due to the general nature of the model it can be easily modified to best fit the needs of different companies.

3.2.2 Practices

There have been many studies focusing on finding the best practices to support successful supplier development and providing insight on the relationship between a certain supplier development practice and the supplier's performance. Bai and Sarkis (2011) argue, that due to the differences between industries and organizational characteristics, this relationship between the supplier development practices and the supplier's performance varies, which means the current models and frameworks are to some extent problematic. Even though there are many different frameworks and formal models available and the importance of them has been realized, still the implementation of them in reality has been limited. In this chapter, few of the most popular categorizations of different supplier development are analyzed, which is followed by the discussion about the existing sustainable supplier development practices, and the challenges related to them. (Bai & Sarkis 2011, 13505-13506)

Based on the literature review conducted by Bai and Sarkis (2011), they categorized the supplier development practices into four main categories which are 1) knowledge transfer, 2) investment and resource transfer, 3) feedback and communication and 4) management and organizational practices However, Bai and Sarkis (2011) point out that their categorization is not exhaustive, and there might be overlaps and relationships between factor groupings might exist, and their categorization is not based on how efficient the different practices are. Their model includes tens of different practices, and the purpose is not that a company implements all of them, as it would not be efficient nor possible for many companies with limited resources. By using different decision-making models, companies should identify the most critical practices considering their improvement goals and focus on implementing those practices. (Bai & Sarkis 2011, 13506-13507).

The knowledge transfer category includes supplier development practices such as training the supplier's employees, giving technological or quality related advice or organizing company visits to show how the supplier's product is used (Bai & Sarkis 2011, 13507). The importance of knowledge management in the field of supply chain management has been widely studied. Sweeney (2011) introduces a unified definition for SCM, which was built based on the four fundamentals of supply chain management. One of these was managing the flows, which can be divided into three main types: material, money, and information flow. In the supply chain information flow is bidirectional and it relates to all the other flows. Sweeney (2011) argues, that managing the information flows in the supply chain is one of the most crucial activities, and based on the studies of supplier development, the importance of information management is often emphasized. (Sweeney 2011, 43)

In the study by Modi and Mabert (2007), the authors discuss improving the supplier performance through knowledge transfer. Knowledge can be divided into two main types: 1) explicit knowledge or information which can be easily codified such as facts and 2) tacit knowledge, which is so called know-how information, which is difficult to codify. The explicit knowledge is easier to transfer, whereas the tacit knowledge is not. For example, the tacit knowledge can be information related to production practices, which can only be transferred by personally teaching the required skills from one to

another. This means, that in order to transfer tacit knowledge, multiple face-to-face interactions are required, which means transferring this kind of knowledge is time-consuming and it requires resources. On the other hand, this kind of know-how knowledge, which is hard to copy or transfer, can be the key factor which differentiates company from its competitors. Therefore, managing different types of information and being able to transfer it to the suppliers is one of the key elements of supplier development. (Modi & Mabert 2007, 44)

The second major category of the supplier development practices is investment and resource transfer, which includes practices such as solving supplier's technical problems, reducing supplier's costs, transferring employees to supplier's firm, and offering incentives and rewards to the supplier (Bai & Sarkis 2011, 13507). The practices included in the second category require a lot of resources and commitment. To implement these kinds of practices, the buyer needs to be certain that the relationship with the supplier is long-term in nature, and that the supplier is committed to implement the given resources and investments to improve its capabilities and performance in a way that benefits both parties. Krause et al. (1998) found out that the supplier is less likely to make the required improvement changes, if the buyer is not offering tangible evidence that they are supporting the efforts of the supplier with required resources (Krause et al. 1998, 52). This is supported for example by the results of the study by Lawson et al. (2009), as they found out that companies that build joint investments with their suppliers benefit more from their relationship with the supplier. In order to succeed, joint investments require increased alignment of organizational systems which increases information and knowledge sharing, learning and problem-solving capabilities. This increased dependency between the buyer and supplier will increase trust and commitment, which are the key factors of a successful, long-term relationship. (Lawson et al. 2009, 2661-2662)

The third category, feedback and communication, consists of practices such as supplier evaluation and feedback, setting improvement targets, supplier audits, joint problem solving and information sharing (Bai & Sarkis 2011, 13507). Supplier evaluations is one of the main practices used to improve the performance of the supplier. Based

on the evaluation, the supplier is given feedback regarding its performance. The supplier evaluation can be conducted using different methods, such as supplier audits. Essential factor of a successful supplier evaluation is communication. The buyer needs to communicate the potential problems to supplier in a way that does not compromise the supplier's commitment and trust with the buyer. Recently, the current supplier evaluation practices used have been criticized as one-sided and unfair to the supplier which can trigger negative supplier behavior (Croom et al. 2018, 2345).

Prahinski and Benton (2004) emphasize the importance of carefully choosing the communication strategy for supplier evaluation. According to their study suppliers found important that the communication structures for communicating the supplier's evaluation are formal and standardized. However, the formal evaluation program itself is not enough to improve the performance and capabilities of the suppliers, the buyer needs to establish an environment that supports the growth of the relationship between the buyer and the supplier. An important part of the feedback mechanism is that the buyer is able to clarify its objectives and their relationship with the evaluation process and the evaluation results. Two-way communication in the feedback process should be encouraged and the supplier's suggestions for performance improvements should be heard. If the supplier is not given any power in the feedback process, it can hurt the trust and commitment between the buyer and the supplier. (Prahinski & Benton 2004, 58-59)

The fourth major category of the supplier development practices is management and organizational practices, including practices such as long-term contracts, cross-functional supply chain teams, top management commitment and support and building formal practices for supplier development process (Bai & Sarkis 2011, 13507). Building a long-term contract is one important factor in establishing long-term relationship with the supplier. The legal guarantee that both parties are in it for a long run can encourages both parties to invest in the relationship more. The benefits received from implementing changes required for improvements can take time, and if the contracts are only year or two short, the buyer may feel unwilling to share information or resources with the supplier and the supplier is reluctant to make improvement efforts. On the other hand, supplier development always requires a certain amount of risk, and the

long-term contract itself is not enough to guarantee that the supplier development will be implemented. (Krause & Ellram 1997, 24)

Establishing cross functional teams is often referred to as one of the most important practices of efficient supplier development. To fully understand what kind of improvements will benefit the company in the long-run, consulting with employees from different departments of the company is necessary. In the end, answering to the demands of the end-customers is one of the top priorities, and in order to understand those needs the purchasing team needs to collaborate with those people who work closely in the customer interface. If the critical commodity sourced is used inside the company, then it is important to communicate with the users. The information that is formed as a result of inter-organizational, cross-functional communication is extremely valuable. Once the cross-functional team is formed, it should establish two-way communication with the supplier. Another important element in the fourth category is top management involvement and support. Many of the supplier development practices require a lot of resources, and if the top management is not able to understand how the supplier management practices will benefit the company, then it can be difficult to acquire the resources required for the development practices. According to Blome et al. (2014), if the top management commitment is lacking, even the basic green initiatives can be difficult to implement (Blome et al. 2014, 44). (Krause & Ellram 1997, 24)

Another popular approach to categorize the supplier development practices is to divide them into indirect and direct practices (Wagner 2006; Monczka et al. 1993). The indirect supplier practices, also known as "externalized" supplier development or "narrow perspective" focuses on communicating suppliers about potential improvement areas and offering incentives. The methods include supplier assessment, supplier evaluation, increasing supplier's performance goals or increasing performance through competition by using multiple suppliers. The key characteristics of the indirect practices are using a communication approach and the external market forces to achieve better performance. The methods used to achieve improved performance are based on goal-setting theory. Based on that, setting goals drivers better performance, if the goals are measurable, hard to achieve and feedback is provided. By using indirect practices, the

buyer uses its influence and power to increase performance. The use of buyer's re-
sources and the level of collaboration between the buyer and the supplier is low. To
motivate the supplier, improved performance can be rewarded and when the supplier
does not meet the performance goals the buyer can give sanctions or give legal
threats. The use of indirect supplier development practices can improve the perfor-
mance of the product or the supplier's capabilities, but there is a risk that they trigger
unwanted behavior, or that the results are not long-term in nature. (Wagner 2010, 537-
538)

The direct supplier development practices, also known as "internalized" or the broad
perspective, focus on building a collaborative relationship with the supplier by using
the resources of the buying firm. The buyer takes an active role and uses its human or
capital resources to a specific supplier. Important part of direct supplier development
is knowledge transfer, for example in the form of education and training programs,
consultation, personnel transfer or inviting supplier to visit the buyer. Direct supplier
development can be understood through knowledge-based view and transaction cost
theory. For the buyer, the implementation of the direct supplier development practices
is an attractive choice if it can add more value or save costs than other supplier man-
agement options which are supplier switching and vertical integration. The fundamen-
tal idea of the knowledge-based view is that knowledge is the most important resources
of the companies in achieving the competitive advantage. By sharing strategically im-
portant knowledge with the supplier and if the supplier can integrate the knowledge,
the supplier's performance or capabilities can be improved. Based on studies, the role
of direct practices in the supplier development is critical, and the performance and
capability improvements achieved can result in long-term success. (Wagner 2010,
538-539)

Sustainable supplier development practices can be divided to direct and indirect prac-
tices, which are similar as the practices discussed above, but the goal of them is to
improve the sustainability of the supplier. In one of a widely used categorization of
sustainable supplier development practices, the practices are divided into three main
groups: green knowledge transfer and communication, investment and resource trans-
fer and management and organizational practices. The first category includes practices

such as training programs, setting environmental performance targets, offering technical support, product development training or joint problem-solving regarding environmental issues. In these practices the buyer takes an active role and aims to improve the sustainability of the supplier by transforming environmental knowledge. The supplier is seen as a partner, who is included in strategically important processes, such as product development, to improve the sustainability of the whole supply chain. The practices require active two-way communication and clear environmental goals, which the supplier is expected to achieve. (Trapp & Sarkis 2016, 2090)

The second category: investment, and resource transfer, includes practices where the sustainability capabilities of the supplier are improved through investment and resource transfer. The buyer can for example transfer its own employees with environmental expertise to work with the supplier, offer rewards for improved sustainability performance or finance supplier's investments which would drive sustainable development. These practices can be effective and bring long-term benefits for both the buyer and supplier, but they require a lot of resources from the buyer. The third category of sustainable supplier development practices is management and organizational practices. Examples of these practices are long-term contracts, committing the top management to sustainability issues, or providing support for suppliers in the process of acquiring certain environmental certificates or planning and implementing an environmental management system. (Trapp & Sarkis 2016, 2090)

Liu et al. (2018) studied the sustainable supplier development practices from multi-stakeholder perspective. Based on their study, the role of other stakeholders, not just the buyer and supplier, is important when considering why and how different sustainable supplier development practices are implemented. In their study, they divided stakeholders into three groups, 1) drivers, 2), facilitators and 3) inspectors, and based on the results of their empirical study, they analyzed how different stakeholders influence the different sustainable supplier development practices. Drivers are those stakeholders that provide pressure or incentives to adapt SDS practices, and they are typically mission driven and have access to the decision-makers of the buying firm. When considering why specific SDS practices are adapted, the role of drivers is important, because they do not only create pressure but help to determine which sustainability

related issues are the most relevant, therefore their influence is strong especially in the designing stage of the different practices. (Liu et al. 2018, 105)

Facilitators have active role considering the practices that are part of implementation and monitoring stages. Facilitators are organizations, that provide knowledge and resources for companies to adapt sustainable supplier development practices. They can work closely with several different buyers, and thus have a significant impact on the development of sustainable supplier development practices in a certain area or industry. Without the knowledge and resources of these organizations, the implementation of sustainable supplier development practices can be challenging, as the buyer does not necessarily have the required knowledge and resources. The third group, inspectors, are organizations that provide more neutral and scientific approach to sustainable supplier development practices. Inspectors can offer support when planning the goals of the different sustainable supplier development practices, and when analyzing how well those practices have worked. As inspectors are neutral parties, the relationship between them and buyer and the buyer are more limited compared to other stakeholders, however, their contribution to the designing and implementation of different practices can be significant. (Liu et al. 2018, 109)

Many researchers agree on that the current supplier development practices used are to some extent problematic. For example, according to Tran et al. (2021), supplier development has a "dark-side" as there are potential negative outcomes of supplier development. Based on their empirical study on Vietnamese fresh fruit and vegetable supply chain, they found evidence that supplier development can drive negative supplier behaviour. They suggest that supplier development practices can be inefficient and trigger opportunism among the suppliers. In their study they found out that when buyers demand certain quality or sustainability certificates, in the monitoring process suppliers for example placed the best quality products on top of the batches under inspection, hiding the products not meeting the requirements. Some suppliers did not follow the training processes, or they mixed their products with the products from other farms, especially when market prices were lower. These examples demonstrate that the supplier development process is challenging, and unethical behaviour can emerge

when there is lack of information and communication between the buyer and supplier. (Tran et al. 2021, 277-280)

3.3 Supplier development and social sustainability

Already during the 90s Krause et al. (1999) addressed the social sustainability issues by discussing the importance of implementing social supplier development practices to improve the conditions of the minority suppliers. However, management of social sustainability by implementing supplier development practices is still a rather new research area. Most of the studies have focused on exploring the relationship between social supplier development and economic performance, and the results have been mixed. Some researchers have found a positive link between social supplier development and economic performance, whereas others have found a negative link, or the results have been mixed. The empirical data on the subject is limited and lacks the ability to address the social sustainability of the whole supply chain. (Yawar & Seuring 2018, 228-229)

Still, many researchers agree on that supplier development plays a key role in developing social sustainability of the whole supply chain, and the development of social sustainability can help to achieve the competitive advantage. By implementing indirect supplier development practices, such as sustainable supplier selection, the different social issues such as community development could be improved, as the suppliers would improve their social performance to become more appealing for the buyers. Direct supplier development can effectively drive the improvement of societal benefits, such as better education, health care or improved living standards. In the developing countries, the resources of the suppliers can be very limited. By receiving knowledge and technology transfer and other forms of direct support, the supplier has more resources to improve its social sustainability. However, to develop the capabilities of the suppliers, active collaboration is required. (Yawar & Seuring 2018, 229-230)

Based on the research Sancha et al. (2015) conducted, they found out that supplier development can improve the social performance of the supplier. By implementing

supplier development practices such as auditing or active collaboration and information sharing, the social performance of the supplier can be improved. These efforts are more likely to work effectively if the management cares about the social sustainability of their suppliers. The management needs to understand that the results of social supplier development practices take time, and in terms of economic improvements the short-term results can be negative. Based on the study by Ehrgott et al. (2011), middle-level supply managers are the key drivers in adapting socially sustainable supplier selection process (Ehrgott et al. 2011, 108). The implementation of social supplier development practices can be resource-intensive, therefore in the decision-making process analysing and comparing the potential costs with the long-term benefits is important. (Sancha et al. 2015b, 390, 400)

4. EMPIRICAL STUDY AND FINDINGS

In this chapter the research methodology and the results of the empirical study are examined and presented. First the research methodology is discussed, including an overview of the research methodology that was used and how it was implemented. The main part of this chapter is to present and analyze the results of the empirical study and provide an empirical view to the topic of this thesis. The structure of the analysis of the results is constructed based on the themes of the interviews.

4.1 Data and method

As introduced in the chapter 1.4, the research of this study was carried out using qualitative methods. By interviewing several experts from large Finland based companies operating in grocery trade, the aim was to gain deeper understanding of the main themes of this thesis and collect relevant qualitative data in order to answer to the research questions of this thesis. The interviews were conducted as theme interviews, as the interviewees knew the themes of the interview beforehand, and they were able to familiarize them with the questions of the interviews before the interview. This kind of approach was chosen to guarantee that the interviewees were prepared to provide insightful information about the main themes of the interviews.

The interviews took place between May and September 2021 and in total four interviews were conducted. Several people working in the six largest companies in the field were contacted via e-mail. Some of the persons contacted did not give any answer and some of them declined due to lack of time for the interview or the lack of fully established social sustainability strategy. All of the interviews were conducted via Microsoft Teams or phone call, as due to the Covid19 pandemic face-to-face interviews were not an option. The length of the interviews was approximately 30 minutes, and all the interviews were recorded and transcribed. The interviews were conducted anonymously in order to acquire the most truthful answers. To gather comparable data, the structure of the interviews followed strictly the questions formulated beforehand, and any commenting from the interviewer's side took place only when clarification for the questions

was needed. Before the interview, each of the interviewees were asked to shortly introduce their position and main responsibilities in the company. In the end of the interview, the interviewees were asked if they have anything to add, giving them an opportunity to discuss any other relevant information related to the themes of the interview or give other kinds of comments.

4.2 Empirical results

The empirical results of this thesis of this study are presented and examined in two sections based on the two themes of the interviews. The first theme focused on social sustainability in the companies in general, and the motivations why social sustainability is developed and what hinders the development of the social sustainability. The second theme focused on supplier development, what kind of process it is, how it is used to develop social sustainability and what are most important factors that enable and hinder the use of supplier development practices to improve social sustainability. The themes and the questions of the interview can be seen in the Appendix 1.

4.2.1 Theme 1: Social sustainability

The aim of the first set of questions in the theme 1 was to gain general understanding of how the social sustainability is understood in the company, and what motivates and hinders the company to develop social sustainability. The first question was "how social sustainability is defined in your company". Based on the results, social sustainability is seen as an important part of the company's strategy and sustainability program. The sustainability program is built on based on the sustainable development goals (SDGs) of the United Nations. The SDGs are chosen based on their relevance to the company. The sustainability program consists of three pillars, one of them being the welfare of people. Inside this pillar the main areas are respecting human rights in the supply chain, welfare at work and work safety. All the interviewees provided similar answers.

Based on the results, the motivation to develop the social sustainability of the company comes from both inside and outside of the company, and many different stakeholders

have a role in it. Based on the results, social sustainability is seen as part of the company's strategy, and by being more sustainable, the company can differentiate itself and react early on to any changes in the market situation, and better attract investors. Sustainability issues have become the interest of many stakeholders, and therefore managing sustainability related issues is an important part of the company's risk management. All the interviewees identified that they operate in a field where supply chains are highly complex and lengthy, which means there are potential sustainability related risks in many different steps of the supply chain. Another important source of motivation are the customers and consumers. Consumers have become more aware of sustainability related issues and demand more sustainable products; therefore, it is important to answer to that demand. Regulations were also named as one of the main motivators, as there are certain laws and rules that need to be followed. Based on the results, the motivation needs to come from the inside as well, including the motivation of the owners and the employees. Sharing the same values with the employees is important, and by being a responsible company it can attract the best workers.

Based on the interview, there are factors which make it more challenging to improve social sustainability. Traditionally, the internal systems in the retail sector aim at product management, so the integration of sustainability issues is slow. The main challenge was related to the length and complexity of the supply chains. As the supply chains are long, the management of the social sustainability issues after the first-tier suppliers is complex. One of the interviewees mentioned, that it is difficult to improve the sustainability of the lower tier suppliers, because the first-tier suppliers are not usually motivated to participate in these kinds of processes. This is because the first-tier suppliers already have the necessary sustainability related certificates, and they are not able to understand why they should make more effort. All the interviewees mentioned that local conditions of the suppliers, such as the infrastructure, regulations, legislation, and unwritten rules are different which make the development of social sustainability challenging and slower. On the other hand, the company needs to respect the customs and practices of other countries, and therefore it is not a simple task to figure out, what kind of role a single company should take. Even though the companies are large in the

Finnish market, in global context their negotiation power is relatively weaker, and therefore there is not necessary much a single company can do to improve the development of the social sustainability of the suppliers located in other countries.

Based on the discussion about what motivates to develop social sustainability and what hinders the development of the social sustainability, drivers and barriers for social sustainability development were identified and they are presented in the table 3 below. The results of the theme 1 of the interview were similar, and there were not any significant differences in the answers given.

Table 3. Drivers and barriers of developing social sustainability in grocery trade.

Internal drivers	Internal barriers
The motivation of employees	Slow integration process of social issues and internal product management systems
The motivation of owners	
Risk management	
External drivers	**External barriers**
Consumer demand	Length and complexity of supply chains
Laws and regulations	Different conditions of the supplier's country
Competitive pressure	Lack of negotiation power in global context
Public awareness	

4.2.2 Theme 2: Supplier development

The focus of the second theme of the interview was on supplier development. The aim was to identify the supplier development process and practices, how supplier development is used to develop social sustainability and what are the enablers and challenges of supplier development. To gain an understanding what kind of process supplier de-

velopment is, the first questions of the second theme were "what does supplier development mean in your company" and "what steps are included in the supplier development process". Based on the results, supplier development is not seen as an independent process, it is part of the sourcing process which is integrated to the whole strategy and sustainability program of the company. The strategy and the sustainability related goals guide the operational management of the suppliers. Therefore, supplier development is integrated to the whole value chain of the company. Even though all of the interviewees identified that the supplier development process is part of the "big picture" and the sustainability strategy of the company, there were some variations who is responsible for the implementation of the process. Based on one of the interviews, the purchasing department is responsible for the operational management and implementation of the supplier development process, but the process is supported by the sustainability department of the company. According to one of the interviews, supplier development is implemented by sharing responsibilities among the purchasing team, as each has their own responsibility areas. Also, the use of cross-functional teams was mentioned.

To manage suppliers and identify the development needs, the suppliers are categorized based on the risk and criticality of the supplier. Based on results, the supplier selection and development are based on the sourcing policy of the company, which is based on the code of conduct which determines the sustainability goals and requirements for new and existing suppliers. According to the interviewees, the code of conduct of the company is determined based on the internal goals and guidelines of the company and the guidelines of third-party organizations. The suppliers are regularly audited, which includes pre-audit questionnaires and/or on-site visits. Based on results, some of the audits are made internally but third-party auditors are used as well. On-site visits are expensive and time-consuming, which means only the most critical suppliers are visited.

Therefore, the implementation of other collaborative practices, such as regular meetings, phone-calls and e-mails are important in order to share information between the buyer and the supplier. One important practice is the use a self-evaluation method, which means that the suppliers provide information to the buyer. Cooperation with the

suppliers is seen as one of the most important factors in developing social sustainability. This requires a good understanding of the structure of the supply chain, and active communication with the suppliers and establishing local presence in the supplier's location. Based on the results, one of the most critical factors in establishing deeper communication among the buyer and supplier is the nature of the daily communication practices. The interviewees were not able to elaborate exactly why with some suppliers the daily communication is richer and more informal, but it is likely that cultural similarities between the supplier and buyer support the relationship. The most important supplier development practices to develop social sustainability are presented in the table 4 below.

Table 4. *Supplier development practices to develop social sustainability in grocery trade.*

Supplier development practices
Supplier selection – Suppliers are selected based on the social sustainability criteria of the company
Supplier evaluation – Suppliers are evaluated based on their risk and criticality in order to identify the social sustainability development needs
Supplier auditing – Suppliers are regularly audited by the buyer and/or third-party auditor
Information sharing – Both the buyer and the suppliers actively share information
Active collaboration – The communication between the buyer and the suppliers is active
Feedback mechanisms – The suppliers are given feedback regularly on their social sustainability performance

Next, the interviewees were asked which are the most important supporting factors in the development of the social sustainability of the suppliers and what hinders the development of the social sustainability of the suppliers. Based on the results, cooperation with the suppliers is the key factor in developing social sustainability. It is important to consider the conditions of the supplier's home country and have a comprehensive monitoring and auditing systems for the suppliers. Transparency in the supply chain is

important, which requires knowing the suppliers well and understanding how the supply chain works. In the long run, creating shared value with the key suppliers is important as it leads to improved social sustainability as well. Therefore, long-term partnerships are valuable. Education programs and finding the right ways to motivate the suppliers were mentioned as an important method to improve the social sustainability conditions of the suppliers. Another important factor that came up is that as the power of a single company is limited, it is important that buyers work as a single unit with similar goals. This requires an active collaboration with international organizations and other companies working in the same field.

The most important barriers for the development of the suppliers' social sustainability are the differing local conditions of the supplier including infrastructure, regulations, legislation, lack of transparency and changing policies and norms. There can be significant differences between the practices of the supplier's country and Finland, which can be challenging. The cultural differences can lead to misunderstandings, i.e., communicating the auditing results can be sometimes challenging. Especially in the beginning of the relationship it can be challenging to establish mutual understanding, and some suppliers are not motivated to improve the social sustainability of their company. The number of suppliers makes the development of the social sustainability difficult, as the resources that can be used are limited and therefore only a small number of suppliers are chosen for the development. As the product selection is wide, it is not possible to significantly reduce the number of the suppliers.

One important barrier that came up is the limited resources of a single company to influence the conditions of the supplier's country and the potential risks. To drive change is difficult, and even though the supplier would be willing to improve the social sustainability of their company, it is not always possible, as there can be local political factors which hinder the development. For example, increasing the salaries of the workers can cause the loss of the whole business to the neighbor countries which have lower salaries. Therefore, the results of the social sustainability development practices are not always straightforward. The main enablers and challenges are summarized in the table 5 below.

Table 5. *The enablers and challenges of developing the social sustainability of the suppliers in grocery trade.*

Enablers	Challenges
Active cooperation with the suppliers	Different local conditions of the supplier
Long term relationships	Lack of transparency
Education programs	Lack of motivation
Motivating suppliers	High number of suppliers and wide product selection
Collaboration with other buyers/international organizations	Limited resources of a single company

5. DISCUSSION AND CONCLUSIONS

The main theme of this thesis was to understand how social sustainability in supply chain context is determined and how companies can improve the social sustainability of their supply chain through supplier development. Given that both main themes of this study; social sustainability and supplier development, were to some extent unclear based on the current literature, to gain deeper understanding of both concepts was important goal of this thesis. Therefore, understanding the benefits and challenges of adapting social sustainability practices and supplier development was one of the main goals of this study. In this final chapter, the research questions of this thesis are answered based on the results of the empirical part and the main findings of the theory introduced in this thesis. After that, conclusions of the discussion part and managerial implications are provided. Finally, the limitations and the suggestions for future research are presented.

5.1 Discussion

The aim of this study was to gain deeper understanding of how social sustainability can be developed through supplier development. In the current literature, the number of papers examining the relationship between social sustainability and supplier development is limited (Yawar & Seuring 2018, 228-229), even though supplier development is considered as one of the most important practices to improve the sustainability of the whole supply chain (Trapp & Sarkis 2016; Yawar & Seuring 2017; Liu et al. 2018). One possible reason explaining why social sustainability is the least studied of the three sustainability dimensions, is the complexity of the subject and lack of unified conceptualization (Ashby et al. 2012; Croom et al. 2018; Najjar et al. 2020). Given these gabs in the literature, the sub-questions of this thesis focused on gaining deeper understanding of these concepts and their connection. The research questions of this study are answered next.

How supplier development can improve social sustainability in the supply chain?

The main goal of this thesis was to gain deeper understanding of social sustainability in the supply chain context and how supplier development can be used to develop it. Based on the existing literature, social sustainability is a complex matter and due to its characteristics, the conceptualization is lacking compared to economic or environmental sustainability. Therefore, the relationship between supplier development and social sustainability is relatively new research area, but there are studies which indicate that supplier development should be used to improve the social sustainability of the companies. Based on the empirical findings, social sustainability is an important part of the sustainability strategy of the companies and as the public awareness of environmental issues have increased, the management of social sustainability is necessary. Based on the results of the empirical study, the motivation to develop social sustainability comes from both inside and outside of the company, from multiple different stakeholders such as top management, employees, investors, government, consumers, and competitors.

Based on the empirical results, supplier development is identified as an integrated process which is an important part of the company's sourcing and sustainability strategy. The sustainability policy of the company and the codes of conduct guide the supplier development practices such as supplier selection, evaluation, auditing, and monitoring. As the implementation of supplier development requires resources, supplier development practices are used only with the key suppliers. Suppliers are evaluated based on their criticality to the company. However, based on the literature and the empirical results of this study, the successful supplier development is challenging without active communication and information sharing, thus emphasizing the role of long-term cooperation between the buyer and the supplier.

The key challenges of developing social sustainability through supplier development are caused by the distant locations of the suppliers and the different conditions. The different laws and regulations, infrastructure, customs and norms and unwritten rules can bring major challenges for a single company, which can be sometimes impossible to overcome. Even though the importance of the long-term cooperation is identified, in practice the development of the buyer-supplier relationship can be challenging due to

these cultural differences. Any misunderstandings between the buyer and the supplier can damage the relationship and endanger the supplier development efforts. One major issue that came up in the empirical part of this study, is the dilemma of how involved a single company can be with their suppliers in other countries. On the one hand, part of being a responsible actor is to respect the culture and norms of the local country, but on the other hand the problems related to the social sustainability can be culturally related. Often a single company has a very limited power over their suppliers in the distant countries, therefore it would be important to collaborate with the other buyers and international organizations to drive change.

What are the benefits and challenges in improving social sustainability with the suppliers?

First, to gain deeper understanding of the benefits and challenges in improving social sustainability with the suppliers, the motives of companies to adapt social sustainability practices were analyzed. Based on the current literature, there can be internal and external factors that motivate companies to improve the sustainability of the organization. According to several authors, the main internal drivers are top management commitment and motivation of the owners and employees (Harms et al. 2013, 207; Walker et al. 2008, 70). However, sometimes the internal motivation is not necessarily related to the personal interest of the owners or employees to improve the social sustainability of the company as based on the literature for example the desire to reduce costs or risk management can be sometimes important internal drivers (Sajjad et al. 2015, 644). The internal motivation can also come from the investors (Walker et al. 2008, 70). The empirical results of this study partly support these findings. Based on the empirical results, the internal motivation of the owners and employees plays a significant role in adapting social sustainability practices and improving the social sustainability of the whole supply chain is an important part of the risk management. Also, increased pressure from the investors was considered as one of the factors.

Sajjad. et al (2015) used the three-level categorisations for the external drivers; 1) regulators and governments on the regulatory level, 2) customers and competitors on the market level and 3) non-governmental organizations (NGOs) and the public on societal

level, highlighting the importance of the government regulations (Sajjad et al. 2015, 645). Based on literature, there are key stakeholders in all of these three levels, but the influence they have over companies depends on the industry the company is operating in and how it is positioned (Walker et al. 2008, 72). According to the results of the empirical part of this study, there are many different external factors which affect the development of social sustainability practices. Based on the empirical results, the main external drivers are laws and regulation, competitive pressure, customer demand and the public awareness. There are not any major differences between the results of the empirical study and the current literature.

One of the main internal barriers according to the literature is the lack of internal legitimacy. This means that the people working inside the company are not personally interested in sustainability issues thus hindering or slowing down the process of adapting social sustainability practices. However, even though the company would be willing to adapt SSCM practices, it can be challenging if the company is lacking the necessary tools and resources (Zhu & Sarkis 2004, 282; Walker et al. 2008, 74). This came up in the interviews as well, as based on the empirical results one of the internal barriers was the slow integration process of product management systems and social sustainability issues.

Based on the empirical results, the main external barriers were related to the complexity of the supply chain. The longer the supply chains are, it becomes more difficult to achieve transparency, and managing social sustainability issues after the first-tier supplier is challenging. The challenges caused by the long supply chains are driven by the differences between the buyer's and supplier's location. When the laws and regulations, local infrastructure and customs and norms are different, the management of sustainability related issues is difficult. For a single company it is hard to determine to what extent they should influence the sustainability issues in another countries, and in many cases their power is limited. The planning, implementation and overseeing of the development processes takes time, and the cultural differences and sudden changes can significantly slow down processes.

Based on the analysis of the current literature on the main drivers and barriers and the empirical results, the benefits of developing social sustainability can be determined. Based on research (Walker et al. 2008, 72; Sancha et al. 2015a, 96) and the empirical results, developing the sustainability of the supply chain can significantly differentiate the company from its competitors, and thus give a competitive advantage for the company. As discussed above, there are many different stakeholders expecting certain level of responsibility from the company regarding the sustainability issues related to the company's operations, and it can be expected that the importance of the sustainability related issues will become increasingly significant. By improving the social sustainability, companies can attract the best workers, new investors, satisfy the customer demand and other external stakeholders. From the risk management perspective, managing the sustainability of the supply chain is significant, as any sustainability related problems in the supply chain can cause serious damage to the company's reputation.

Several authors argue that one of the main challenges of developing social sustainability with the supplier is lack of resources (Bai & Satir 2020; Busse et al. 2016). The implementation of the supplier development process requires resources and time. Without internal capabilities such as expertise or funding the implementation of supplier development is difficult and the results wanted are not achieved. These findings are supported by the empirical results. The resources of a single company are limited, and the implementation of the supplier development practices require a lot of resources. Another major challenge is the lack of supplier's motivation. Foerstl. et al (2015) argue, that the first-tier suppliers can be reluctant to adapt new sustainability related practices if their operations already meet the minimum requirements (Foerstl et al. 2015, 68). Lack of supplier's motivation and transparency were mentioned as one of the main challenges in the interviews as well.

Based on the empirical results, the main challenges are caused by the differences between the buyer's and the supplier's locations. Despite long term collaboration and active collaboration are important supporting factors of the implementation of supplier development practices, the establishment and development of the relationship with the suppliers can be difficult due to cultural differences. Especially in the beginning of the

relationship misunderstandings can occur, which can be harmful for the buyer-supplier relationship. Important part of the supplier development process is to communicate the requirements and expectations and provide feedback of the monitoring process. Especially giving negative feedback can be sometimes challenging. The empirical results are supported by the literature, as one of the main challenges of supplier development are caused by the distant location of the supplier and different conditions. (Busse et al. 2016, 443)

What kind of supplier development practices can be used to improve social sustainability?

Despite several authors support the idea that supplier development practices should be used in order to improve the sustainability of the whole supply chain (Trapp & Sarkis 2016; Yawar & Seuring 2017; Liu et al. 2018), the research on social sustainability and supply chain practices is limited. However, some studies have been conducted providing information what kind of supplier development practices can be used to develop the social sustainability and they can help to achieve competitive advantage. These practices include indirect supplier development practices such as supplier selection, evaluation and audits, and direct supplier development practices such as technical support, education programs, or personnel. However, in order for these practices to efficiently work, active collaboration is required. (Yawar & Seuring 2018, 229-230; (Sancha et al. 2015b, 390, 400)

According to the empirical results, there are several practices which are used to improve the social sustainability of the suppliers. The supplier development practices used are chosen based on the risk related to a certain supplier and the criticality. Supplier selection and evaluation based on the codes of conduct were mentioned as one of the key processes. Suppliers are selected based on certain criteria, for example certain certificates are demanded. The key suppliers are audited, and the collaboration is more active in nature, including active two-way communication and information sharing. Supplier development is seen as an integrated part of the company's sourcing and sustainability strategy which is regularly updated if any changes occur. This is important, because in complex supply chains there can be sudden sustainability related

problems which the company needs to solve fast. Therefore, it is important to have an efficient and agile process which is handled by skilful, cross-functional team.

As a conclusion, improving the social sustainability of the supply chain can bring multiple benefits for companies and supplier development plays an important part of developing the social sustainability. The findings of this study indicate that supplier development should be considered as an important part of the company's sourcing and sustainability strategy. Establishing clear social sustainability requirements and development targets, and an efficient monitoring and evaluation system are the key aspects of supplier development. However, in order to achieve long term benefits, the supplier development with the key suppliers should be collaborative in nature and aim for continuous learning through active communication and information sharing. Having a deep understanding of the cultural and legal factors of the supplier's country is crucial and having a local presence can be highly beneficial. Otherwise, the supplier development efforts might fail and in the worst-case scenario cause negative results.

Based on the results of this study, supplier development can be used to improve the social sustainability. Top management should understand that supplier management plays a key role in developing the sustainability of the whole company, and therefore integrating supplier development with the company's strategy is essential. However, supplier development is a resource-intensive process, and there are many risks related to it. Therefore, the successful implementation of supplier development practices requires skills, tools and expertise and long-term perspective. Supplier development practices such as supplier selection, evaluation, auditing, and monitoring can be used to improve the social sustainability of the supply chain, but they seldom work without the supplier's commitment. Establishing long-term cooperation with the key supplier is essential, but it should be noted that it requires trust from both sides which can be challenging. However, despite the potential risks and difficulties of the implementation of supplier development practices based on studies they have been proven to improve the sustainability of the whole supply chain and to gain competitive advantage. Therefore, supplier development should be seen as one of the key processes when considering the development of social sustainability and an important part of the whole strategy.

5.2 Limitations and suggestions for future research

There are several major limitations of this study. First, even though the literature review of this study indicates that there are gabs in the literature, only a limited number of scientific articles were used in this report. In order to make generalizations if these gaps exist, a more comprehensive literature review should be conducted. Also, given that there are similar terms that have been used to describe "social sustainability", it is possible that during the research some potentially relevant articles were not used as a source of this study. The main limitation of this report is the small number of interviews conducted. As only four interviews were conducted, any generalizations cannot be made. However, the results are still important and relevant, as the interviewees were experts in their field, and they were able to provide insightful information about the main themes of this study.

Given the limitations of the empirical part of this study, to acquire reliable results, sampling larger number of companies is necessary. In order to gather more general data, the quantitative methods should be used as well. This study focused only on companies operating in grocery trading, but it would be important to examine other industries as well in order to make comparisons. Managing sustainability related issues is an important part of today's business environment, and the sustainability requirements can quickly change. Therefore, understanding the motives why companies need to develop the sustainability of their supply chain and how it can be done through supplier development are important themes and should be further explored. Major part of the research examines supplier development and sustainability from the buyer's perspective. It would also be important to examine the supplier's side and the other stakeholders in the networks.

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APPENDICES

Appendix 1. Interview questions:

What is your role and areas of responsibility in your company?

Theme 1: Social sustainability

1. How social sustainability is defined in your company?
2. What motivates your company to improve social sustainability?
3. What hinders the development of social sustainability?

Theme 2: Supplier development process

4. What does supplier development mean in your company?
5. What steps are included in the supplier development process?
6. What kind of practices are used to develop the social sustainability of the suppliers?
7. Considering the development of the social sustainability of the suppliers, what are the most important supporting factors?
8. What hinders the development of the social sustainability of the suppliers?

Anything to add?