

SUSTAINABLE SUPPLY CHAIN ENGAGEMENT IN A RETAIL ENVIRONMENT: THE CASE OF WOOLWORTHS' FOOD SUPPLIERS

by
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“Coming together is a beginning, staying together is progress, and working together is success”

- Henry Ford

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Firstly, to my Heavenly Father, thank you for this amazing opportunity to have come this far and for always carrying me through when things get tough. All honour and glory to God whom without I won't have been able to complete this year or any other year of my life.

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ABSTRACT

Sustainability is a key requirement for business success and is often regarded a competitive advantage if strategically managed. Sustainability-mature organisations look to their value chains where the retailer-supplier relationship becomes critical in embedding sustainability. With this in mind, it has been established that a large South African retailer, Woolworths, has limited insight into the level of engagement in terms of sustainability with its key food suppliers, and no knowledge of the effectiveness of current tools used in enhancing their supply chain sustainability. This poses a problem, as it hinders the full implementation of Woolworth's sustainability strategy across their value chain. In response to this, a study was undertaken to establish the level of engagement in terms of sustainability and obtain supplier feedback on the effectiveness of current tools used to enhance Woolworth's supply chain sustainability. To facilitate this, the *United Nations' Global Compact* and the *Supply Chain Sustainability Guideline* were utilised.

Secondary research was conducted by means of a literature review covering the theoretical concepts of corporate social responsibility, sustainability, supply chain sustainability and retailer-supplier collaboration. The qualitative and exploratory nature of the study necessitated a case study research design, while the technique of purposive sampling was used to select the sample of three of Woolworths' food suppliers. Data was collected by means of semi-structured interviews facilitated by an interview guide, and data analysis was conducted with Atlas.ti software.

It was determined that the current engagement around sustainability between Woolworths and their suppliers is still at a basic and broad level, with a strong environmental focus. Additionally, monitoring and support of sustainability initiatives seems to be lacking. Managerial implications emphasise the importance of an integrated sustainability approach driven by the retailer and a strong focus on collaboration and communication with suppliers around ongoing sustainability challenges and opportunities. The *United Nations Global Compact Supplier Engagement Continuum* was utilised as a framework to map the current level of engagement and was amended for use in the South African context.

Future research agendas suggest replica studies in other industries, and that the amended continuum should be tested and further refined for the South African context. In conclusion, specific propositions were formulated to aid future research.

Keywords: corporate social responsibility (CSR), sustainability, stakeholders, suppliers, collaboration, supplier engagement, retail

OPSOMMING

Volhoubaarheid is 'n sleutel vereiste vir besigheidsukses en word dikwels gesien as 'n mededingende voordeel indien dit strategies bestuur word. Volhoubaar-volwasse organisasies fokus op hul waardekettings waar die kleinhandelaar-verskaffer verhouding krities is vir die implementering van volhoubaarheid. Met bogenoemde in gedagte, is dit bevind dat 'n groot Suid-Afrikaanse kleinhandelaar, Woolworths, beperkte insig het aangaande die vlak van samewerking in terme van volhoubaarheid met sleutel voedselverskaffers. Verder is daar ook geen kennis oor die effektiwiteit van huidige tegnieke wat gebruik word om volhoubaarheid in hul waardeketting te bevorder nie. Dit skep 'n probleem aangesien dit die effektiewe implementering van Woolworths se volhoubaarheidstrategie in hul waardeketting verhoed. Dus is 'n studie onderneem om die vlak van betrokkenheid in terme van volhoubaarheid te bepaal, sowel as om terugvoer vanaf verskaffers in te samel aangaande die effektiwiteit van huidige volhoubaarheidsinisiatiewe. Om dit te fasiliteer was daar van die *United Nations Global Compact* en die *Supply Chain Sustainability Guideline* gebruik gemaak.

Sekondêre navorsing was uitgevoer deur middel van 'n literatuur studie wat fokus op die teoretiese konsepte van korporatiewe sosiale verantwoordelikheid, volhoubaarheid, waardeketting-volhoubaarheid, en kleinhandelaar-verskaffer samewerking. Die kwalitatiewe en ondersoekende eienskappe van die studie het gelei tot 'n gevallestudie navorsingsontwerp, terwyl doelgerigte steekproeftrekking gebruik was om die steekproef van drie van Woolworths se voedselverskaffers te identifiseer. Data insameling het deur middel van semi-gestruktureerde onderhoude plaasgevind en was gefasiliteer deur 'n onderhoudgids. Die data was verwerk en geanaliseer met behulp van Atlas.ti sagteware.

Dit is bevestig dat die huidige samewerking tussen Woolworths en hul verskaffers, aangaande volhoubaarheid, steeds op 'n basiese en breë vlak is met 'n sterk omgewingsfokus. Addisioneel wil dit voorkom dat volgehoue monitering en ondersteuning van volhoubaarheidspogings tekort skiet. Bestuursimplikasies beklemtoon die belangrikheid van 'n geïntegreerde volhoubaarheidsbenadering wat gedryf moet word deur die kleinhandelaar. Terselfde tyd word 'n sterk fokus op samewerking en kommunikasie met verskaffers aangaande deurlopende

volhoubaarheidseleenthede en –uitdagings benodig. Die *United Nations Global Compact Supplier Engagement Continuum* was gebruik as raamwerk om die huidige vlak van samewerking te bepaal en was aangepas vir die Suid-Afrikaanse konteks.

Toekomstige navorsingsagendas stel voor dat replika studies in ander industrieë gedoen word, en dat die aangepaste kontinuum getoets en verder verfyn word vir die Suid-Afrikaanse konteks. Ten slotte was spesifieke proposisies geformuleer vir toekomstige navorsing.

Sleutelwoorde: korporatiewe sosiale verantwoordelikheid (KSV), volhoubaarheid, belanghebbendes, verskaffers, samewerking, verskaffer samewerking, kleinhandel

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CHAPTER ONE

INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

Corporate social responsibility (CSR) has lately gained more attention within business than in previous years. Organisations regard CSR as a vital part of their activities and they are placing more emphasis on CSR's long-term role in society, instead of only focusing on short-term profits (Foot, Gaffney & Evans, 2010). Sustainability that forms part of CSR has also become more important to managers. Sustainable development can be defined as development that can be continued at a sustained level without causing lack (Lele, 1991). The Brundtland Commission's report defines sustainable development as development that meets the current generation's needs without endangering future generations' needs (Bürlund, 2005).

According to the stakeholder theory of a business, as discussed by Lawrence and Weber (2011), organisations are required to act in the interest of the society they are operating in, as well as the greater environment that is affected by their business processes. In recent times, stakeholders, including consumers, have become more aware of social and environmental issues. A study by Mohr, Webb and Harris in 2001 presented results that showed that consumers favour retailers that are socially responsible above those that are not. Consumers are thus choosing where they shop based on how socially responsible the retailers are. It is, therefore, of considerable importance for retailers to shift their focus to sustainable practices.

Woolworths is a well-known retailer in South Africa, founded by Max Sonnenberg in 1931 and is regarded today as one of South Africa's largest retail chains (Van der Merwe, [S.a.]). Woolworths is committed to responsible retailing and sustainable development in South Africa (Woolworths Holdings Limited, 2012). After implementing the necessary sustainable practices in the organisation, the organisation has shifted its focus to its suppliers by encouraging them to also become more sustainable.

The following section addresses the relevant literature in order to form a solid foundation for the study. The concepts of corporate social responsibility, sustainability, supply chain sustainability and retail sustainability are addressed to

gain a better understanding of each of these individual concepts. This is followed by a discussion of the problem statement, as well as the research objectives. The methodology section discusses the research process and methods used to collect and analyse the data. This chapter ends with an orientation of the study.

1.2 BACKGROUND

In this section, the literature that was reviewed for this study is discussed. The subsections cover the different components of corporate social responsibility and sustainability, as well as the role of retailers regarding sustainability and, more specifically, the South African retailer, Woolworths.

The following objectives were addressed in the literature review:

- to examine the concept of corporate social responsibility and evaluate the role of sustainability;
- to assess the importance of sustainability and identify different aspects of sustainability such as supply chain sustainability and retail sustainability, and
- to explain the importance of sustainability in the retail industry with specific emphasis on Woolworths, South Africa.

1.2.1 Defining corporate social responsibility

In 2003 Smith stated that corporate social responsibility (CSR) is not a new concept to the world. He argues that in recent years CSR has gained considerable interest, but that it is today even more prominent than it was before. Since the 1960s, the public has raised their social expectations with regard to business practices and more attention and thought have been given to how organisations operate and how they conduct these operations with regard to the environment (Ferrel & Fraedrich, 1997). There has been an increasing concern among both consumers and shareholders regarding CSR and the influence that organisations may exert on their immediate surroundings and the society in which they operate (Boyd, Spekman, Kamauff & Werhane, 2007). CSR has therefore become significant in today's society, and in particular for managers, to implement CSR practices in their businesses.

In order for managers to know exactly what they face, they need to have a sound understanding of what the concept of CSR truly entails. The following section provides an overview of a few definitions of CSR after which Chapter two continues with an extensive, in-depth analysis of each of these definitions.

Over the years there have been many different definitions suggested regarding CSR. Lantos (2001) defined CSR as "...a social contract between corporations and society, based on long-term social demands and expectations". Keller (1998) defines CSR as different from the profit-making side of an organisation. CSR is differentiated due to its focus on social welfare and the society as a whole. For the purposes of this research study, the following definition by Ferrell, Thorne and Ferrell (2011) will be adopted: CSR is "the adoption of a strategic focus for fulfilling the economic, legal, ethical and philanthropic responsibilities expected of it by its stakeholders". This definition has a strategic focus and the inclusion of economic, legal, ethical, as well as philanthropic aspects makes it best suited for this research study.

1.2.2 The history of corporate social responsibility

The concept of CSR is not new and can be traced back to the 1950s, according to Carrol (1999). Since then the theory and knowledge surrounding the concept of CSR has grown significantly. The challenge, however, is to determine how far back before the 1950s CSR has started to become part of society and business operations. In 1999 Carrol wrote an article that analysed the evolution of the concept of CSR. The literature research dates back to beginning of the 1950s and traces the evolution all the way to the 1990s. This evolution is described in detail in Chapter two.

1.2.3 The corporate social performance model

The following section discusses a model developed by Carrol (1979) which focuses on the social responsibility of organisations in a society. This model was chosen because of its relevance to the definition of CSR proposed earlier by Friedman (1970).

Carroll (1979) developed the corporate social performance model which offers a comprehensive description of the essential aspects of an organisation's social performance. It provides an overview of social responsibilities in one single framework. This model has relevance for academic research, as well as for business managers. It can clarify the different social issues that managers may face, as well as to help them understand how all these different issues are integrated into socially responsible business practices.

Carroll's framework also provides a clear conceptualisation of what is being faced and this may lead to better managed socially responsible practices. It does not, however, stipulate exactly how to proceed within a business environment, but it can be used by managers as a diagnostic problem-solving tool to identify where social issues are present.

1.2.4 The role of stakeholders

Stakeholders are the persons or groups that can affect or are affected by decisions and actions made by an organisation (Freeman, 1984; Lawrence & Weber, 2011). According to Lawrence and Weber (2011), stakeholders include employees, customers, stockholders, the media and government organisations. These groups can be further divided into market stakeholders (customers, suppliers, creditors, and employees), and non-market stakeholders (media, governments, communities, and the general public).

These stakeholders have a relationship with the organisation, while the actions of the organisation have a direct influence on the different stakeholder groups. For this reason, stakeholder engagement and the management of stakeholder relationships are important for organisations. Engagement with stakeholders can help organisations to manage a wide variety of issues more effectively.

1.3 SUSTAINABILITY

Over the years corporate social responsibility (CSR) has been regarded as a vital part of any organisation's operations and an increased focus has been placed on its

long-term role in society, instead of only focusing on short-term profits (Foot, Gaffney & Evans, 2010). One of the concepts that forms part of CSR, namely sustainability, has also become more important to managers. According to Carter and Rogers (2008), the term 'sustainability' is appearing more often in the literature of business disciplines such as management and operations, and organisations are beginning to rapidly adopt sustainability as a strategic focus. According to statistics from KPMG (2005), sixty-eight per cent of the Global 250 businesses generated a separate annual sustainability report in 2004 in which they considered environmental, social, and economic issues. Their most recent survey, completed in 2011, showed that the number of companies reporting on corporate responsibility continued to rise since their previous survey in 2008 (KPMG, 2013).

1.3.1 Supplier engagement

According to Prajogo, Chowdhury, Yeung and Cheng (2012), the importance of managing suppliers as part of an organisation's operations can be seen throughout in the literature on supply chain management (SCM). Suppliers have a crucial role to fulfil in a collaborative supply chain and the management of these collaborations with suppliers are just as important for the successful implementation and execution of an organisation's business operations (Duffy, Fearne, Hornibrook, Hutchinson & Reid, 2013).

1.3.2 Supply chain sustainability

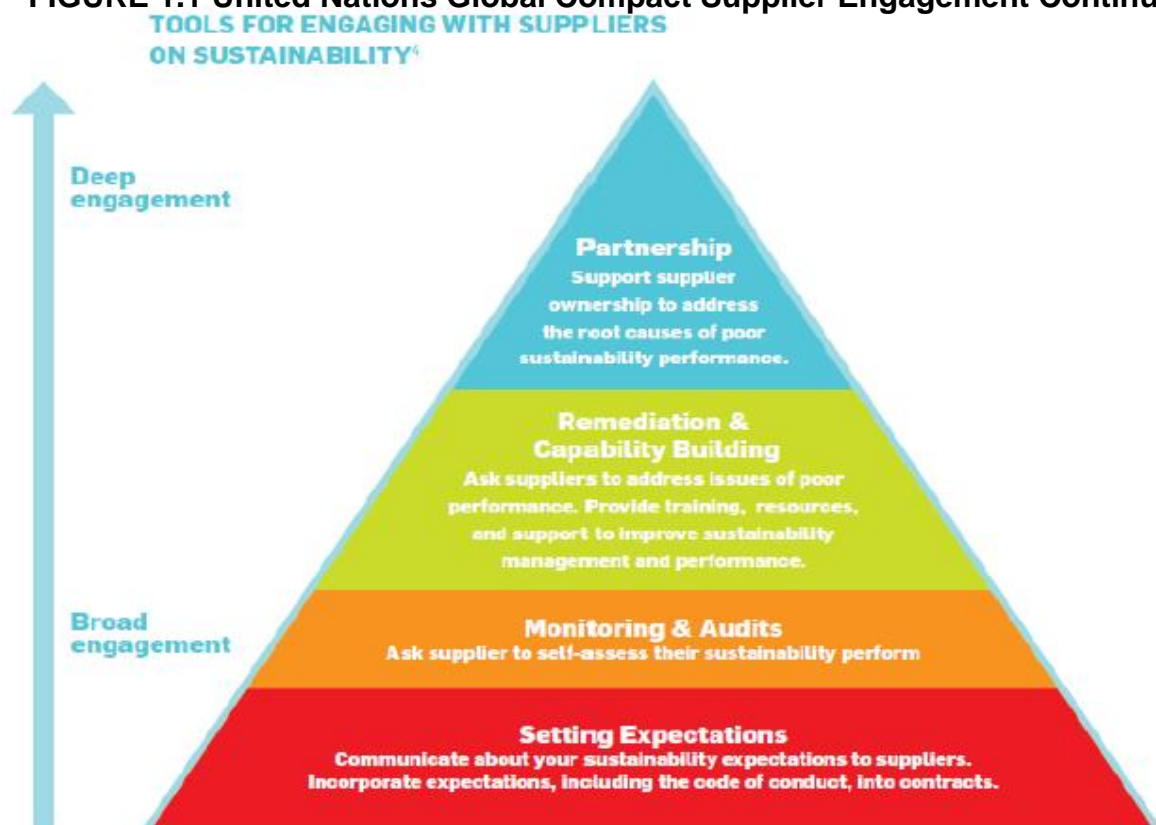
In recent times, organisations have increasingly realised that the issue of sustainability and CSR have moved higher up in the value chain. More specifically, organisations have been placing more pressure on their suppliers to improve their business processes and create more value for the customers. Organisations are also urging their suppliers to exploit new technologies and try to reduce the costs of product development (Handfield & Nichols, 2002). In doing so, organisations are encouraging their suppliers to become more sustainable and decrease their environmental impact during product design and delivery. Because of this, organisations are realising that the only way to encourage the suppliers effectively is

to manage their stakeholder relationships better. Against this background, the focus is on managing supply chain relationships, and more specifically, the stakeholder relationship between Woolworths and its suppliers (Darnall, Jolley & Handfield, 2008).

1.3.3 The United Nations Global Compact

Figure 1.1 is a graphic representation of the focus of the study. After discussing the concept of corporate social responsibility (CSR), sustainability, and, more specifically, supply chain sustainability and supplier engagement, the literature review will now focus on the United Nations Global Compact Supplier Engagement Continuum as extracted from the United Nations Global Compact (2010). This continuum or model distinguishes between the different levels at which an organisation can be plotted against with regard to supplier collaboration.

FIGURE 1.1 United Nations Global Compact Supplier Engagement Continuum



Source: United Nations Global Compact (2010)

Developed by the United Nations (UN), the UN Global Compact is a strategic policy initiative for organisations that includes ten universally-accepted principles in the areas of human rights, labour, anti-corruption and the environment (United Nations Global Compact, 2010). By participating in these initiatives, organisations portray themselves to the world as socially responsible.

1.4 THE RETAIL ENVIRONMENT

The concept of retailing is important for the study, because of the focus on retailer-supplier engagement. The retail environment will be discussed briefly here and be expanded on in the literature chapters. The discussion will refer to the well-known South African retailer, Woolworths. Retail sustainability will also be examined, as well as Woolworths' sustainability practices and initiatives.

1.4.1 The retail industry

The retail industry can be seen as one of the most mature industries in most economies of the world (Rigby, [S.a.]). Within the retail industry there are many different segments that constitute the retail industry. A few of these segments are food retailers, clothing retailers, and wholesalers and department stores.

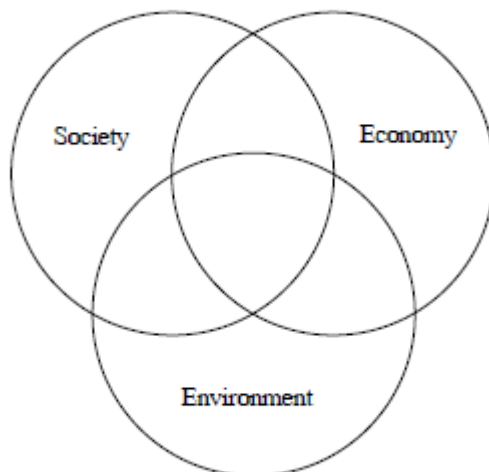
1.4.2 Retailing in South Africa

South Africa's retail sector has experienced positive growth over the past few years. According to a report titled 'Five SA Retailers in the World top 250' (2007), strong consumer confidence and a growing black middle class have fuelled strong retail sales growth. In 2012 an article written by Maswanganyi appeared in the *Business Day* stating that "Growth in South Africa's retail sales was better than expected in August, suggesting that domestic consumer demand has not slowed as much as expected." Retail sales in South Africa decreased with zero percent in June 2014, and had an average growth of 5.15 percent from 2004 to 2014 (Trading Economics, 2014).

1.4.3 Sustainability in retailing

Sustainability can be pursued in many different aspects of doing business, and retailing is one of them. Jones, Comfort and Hillier (2011) investigated how the top ten retailers in the world perceived and pursued sustainability. The researchers adopted the so-called Venn diagram model for sustainability, as presented in Figure 1.2, and applied it to the top ten retailers to assess whether they pursued sustainability in the areas of society, economy and the environment. The results revealed that the majority of retailers reported their commitment to sustainability, while they were also constantly trying to incorporate sustainable practices into their business processes (Jones *et al.*, 2011).

FIGURE 1.2 The Venn diagram model for sustainability



Source: Jones *et al.* (2011)

The Venn diagram model consists of three primary aspects of sustainability namely the economy, society and the environment. Chapter two will further discuss this model, its three main aspects, and how these aspects integrate in the area of business.

1.5 PROBLEM STATEMENT

In today's world, sustainability has become a key requirement for business success. It is often regarded as a competitive advantage if an organisation has sustainable practices that protect the environment and the community in which the organisation functions (Berns, Townend, Khayat, Balagopal, Reeve, Hopkins, & Kruschwitz, 2009).

In this respect, Woolworths has shown a commitment towards sustainable practices by trying to ensure that the organisation's products adhere to its stakeholders' expectations regarding sustainability. These practices are established and managed by an official sustainability committee (Woolworths Holdings Limited, 2013). Supply chain sustainability is one aspect of Woolworths' sustainability focus:

"All our suppliers, service providers and franchisees, whatever their location, are bound by the Woolworths Code of Business Principles. All our suppliers are regularly assessed against it."

-Woolworths Holdings Limited, 2013

This Code of Business Principles emphasizes the importance of sustainability and how suppliers are expected to perform certain business practices and processes to ensure a sustainable supply chain. It is thus evident that Woolworths is not only committed to its in-house sustainability practices, but that the organisation also extends this mind-set to its stakeholders. This study investigated one of Woolworths' key stakeholders, namely its suppliers; more specifically their food suppliers. It has been established that Woolworths has limited insight in the level of engagement in terms of sustainability with its food suppliers, and limited knowledge of the effectiveness of current tools used in enhancing their supply chain sustainability (McLaughlin, 2013).

Against this background, this study attempts to contribute to the body of knowledge regarding the level of engagement between a retailer (in this case Woolworths) and its food suppliers. It also investigated the perspectives of suppliers on the methods used by Woolworths to enhance supply chain sustainability, and specifically analysed how Woolworths can improve the collaboration on sustainability between the organisation and its suppliers.

1.6 RESEARCH OBJECTIVES

Once the problem statement has been formulated, it is important to develop research objectives that will assist the researcher in addressing the research problem. These objectives consist of a primary research objective, as well as a few secondary research objectives.

1.6.1 Primary research objective

The primary objective of this study was to assess the level of engagement (sustainable collaboration) between Woolworths and its food suppliers, and to explore ways to improve this engagement.

1.6.2 Secondary research objectives

The secondary objectives of this study were to:

- Determine the level of sustainability engagement on the “Supplier Engagement Continuum” in terms of Woolworths’ relationship with their suppliers.
- Explore the effectiveness of the current tools used by Woolworths to enhance supply chain sustainability
- Determine how the suppliers propose Woolworths go about to better their collaboration relationship.

Table 1.1 illustrates the three secondary objectives and how they were addressed during the research process. The table also shows the specific questions that were developed for each objective and what type of data analysis was used to address each objective. The table also demonstrates how the results were presented following the data analysis.

TABLE 1.1 Research objectives and the research process

SECONDARY RESEARCH OBJECTIVES	INTERVIEW QUESTIONS	TYPE OF DATA & ANALYSIS	REPORTING THE RESULTS
Explore the effectiveness of the current tools used by Woolworths to enhance supply chain sustainability	Open-ended questions focus specifically on the suppliers' views of the current tools used by Woolworths	Qualitative: transcribe interviews; textual data (content analysis)	Written explanations and themes derived, visualised in diagrams to present the data
Determine the level of sustainability engagement on the "Supplier Engagement Continuum" in terms of Woolworths' relationship with their suppliers	Open-ended questions as derived from the supplier engagement continuum	Qualitative: transcribe interviews; textual data (content analysis)	Written explanations and themes derived, visualised in diagrams to present data
To determine the suppliers' proposals to Woolworths on how to improve its collaborative relationships	Open-ended questions focus specifically on what suppliers think Woolworths can do to improve the collaboration / relationship between them	Qualitative: transcribe interviews; textual data (content analysis)	Written explanations and possible diagrams to present data

1.7 METHODOLOGY

It is important that the research methodology used in this study ensure the validity and reliability of the results. The following section will briefly consider the methodology used for the study. The research methodology and process will be discussed in more detail in Chapter four.

1.7.1 Primary research

According to Blumberg, Cooper and Schindler (2011), one of the most important steps in research is to decide on a research design for a particular study. Each aspect of the research design must be analysed with precision to ensure that a

golden thread runs through the research process. It will ensure that data are collected to address the stated objectives, and will also ensure that the data are both valid and reliable. The reliability and validity will then, in turn, influence the results and the recommendations of the study. Table 1.2 gives a brief outline of the important components of the research design.

This study followed an exploratory approach and qualitative data were collected in order to address the research objectives. The study was also conducted in the form of a single-embedded interpretive case study. According to Eisenhardt (1989), Yin (2009) and Runeson and Host (2009), a case study is an empirical method that is aimed at investigating a certain phenomenon in its specific context.

1.7.2 Secondary research

Zikmund and Babin (2010) describe secondary research as research that has already been conducted by someone else prior to the particular investigation. The secondary research for this study was carried out by means of reviewing journals and articles relevant to this study.

TABLE 1.2 Primary research design

RESEARCH METHODOLOGY COMPONENTS		
1.	Research design:	Case study
2.	Type of case study:	Single-embedded interpretive case study
3.	Research strategy:	Exploratory approach
4.	Approach:	Qualitative
5.	Time dimension:	Cross-sectional
6.	Sampling:	Non-probability; Purposive
7.	Data collection	Semi-structured interviews, documentation
8.	Data analysis	Content analysis and documentation analysis
9.	Reporting	Interpretive text with diagrams and figures

1.7.3 Sampling process

This section will briefly discuss the sampling process that was used for the study.

(a) Target population

The target population for this study was one of Woolworths' key stakeholders, namely its suppliers.

(b) Sampling technique

The non-probability technique of purposive sampling was used to select the sample of suppliers of Woolworths for this investigation. Purposive sampling is ideal for cases from which rich information needs to be extracted and the focus is on the purpose of the inquiry, hence purposeful sampling (Patton, 2002; Suri, 2011). Stakeholder sampling is implemented when data from key stakeholders are to be collected. Therefore, for the purpose of this study, purposive stakeholder sampling was used in order to identify the food suppliers of Woolworths. The study could not include the entire population, namely all of Woolworths' suppliers, due to geographic, time and financial constraints. Therefore, this study made use of purposive sampling to narrow it down to Woolworths' food suppliers only.

(c) Selection of sampling units

Yin (2009) defines a unit of analysis as a "case" that can be an individual, an event, a relationship phenomenon, or an organisation. Runeson and Host (2009) argue that for case study purposes, the unit of analysis should be selected intentionally. The sampling units for this particular study were At Source, the Rhodes Food Group, and Sea Harvest.

(d) Sample size

The size of the sample for this particular study was three of Woolworths' suppliers. According to Crouch and McKenzie (2006), a small sample size is better when investigating personal experience and when utilising semi-structured interviews. Therefore, the quality of the data will compensate for the absence of the quantity of data.

1.7.4 Measuring instrument

An interview guide for a semi-structured interview was utilised to collect the required data. The interview guide was designed with this study's specific objectives in mind and was grounded in the Supplier Engagement Continuum Tool as presented in Figure 1.1.

(a) Pilot testing

According to Blumberg, *et al.* (2011), a pilot test is used as a trial data collection procedure in order to identify any weaknesses or mistakes in the research design and research instrument. An interview with Woolworths' Good Business Journey project manager, Tom McLaughlin, was arranged to present the interview guide to him, and the interviewer obtained insight as to whether the questions and probing techniques were sufficient and suitable for further interviews with the suppliers.

1.7.5 Data collection

The next step in this research project was the task of collecting the data. The accuracy with which this process was carried out is of utmost importance, because it influences the reliability and validity of the data, as well as conclusions and future recommendations (Blumberg *et al.*, 2011). Data were also collected from multiple sources such as interviews with suppliers and additional documentation provided by Woolworths.

As noted by Eisenhardt and Graebner (2007), case studies can accommodate “a rich variety of data sources, including interviews, archival data, survey data, ethnographies, and observations”. If a researcher can prove that multiple sources of information supported the same conclusion, the validity and reliability of the study will increase. This research method is referred to as triangulation (Blumberg *et al.*, 2011).

1.7.6 Data analysis

Qualitative data analysis is commonly used in case studies. According to Runeson and Host (2009), the primary objective is to derive clear conclusions from the data while keeping track of the chain of evidence. The chain of evidence refers to a structured process of derivation of the results. This means that each step in the analysis of the data must be recorded and accounted for. In this way the reader can follow each step and form a better comprehension of the information provided. These steps also influence the reliability and validity of the results. If every step is accounted for, nothing should get lost in translation (Runeson & Host, 2009).

After the data were collected by means of semi-structured interviews, the interviews were transcribed using Microsoft Word and were then analysed. For the purpose of this study, Atlas.ti was used to analyse the data. The additional documents acquired from Woolworths were also analysed by the means of documentation analysis.

(a) Reliability and validity

Zikmund, Babin and Carr (2010) believe that measures that are good and useable should be “...both consistent and accurate”. Yin (2009) discusses four methods for judging the quality of research designs. These methods are: construct validity, internal validity, external validity, and reliability. These four methods are presented in Table 1.3. For the purpose of this study, the focus was on construct validity: data triangulation was done by collecting and analysing data from different sources.

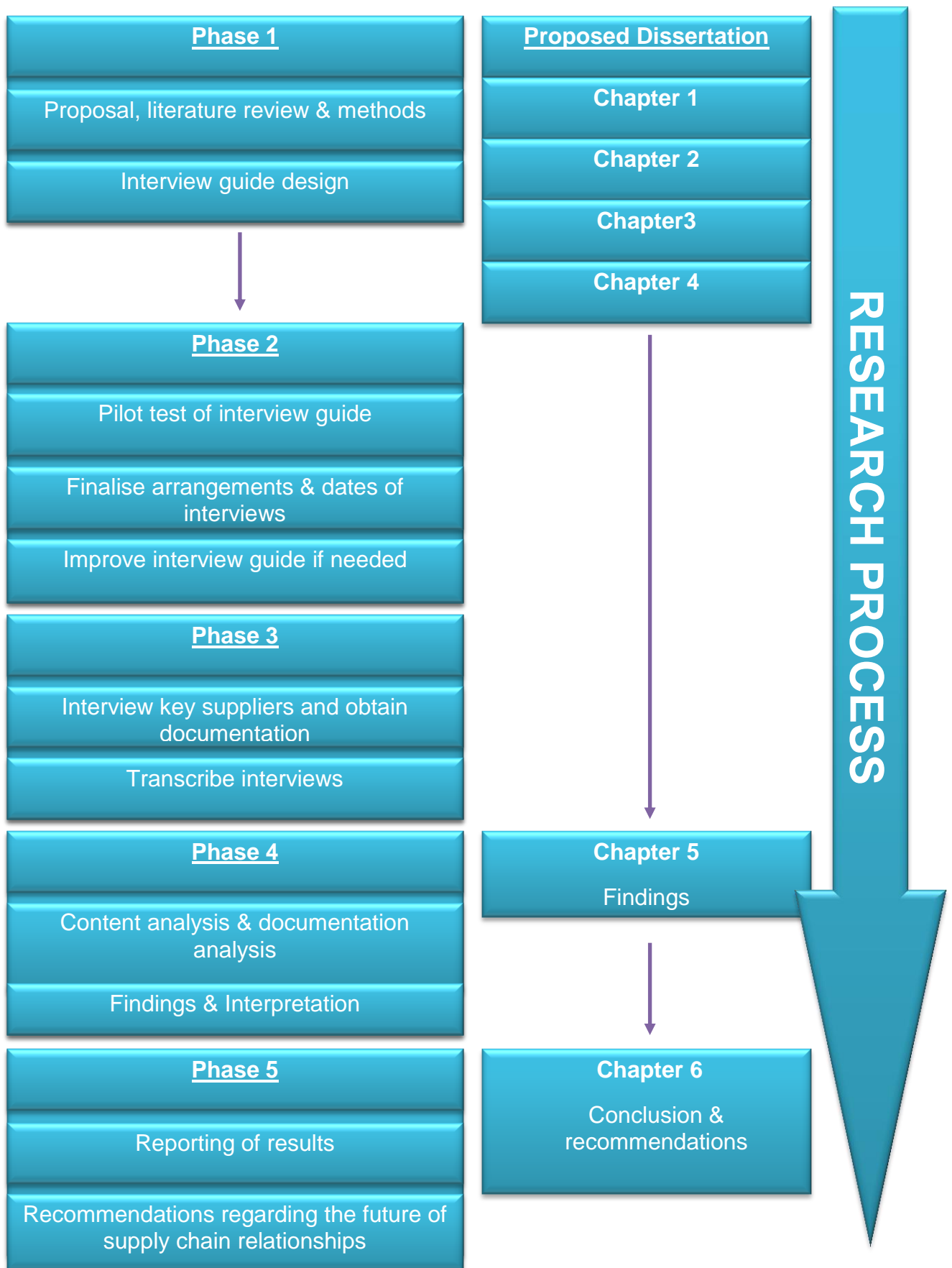
TABLE 1.3 Case study tactics for four design tests

TESTS	CASE STUDY TACTIC	PHASE OF RESEARCH IN WHICH TACTIC OCCURS
Construct validity	<ul style="list-style-type: none"> • Use multiple sources of evidence • Establish chain of evidence • Have key informants review draft of case study 	Data collection Data collection Composition
Internal validity	<ul style="list-style-type: none"> • Do pattern matching • Do explanation building • Address rival explanations • Use logic models 	Data analysis Data analysis Data analysis Data analysis
External validity	<ul style="list-style-type: none"> • Use theory in single-case studies • Use replication logic in multiple-case studies 	Research design Research design
Reliability	<ul style="list-style-type: none"> • Use case study protocol • Develop case study database 	Data collection Data collection

Source: Yin (2009)

Figure 1.3 gives a graphical representation of what the research process for this study will be. The research process will consist of five phases which all contributes to the final research outcome: addressing the primary objective of this study.

FIGURE 1.3 The complete research process



1.8 ORIENTATION OF THE STUDY

The following section offers an overview of the proposed orientation for this study. Each chapter and its contents are briefly discussed.

Chapter 1: Introduction and background

In this chapter, the purpose of the study and its objectives are outlined. This is followed by a discussion on the core constructs of the study regarding sustainability in the retail industry and supply chain sustainability, as well as the proposed research methodology for the study.

Chapter 2: Corporate social responsibility and sustainability

This chapter discusses the concept of corporate social responsibility, its history and the importance it has for business. The discussion also includes the relevance of sustainability and, more specifically, supply chain sustainability and supplier engagement. The chapter also considers the importance of supplier engagement and retailer-supplier relationships. The chapter concludes with a discussion of the UN Global Compact Continuum that was used for the purpose of this study.

Chapter 3: Supply chain sustainability and retailer-supplier collaboration

This chapter deals with the retail industry as a whole, then specifically discusses the retail industry in South Africa. Different aspects of the retail industry are included in the chapter such as pertinent issues facing retailers and the trends in the retail industry. The chapter also examines supply chains and supply chain collaboration.

Chapter 4: Methodology

This chapter explains the research objectives for the study. The discussion includes the primary and the secondary research designs, research instruments, the

population and sampling procedure, and the data analysis methods that were chosen.

Chapter 5: Results

This chapter presents the findings of the study. The data collected are analysed and used to contribute to the realisation of the objectives and the generation of new hypotheses for future studies.

Chapter 6: Conclusions, limitations, and recommendations

This chapter provides conclusions, implications and final recommendations, with special reference to Woolworths and the organisation's level of engagement with its key suppliers. The objectives are addressed by means of the results and recommendations are made regarding the future of engagement between Woolworths and its key suppliers regarding sustainability.

CHAPTER TWO

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

2.1 INTRODUCTION

The main focus of this study is the collaboration between retailers and their suppliers regarding sustainability and sustainable processes. However, sustainability cannot be discussed without considering the overall concept of corporate social responsibility (CSR). D'Amato, Hendersen and Florence (2009) state that all organisations are called to be more responsible in their ways of doing business. Organisations should be aware of how their actions influence the society around them, as well as the natural environment. They are further expected to apply sustainability principles in the way they conduct business operations (Van Marrewijk & Werre, 2003). According to D'Amato *et al.* (2009), it is no longer acceptable for an organisation to have economic success while it is isolated from their surroundings and the society which is influenced by their actions.

Having briefly introduced the concept of corporate social responsibility in Chapter one, this chapter elaborates on the concept, and its importance for organisations. Chapter three then continues to discuss the concept of supply chain sustainability and the collaboration between retailers and suppliers. Chapter two introduces the history of CSR, as well as the many different definitions of what this concept entails, according to the different authors. The corporate social performance model by Carrol (1979) will be discussed and will serve as the main model to facilitate the understanding of the concept of CSR. Another important part of CSR is the role of stakeholders and the value that it can have for any organisation. According to D'Amato *et al.* (2009), key stakeholders are crucial to an organisation's success and its ability to respond to CSR-related tasks.

This chapter will conclude with a discussion on the concept of sustainability, as well as the so-called triple bottom line (TBL) and its importance to the business process.

2.2 CORPORATE SOCIAL RESPONSIBILITY (CSR)

As previously discussed, corporate social responsibility (CSR) is not a new idea. In recent years, CSR has gained a great deal of attention (Smith, 2003; Godfrey, Merrill & Hansen, 2009). Ferrel and Fraedrich (1997) argue that since the 1960s the social expectations of the public have increased immensely regarding the activities of corporate organisations. In addition, more attention and thought have been given to how they do business with regard to the environment. Boyd *et al.* (2007) verify this by stating that there has been a growing concern among both customers and shareholders regarding CSR, and the influence that organisations may have on their immediate surroundings and the society in which they operate. Large organisations, including Coca Cola and Sappi, are implementing CSR strategies and sustainability initiatives (Coca Cola, 2014; Sappi, 2014). This confirms that CSR has become a prominent issue in society and subsequently managers need to focus on this concept to achieve it within their business.

2.2.1 The history of corporate social responsibility

The concept of CSR can be traced back to the 1950s. Since then much has occurred that has shaped the theory and the knowledge of the concept to where it is today. To verify this statement, Carrol (1999) analysed the evolution of the concept of CSR. Carrol's (1999) literature research dates back to beginning of the 1950s and traces the evolution all the way to the 1990s and portrays a detailed understanding of the evolution of CSR through the years.

During the 1950s and the 1960s the definition of CSR developed and transformed until it became more specific in the 1970s. Instead of referring to social responsibility (SR), the definition became more business-specific and was termed corporate social responsibility (CSR). During the 1980s, the development of definitions for CSR declined and the focus shifted to how CSR could be measured. Additional research in this respect was conducted. Finally, in the 1990s, the concept of CSR expanded and many sub-divisions surfaced. New theories such as stakeholder theory and business ethics theory became the trend (Carrol, 1999) that has evolved into the 21st century.

Snider, Hill and Martin (2003), and Lawrence and Weber (2011) contend that a prominent aspect of CSR in the 21st century is that of an organisation's stakeholders. Stakeholders refer to those persons and groups that are affected by an organisation's decisions, practices and policies. In support of this claim, Snider *et al.* (2003) identified three of the most prominent stakeholders of organisations. These stakeholders are customers, employees, and owners. Organisations have to ensure that they take these stakeholders into account when making decisions that can influence their stakeholders. However, Lawrence and Weber (2011) identify a fourth important stakeholder for an organisation, namely its suppliers. For this particular study, suppliers are indeed a key stakeholder to consider. The evolution of the concept of CSR has progressed from a broad idea of social responsibility towards an organisation's surrounding society to a specific concept taking all the stakeholders of an organisation into consideration.

2.2.2 Defining corporate social responsibility

A sound understanding of the concept of CSR is necessary if managers want to succeed in implementing it in their organisations. The following section considers a few definitions regarding CSR in order to obtain a better understanding of the concept and what it really entails.

Over the years there have been various definitions regarding CSR. Friedman (1970) state that CSR does not include the social responsibilities of the government; instead, CSR is the socially-responsible activities of organisations in a society. Keller (1998) agrees by stating that CSR is differentiated due to its focus on the social welfare and the society as a whole; it is thus different from the profit-making side of an organisation. In addition, Carter, Kale and Grimm (1999) define CSR as:

...the managerial consideration of non-market forces or social aspects of corporate activity outside of a market or regulatory framework and includes consideration of issues such as employee welfare, community programs, charitable donations, and environmental protection.

This definition provides a good overview of what the concept of CSR covers and how it can be applied within the business arena. It also includes the importance of social welfare within the community and the protection of the larger environment.

Lantos (2001) define CSR as "...a social contract between corporations and society, based on long-term social demands and expectations". Smith (2003) supports this description by defining CSR as the obligations that an organisation has towards society. More specifically, the society can be seen as their stakeholders – "those affected by corporate policies and practices" (Smith, 2003). This notion is supported by Boyd *et al.*, (2007) who define CSR as "a general sense that reflects obligations to society and stakeholders within societies impacted by the organisation".

According to Basu and Palazzo (2008), CSR consists of three general principles. These principles are stakeholder driven, performance driven, and motivation driven. Stakeholder driven can also be seen as both consumer-behaviour driven and supplier driven. This entails that organisations treat their customers and investors fair, being honest, and not to do them any harm. The performance-driven principle can also be seen as corporate-strategy driven. This implies that an organisation adopts a culture of ethics and support, treating its employee's fair and acting in a socially-responsible way towards the external environment. Lastly, motivation driven, can also be seen as public-policy driven. It means that an organisation adds additional value to society, such as creating more jobs, and using resources that are authorised by society in an efficient way and not wasting it (Basu & Palazzo, 2008).

However, in contrast, Kreng and Huang (2011) discuss CSR in respect of only two aspects: making a profit and providing social services. This excludes the consideration of stakeholders and the greater environment. Varman, Skalen and Belk (2012) disagree and argue that these two concepts can easily come into conflict with each other, because profit-making can become more important than social responsibility.

For the purpose of this study, the definition provided by Ferrell, Thorne & Ferrell (2011) is adopted. Ferrell *et al.* (2011) define CSR as "the adoption of a strategic focus for fulfilling the economic, legal, ethical and philanthropic responsibilities expected of it by its stakeholders". This definition is best suited for the purpose of this study with regard to its strategic focus and the inclusion of economic, legal, ethical, as well as philanthropic aspects.

2.2.3 Implementing corporate social responsibility in business

The history of CSR has shown that organisations are becoming more and more pressured by society to act more socially responsible with regard to the environment and the society around them. According to Gupta and Sharma (2009), the topic of CSR has become a concern for many organisations and governments, the reasons being global warming pressures put on organisations and their output, the division of wealth and the preferences of customers with regard to ethical business practices. In today's global world, CSR has become a response and a possible solution to economic, political and social problems. The following section will discuss the importance of CSR and how it can be implemented in an organisation for the greater good.

According to Porter and Kramer (2006), not only do people from surrounding society hold organisations accountable for their actions, but so do the media, governments and activists as well. Several private and public policies have been established to improve the social welfare of organisations and to force organisations to adopt a more socially-responsible approach in doing business (Retolaza, Ruiz & San-Joe, 2009). Therefore, organisations are being regulated and audited to determine how socially responsible their actions and business practices really are. If organisations are audited as a non-compliant of socially-responsible practices, then there are certain public policies that can force them to reassess their practices and improve their standards (Gupta & Sharma, 2009).

Due to these external pressures on organisations, a certain degree of dishonesty and deception has emerged. Some organisations would publish environmental and health reports to create the idea of being socially responsible, but in reality it is only pretending and they do not address the entire problem of social and environmental issues. This behaviour is referred to as 'green-washing' (Lydenberg, 2002; Laufer, 2003). Other organisations use the United Nations and their membership of the UN as a way to deceive people to believe that they are socially responsible. This is called 'blue-washing' (Laufer, 2003). However, Deegan (2002) expresses his surprise about this concern because of the growing presence of environmental accounting research and auditing. These methods have been designed to identify public deception and to determine which organisations are dishonest about their socially-responsible

initiatives (Beder, 1997). According to Bruno (1997), organisations engage in green-washing to repair their reputation among the public, and to further shape their public image. This can lead to confusion and difficulty for stakeholders to identify those organisations that are truly socially responsible. This confusion encourages green-washing and, as a result, CSR efforts become less effective (Parguel, Benoit-Moreau & Larceneux, 2011). Furthermore, Adams (2002) states that unverified CSR initiatives are equal to public relations activities, namely to manage public image and responding to public pressure, and therefore, it does not address the actual social and environmental problems that society is facing.

It becomes apparent then that the pursuit of successfully and effectively implementing CSR in an organisation is inevitable, for both business success, and to the benefit of the environment and society as a whole. Burke and Logsdon (1996) confirm this view by stating that CSR initiatives are beneficial for an organisation and that it is in the economic interests of the organisation to incorporate CSR into their business strategies. These business strategies should approach CSR in such a way that the CSR performance of the organisation can go from elementary (introductory) to transforming (D'Amato *et al.*, 2009).

In support of moving forward and transforming, Mirvis and Googins (2006) introduced a basic framework that will assist organisations as they progress towards the so-called 'triple bottom line' (TBL). The TBL consists of social, environmental and economic measures and will be discussed extensively in a later section in this chapter (Hubbard, 2009). The framework of Mirvis and Googins (2006) comprises five basic stages that an organisation will experience in its efforts to achieve the TBL, namely (1) elementary; (2) engaged; (3) innovative; (4) integrated; and (5) transforming. The main idea, according to the authors, is for organisations to implement the TBL process one step at a time, to ensure that it is effective and sustainable for the future of the business. CSR should thus be more than merely a concept and a generic strategy; it should be part of the organisation's overall organisational strategy.

However, according to Porter and Kramer (2006), this approach has unfortunately not been the case. Many organisations do not make CSR and TBL concerns part of their main organisational strategies, while CSR has not exactly been a voluntary

approach in the beginning of its development. Most organisations only realise its value after pertinent CSR issues (economic, social, and environmental) came to the fore that have previously not been a problem. This leads to organisations not knowing exactly how to deal with the situation. The proper solution or steps forward are unclear. However, instead of responding with an appropriate strategy or operational solution like Mirvis and Googins (2006) suggest, organisations adopt a more cosmetic approach, namely by using media and public relations campaigns (Porter & Kramer, 2006). According to these authors, organisations only publish annual CSR reports that state all the environmental and social actions they have implemented throughout the year. It provides no framework of a strategy for CSR practices - simply uncoordinated initiatives to demonstrate their social sensitivity towards society.

Porter and Kramer (2006) argue that organisations should understand the interrelationship between business and society, and include this relationship in their strategies. There is, for instance, more to CSR than merely participating in a few charity events during the year. Organisations also face competition and a competitive advantage can lead to business success. Gupta and Sharma (2009) argue that if an organisation were to analyse CSR with the same framework they used for core business functions, then they would realise that CSR could be seen as a competitive advantage. Cost savings, reducing risk, building a solid reputation, and developing human capital are only a few of the benefits that Gupta and Sharma (2009) believe will result when organisations incorporate CSR into their corporate strategies and frameworks. The following section will focus on the different models that organisations could use to implement CSR effectively in their business strategies.

2.2.4 The corporate social performance model

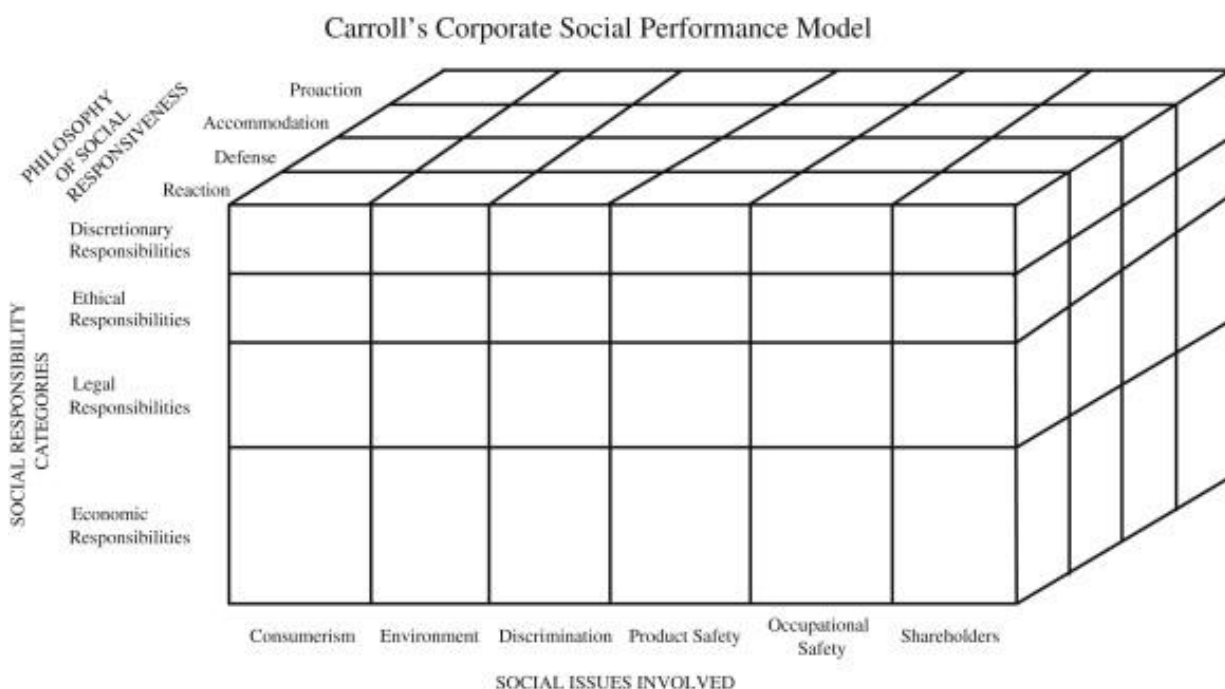
Porter and Kramer (2006) and Gupta and Sharma (2009) all argue that CSR should be incorporated into business strategies and management frameworks. The corporate social performance model, developed by Carroll (1979), offers a comprehensive description of the essential aspects of social performance which can be used by organisations to obtain a better understanding for CSR and general social performance matters. It provides a comprehensive overview of social responsibilities

in one single framework. Not only does this model have relevance for academic research, but it can also assist business managers.

Business managers will, for instance, be able to observe the different social issues they face, and understand how all these issues combine as socially-responsible business practices. Although the model does not provide specific guidelines in terms of how far an organisation should take these social issues, it does give a clear conceptualisation of the issues being faced, which may eventually lead to better managed socially-responsible practices. Furthermore, managers can use this model as a diagnostic problem-solving tool to identify where social issues are present and how to adapt their strategies accordingly.

Figure 2.1 illustrates the corporate social performance model as developed by Carroll (1979). The model consists of three dimensions: firstly, the philosophy of social responsiveness (i.e. how the business should respond); secondly, the social responsibility categories (i.e. the different types of social responsibilities the business should consider); and thirdly, the social issues involved (i.e. the nature of the issues faced by businesses).

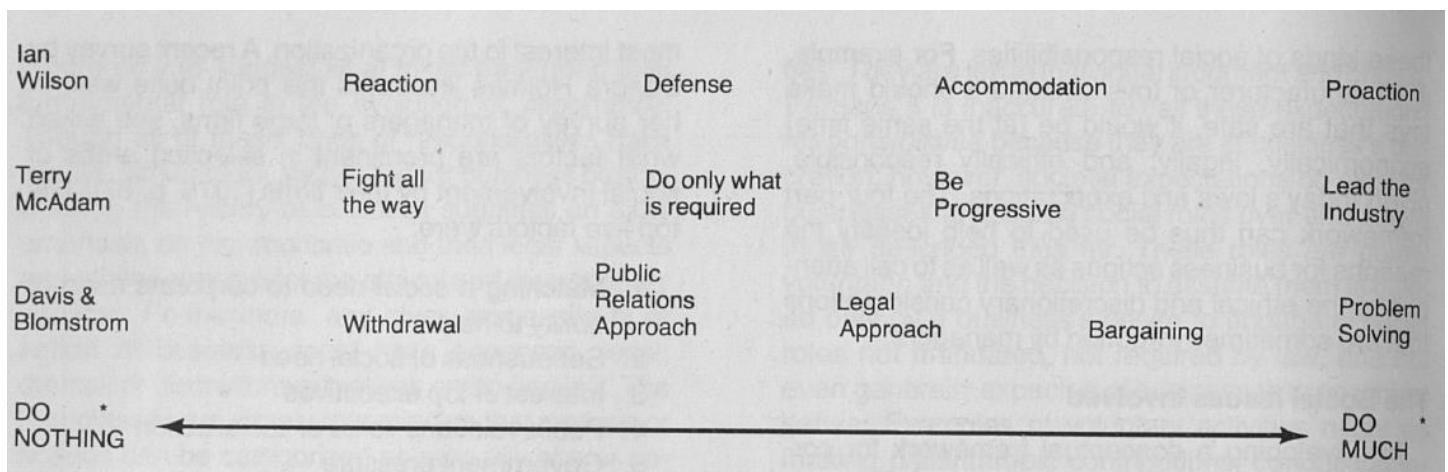
FIGURE 2.1 Corporate social performance model



Source: Carroll, 1979

The first dimension, the philosophy of social responsiveness, consists of four sub-dimensions that represent how an organisation should respond to social issues. These sub-dimensions are: pro-action; accommodation; defence; and reaction, as illustrated in Figure 2.2. These sub-dimensions or categories of social responsiveness can be regarded as a continuum that represents how an organisation can respond to social issues or pressure. Social responsiveness can range on this continuum from a pro-active response (do much) to a no response (do nothing). An organisation will then be placed in a specific category depending on the degree in which the organisation responds or not, to a social issue.

FIGURE 2.2 Social responsiveness categories



Source: Carrol (1979)

The second dimension of the corporate social performance model, social responsible categories, also consists of four sub-dimensions. These sub-dimensions are: discretionary responsibilities; ethical responsibilities; legal responsibilities and economic responsibilities. According to Carroll (1979), any action of business could have economic, legal, ethical, or discretionary motives. The idea is that social responsibility should encompass the economic, legal, discretionary and ethical functions of an organisation.

The third and last dimension of Carrol's model, namely social issues, comprises six sub-dimensions that represent the nature of challenges that an organisation can face. These sub-dimensions are:

- consumerism
- the environment
- discrimination
- product safety
- occupational safety
- shareholders

According to Carrol (1979), it is not sufficient to only identify the nature of social responsibility (i.e. legal, ethical, economical or discretionary), but it is also important to determine those social issues that are entwined with these responsibilities.

According to Carroll (1979), the conceptual model's primary purpose is to assist managers in identifying social issues and then to develop the appropriate responses, thereby allowing managers to change and adapt their business strategies in an appropriate manner that will facilitate their business practices to become more socially responsible over the long-term.

However, one factor that the conceptual corporate social model is lacking, is the role of stakeholders. Organisations are in contact with many different stakeholders during their business processes and practices, for example, customers, suppliers, investors and employees. The following section will discuss the importance of these stakeholders to organisations.

2.2.5 The role of stakeholders

According to Ferrell *et al.* (2011), stakeholders are the people and groups to whom an organisation is responsible to. This includes customers, shareholders, investors, suppliers and employees. Freeman (1984), and Lawrence and Weber (2011) agree and classify stakeholders as the persons or groups that can affect or are affected by decisions and actions made by an organisation. Furthermore, Ferrell *et al.* (2011), supported by Buchholtz and Carrol (2012), identify three specific attributes of stakeholders that may affect an organisation. These attributes are known as the typology of stakeholder attributes and consist of legitimacy, power, and urgency. 'Legitimacy' refers to the validity of the stakeholders' claims to the organisations; 'power' refers to their ability to actually affect the organisation; and 'urgency' refers to

whether the stakeholders' claims require immediate attention or not. Ferrell *et al.* (2011) divide the power attribute into further sub-categories, namely coercive power (physical force), utilitarian power (financial material), and symbolic power (advertising or campaign messages).

According to Lawrence and Weber (2011), stakeholders include employees, customers, stockholders, the media and government organisations. Buchholtz and Carroll (2012) describe stakeholders differently, as people or groups who have more legitimacy than others from the perspective of an organisation. These authors also list stakeholders as investors, customers, suppliers, and employees.

Stakeholders can be categorised into four different categories. Both Ferrell *et al.* (2011), and Buchholtz and Carroll (2012) describe four of these categories as firstly, primary social stakeholders; secondly, primary non-social stakeholders; thirdly, secondary social stakeholders; and lastly, secondary non-social stakeholders. Primary social stakeholders include shareholders and investors, employees and managers, customers, and suppliers. Primary non-social stakeholders include the natural environment, future generations and non-human species. Secondary social stakeholders refer to the government, media, competitors and other institutions. Lastly, secondary non-social stakeholders include environmental interest groups and animal welfare organisations. Lawrence and Weber (2011) describe two additional categories, namely market stakeholders (customers, suppliers, creditors, employees), and non-market stakeholders (the media, governments, communities and the general public). These categories include the same stakeholders as described by both Ferrell *et al.* (2011) and Buchholtz and Carroll (2012), but Lawrence and Weber (2011) use different terms to categorise them. Consequently, these stakeholders correspond with the first four categories that were discussed.

These diverse stakeholder groups have some sort of relationship with the organisation, and every decision that is made by the organisation, influences the stakeholders. For this reason, stakeholder engagement and the effective management of stakeholder relationships are important.

Business-stakeholder relationships also experience different stages. As is the case with personal relationships, business-stakeholder relationships also evolve over time through different stages (Lawrence & Weber, 2011). These stages have been

identified as inactive, reactive, pro-active, and interactive. The last stage, namely an interactive relationship between organisations and their stakeholders, is the most beneficial stage. This stage entails a healthy and on-going relationship between organisations and their stakeholders where mutual respect, trust, and openness are present (Phillips, 1997; Swift, 2001; Amaeshi & Crane, 2006).

Amaeshi and Crane (2006) concur that a healthy business-stakeholder engagement is also relevant specifically in terms of sustainability decisions in organisations. If an organisation has a sound relationship with its stakeholders, the organisation will be able to address sustainability issues more effectively and efficiently. This argument is of particular interest for this study, as the engagement between Woolworths and its key stakeholders, namely its suppliers, forms the basis of the study.

2.2.6 The benefits of corporate social responsibility

As mentioned earlier, there are many arguments in favour of CSR. According to Lawrence and Weber (2011), these arguments include benefits such as that it balances out corporate power and responsibility; it promotes long-term profits, and improves the value and reputation of an organisation. Sprinkle and Maines (2010) wrote an article regarding the different benefits of CSR. The first benefit mentioned is that of tax deductions by means of cash or product donations; governments often provide tax deductions as a reward for CSR and sustainability efforts. The second benefit identified is that of free advertising when performing CSR or sustainability activities that are beneficial to society. Organisations often receive media coverage when implementing charitable events. The third benefit listed by Sprinkle and Maines (2010) is that of employee retention. Encouraging employees to be a part of doing good will also encourage them to stay loyal to the organisation. Lastly, CSR efforts can lead to cost savings in the value chain. By switching to less expensive, more environmentally-friendly resources, organisations can reduce costs and save money. It is thus apparent that CSR have many benefits and that the benefits listed by Sprinkle and Maines (2010) are all positive views, encouraging organisations to adopt CSR practices and policies.

CSR can also be seen as a competitive advantage for organisations. Porter and Kramer (2006) state that organisations do business in a competitive environment and this competitive environment affects the organisation's ability to carry out its strategy. Social conditions form an important part of this competitive environment. When an organisation contributes to a healthy competitive environment, it benefits both the organisation and society. This means that an organisation should not implement processes that will harm the environment or society. Organisations should instead consider their stakeholders and engage with them in decision-making processes and build a competitive advantage for themselves, as society will prefer organisations that take them into consideration (Porter & Kramer, 2006). According to Amaeshi and Crane (2006), one competitive advantage is that stakeholder engagement is a mechanism for CSR and environmental sustainability. The results of a study conducted by Waddock and Graves (1997) point to another competitive advantage, namely that an increase in the financial performance of an organisation is positively associated with an increase in social responsible initiatives. Lastly, Foot, Gaffney and Evans (2010) concur that CSR is an essential factor for achieving overall performance excellence.

It becomes evident that CSR practices and policies are imperative for organisations and business relationships in general. However, sustainability is another important concept that is closely related to CSR. Sustainable initiatives and strategies ensure the consideration and inclusion of social and environmental concerns in business processes (D'Amato *et al.*, 2009). The focal areas for this study are sustainability, sustainable practices, and the effective collaboration with suppliers regarding sustainability. The following section will discuss the concept of sustainability, the benefits of sustainability, as well as the concept of the triple bottom line (TBL).

2.3 SUSTAINABILITY

Over the years, instead of only focusing on short-term profits, several organisations have shifted their focus towards the concept of CSR, its importance as part of business operations and strategies, as well as its long-term role in society (Foot, *et al.*, 2010). In addition to CSR, sustainability has become a vital strategic component

for organisations to move forward in a more socially-responsible manner (Stead & Stead, 1995; Sim, Barry, Clift & Cowel, 2007).

The term 'sustainable development' came into use in 1987 following the publication of the Brundtland Commission's report on the global environment and development. It was the first overview that considered environmental development from a social and political point of view and that economic development is done in such a way that the environment is protected (Redclift, 2005). The Brundtland Commission's report defines sustainable development as development that meets the current generation's needs without endangering future generations' needs (Bürlund, 2005). This concept of sustainable development supports economic and social development and at the same time it emphasises the importance of protecting and preserving natural resources and the environment. Economic and social development cannot be continued if, at the same time, it destroys the natural environment in such a way that future generations will suffer because of it. Lele (1991) defines sustainable development as development that can be continued at a sustained level without causing lack for the future (Bürlund, 2005). In 2007, Visser defined sustainability as "a values-laden umbrella concept, which refers to the way in which the interface between business, society and the environment is managed".

However, according to Redclift (1992), sustainability is not that easy to define. He argues for several principles of sustainability and sustainable development. For the purpose of this study, a few of these principles are summarised below:

Business processes should limit the impact on the natural environment to a level that is within its carrying capacity in order to reduce the loss of natural environmental life in its surroundings. Resources should be maintained by using renewable resources without depleting them, as well as using non-renewable resources at a rate that do not exceed the creation of renewable substitutes. Lastly, organisations should make use of and promote technologies that increase the benefits from a given stock of resources.

A more recent definition of sustainable development explains that it is the development that meets present needs within a society without comprising the ability of the future generations to meet their needs as well (Larson, 2010). Larson (2010) further argues that sustainability considers the needs of the natural world while

recognising the value and services that nature provides humans to be able to build and maintain the economy. Lawrence and Weber (2011) define sustainable development as the balance between economic and environmental considerations. This concept includes two very important aspects, namely that economic development should be done in such a way that the environment is protected, and secondly, that economic development should occur in a sustainable manner.

Sustainability can also be defined based on what type of sustainability is referred to. Goodland (1995) discusses three categories of sustainability: firstly, economic sustainability (the stability of capital); secondly, social sustainability (the stability of moral capital); and thirdly, environmental sustainability (the stability of resources and raw materials).

Carter and Rogers (2008) contend that organisational sustainability consists of three important components: the natural environment, society, and economic performance. This is called the triple bottom line (TBL) and entails that organisations realise the importance of the balance between protecting the environment, economic growth, and taking society into account. The TBL concept is especially relevant to business activities, because the latter have an influence on all three components of the TBL. Section 2.3.1 will analyse the TBL in more detail.

Organisations can easily implement sustainability as an afterthought, but the key is to build sustainability into the organisation rather than just having it as an additional activity running in the background (Rake & Grayson, 2009). White (2009) agrees by stating that by implementing these sustainability strategies, organisations accept both the responsibility of considering the environment, as well as the opportunity to appeal to new market segments and achieve cost savings.

In support of sustainability strategies, Stead and Stead (1995) argue that there are two main strategies for incorporating sustainability in the business process. These strategies are market-driven sustainability strategies and process-driven sustainability strategies. Market-driven strategies are based on creating a competitive advantage by redesigning the product in an environmentally-friendly way. Process-driven sustainability strategies include attempts to adapt business processes in such a way that it benefits the environment and leads to cost savings. In addition, Van Bommel (2011) also outlines two strategies that are in essence the same as the

strategies suggested by Stead and Stead (1995). Offensive strategies are aimed at developing sustainable products, while defensive strategies are aimed at process performance. It becomes apparent that the implementation of sustainability as a strategy in the organisation, rather than just an additional activity, can be of considerable benefit to the organisation's public image, as well as its competitive advantage. Carter and Rogers (2008) suggest that the term sustainability is appearing more in the literature of business disciplines such as management and operations, and that organisations are beginning to rapidly adopt sustainability as a strategic focus.

2.3.1 The triple bottom line (TBL)

When an organisation decides to adopt a socially-responsible approach towards business, the three most common factors to start with are environmental, social and economic considerations. These factors are referred to as the 'triple bottom line' (TBL) and can be used as a tool to measure organisational performance (Hubbard, 2009).

The TBL term was first coined in 1994 by Elkington, who attempted to establish how the environmental agenda can be expanded successfully (2004). He, as well as others who worked with him, believe that in order for real environmental progress to be made, an additional two dimensions should be addressed. These additional dimensions are social and economic dimensions. According to Elkington (2004) the environmental agenda should be addressed in a much more integrated way. This led to the identification of the TBL term that refers to just how important the following three aspects are to business, namely the environment, social issues and the economy. According to Elkington (2004), these three factors are integrated and equally important. To achieve TBL success, a business should thus focus on all three pillars and not on only one or two.

Elkington (2004) further identify seven drivers (revolutions) that TBL depends on. These drivers are:

- markets
- values

- transparency
- life-cycle technology
- partnerships
- time
- corporate governance

These drivers are all business-related and, according to Elkington (2004), organisations are in the driving seat of the new millennium.

Hubbard (2009) compares TBL with the stakeholder theory, but suggests that TBL has a broader perspective. Instead of only focusing on the stakeholders with whom the organisation has direct contact through business transactions (suppliers, employees, and investors), TBL focuses on stakeholders that include local communities and governments as well. Organisations may find the concept of TBL very unsettling for the reason that their responsibilities are then far beyond producing and selling products and services in pursuit of profit.

Elkington (1998) suggests that in order for an organisation to achieve an outstanding TBL performance, a whole new partnership orientation regarding social, economic and environmental issues is required. Some of these partnerships could be between the public and private sectors and others between organisations and their suppliers. These long-term partnerships will help the participants to perform their activities more effectively and will be important during the sustainability transition.

Another focal area of this study is the partnership and collaboration between Woolworths and its suppliers regarding sustainability and implementation of sustainable practices and processes. If one follows Elkington's (1998) advice, Woolworths is on the right track by enhancing its collaboration with suppliers.

For the purpose of this study, the definition of sustainability suggested by Carter and Rogers (2008) and discussed in the previous section, is adopted. As is the case with TBL, sustainability can be seen as a three-pillar concept, consisting of the importance of environmental issues, economic, and social issues. As mentioned before, these are the aspects that a business should first consider when becoming more socially responsible and sustainability conscious.

2.3.2 The benefits of sustainability in business

A previous section in this chapter discussed the many benefits that CSR may hold for business managers and the public image of organisations. Sustainability initiatives and sustainable practices can also lead to certain advantages. When organisations implement sustainability initiatives they may discover a more cost-effective way and, therefore, save money. This can also lead to process innovation, product, service, or market innovation where new business processes are discovered, as well as new sources of revenue. By doing something positive for the environment and community, organisations can also create a competitive advantage. A competitive advantage will place organisations ahead of their competitors in the public eye which, in turn, will contribute to improved stakeholder relationships, employee satisfaction, and effective risk management (Berns *et al.*, 2009).

In their study on the economic benefits of green buildings, Ries and Bilec (2006) emphasize that even though the short-term expenses are high, these expenses are surpassed by the long-term savings. These savings include energy costs, maintenance costs, operational costs and safety costs (Fowler, 2004). Ries and Bilec (2006) further confirm that employees in their study agreed that the quality of the green buildings was better than that of the older buildings, and that they were satisfied with their work areas inside the building which, in turn, appeared to enhance employee productivity. In support of Ries and Bilec (2006) and Fowler's (2004) findings, Pual von Paumgarten (2003) did a similar study on green buildings. According to Von Paumgarten (2003), green buildings are no longer luxury buildings only occupied by the extreme environmentalists. Lately, these green buildings have become energy- and resource-efficient offices of the top organisations in the world. They are regarded as financially-responsible spaces with financial benefits that include reduced energy consumption, increased employee productivity, increased market value, and reduced health risks.

It thus becomes apparent that the financial benefits of sustainability are one of the most prominent factors in an organisation, and that the presence of sustainability initiatives and sustainable practices are of considerable importance for doing business. In the early 1990s it was mostly local authorities and governments that tried to implement sustainable development, but over the years that focus has shifted

to the business side of society as well (Dyllick & Hockerts, 2002). Managers accept that sustainability is a prerequisite for doing business (Holliday, 2001).

The following chapter will focus on retail business and how sustainability can be incorporated into the retailing sector.

2.4 CONCLUSION

The aim of this chapter was to provide the reader with more knowledge about the concepts of CSR and sustainability. By defining these concepts and expanding on them for further analysis throughout the study, a foundation is created for the forthcoming research. It becomes apparent that sustainability in an organisation is just as important as encouraging sustainability with regard to external business partners. Therefore, the following chapter will focus on retail business and sustainability, as well as on the efficient collaboration and engagement between an organisation and its suppliers.

CHAPTER THREE

SUPPLY CHAIN SUSTAINABILITY AND RETAILER-SUPPLIER COLLABORATION

3.1 INTRODUCTION

Instead of only focusing on an organisation and its sustainable practices, there has been an increase in the concern of organisations for suppliers to become more sustainable as well (Handfield & Nichols, 2002). Organisations have been expanding their interests in sustainability towards their external business partners, which include suppliers. According to Corbett and Kleindorfer (2003), organisations have been placing more pressure on their suppliers to become more sustainable in their everyday practices and activities. Suppliers are being encouraged to implement more environmentally- friendly business processes and initiatives in order to become more sustainable over the long-term. However, based on the broader perspective of the triple bottom line (TBL) concept, it is important that suppliers not only consider the environmental aspect of sustainability, but the remaining two pillars of the TBL as well, namely the economic and social aspects (Hubbard, 2009).

Chapter two discussed the concept of corporate social responsibility (CSR) and how sustainability forms an integral part of that concept. Emphasis was also placed on the role of stakeholders that are instrumental in successful business operations (Ferrell *et al.*, 2011).

Chapter three will start with a discussion on the retail environment with specific reference to Woolworths as one of the leading retailers in South Africa. Sustainability in retailing will also be examined in order to provide a framework for the importance of sustainable practices in the retail industry. The discussion will then advance to supply chain management and sustainability in the supply chain. To link the discussions on supply chain sustainability and retailing, a brief overview of stakeholder relationships and specifically retailer-supplier relationships will be given, and how to efficiently manage these relationships. This chapter will also focus on Woolworths and the organisation's relationship with its suppliers.

3.2 THE RETAIL ENVIRONMENT

As retailer-supplier engagement forms an integral part of the study, it is important to examine the concept of retailing in more detail. In the following section, the emphasis will thus be on the following: firstly, the concept of retail sustainability; secondly, the South African retailer, Woolworths; and thirdly, Woolworths' sustainability practices and initiatives.

Petersen and Balasubramanian (2002) wrote an article that focused particularly on defining the concept of retailing. They also provided various definitions by different authors.

Morgenstein and Strongin (1983) and Caruth and Stovall (1994) define retailing as the selling of goods and services to their ultimate consumers – those individuals who buy something for personal use. Baron, Davies, and Swindley (1991) take the definition of retailing one step further by arguing that retailing is the process of selling goods and services to ultimate consumers, or those buying on behalf of ultimate consumers. Evans and Berman (2001) describe retailing as "... business activities involved in selling goods and services to consumers for their personal, family, or household use."

A common definition of retailing is provided by Levy and Weitz (2009), who define the concept as follows:

Retailing is the set of business practices that add value to products and services that consumers buy for their own personal use. A retailer can also be seen as the last link in the supply chain between suppliers and the consumers.

For the purpose of this study, a definition using the classifications from the Standard Industrial Classification (SIC) from Statistics South Africa (Stats SA), is adopted (Stats SA, 2012):

This industry is said to include the reselling (sale without transformation) of new and used goods to the general public for personal or household consumption or use by shops, department stores, stalls, mail-order houses, hawkers and peddlers.

The retail industry on the rise in South Africa, 2012

The following section will be divided into sub-sections regarding the retail industry in South Africa. Special reference will be made to Woolworths, the key challenges that retailers face, and sustainability in retailing.

3.2.1 The retail industry

The retail industry is considered as one of the most mature industries in an economy (Rigby, [S.a.]). There are many different segments in the retail industry such as food retailers, clothing retailers, and wholesalers and department stores. According to Stats SA (2012), the South African retail industry consists of seven clusters:

- General dealers
- Retailers of food, beverages and tobacco in specialised stores
- Retailers in pharmaceutical and medical goods, cosmetics and toiletries
- Retailers in textiles, clothing, footwear and leather goods
- Retailers in household furniture, appliances and equipment
- Retailers in hardware, paint and glass, and
- All other retailers

Rigby ([S.a]) argues that with the maturity of the retail industry, the consolidation of these segments occurred. The retail industry no longer consists of individual food retailers and clothing retailers. Over time, retail segments started to merge towards what exists today: a retail outlet with a clothing department, a food department and a home ware department. Rigby ([S.a.]) further states that this consolidation factor will continue to play a significant role in the retail industry.

Woolworths is one example of a retailer where different segments consolidated into one retail store. Today, Woolworths consists of a food department, a clothing department, and a home ware department (Woolworths Holdings Limited, 2013).

3.2.2 Key issues facing retailers

As with any other industry, the retail industry is not without its challenges. Rigby [S.a.] notes four key issues that affect the retail industry, namely the economy, the

ever-changing behaviour of consumers, fierce competition between rivals, and financial markets.

According to Rigby [S.a.] and *The Retail Industry on the Rise in South Africa* (2012), a stable economy is favourable for the retail industry, while an unpredictable, unstable economy can hurt the retail industry. Consumer habits and patterns are changing all the time. One important factor is that consumers have time constraints. The timespan of visits to the mall are shorter and consumers prefer one-stop centres. Consumers also prefer online shopping due to time constraints. Therefore, retail stores lose customers to the internet stores (Schoenbachler & Gordon, 2002). These are all changes in consumer behaviour that influence the retail industry. Competition is always a concern in the retail industry. Retailers constantly have to compete and try to stay abreast of the latest trends and developments to prevent them from going out of business. Lastly, financial markets also have an impact on the retail industry. Retailers have to raise capital for building stores and obtaining supplies. A healthy financial market will favour a retailer and the financial assistance it needs (Rigby, [S.a.]; Kaufman-Scarborough & Forsythe, 2009).

John Dawson (2011) stipulates six other challenges that retailers face every day. One of these six challenges is the need to grow continually and the struggle to determine the 'bigness' of an organisation. Dawson (2011) explains how managers have to decide to what extent they want to grow the organisation, whether they will be able to achieve it, and whether they have the resources to do so. A second challenge identified by Dawson (2011) is the fact that brands continuously change in retailing. This poses the question to retailers of whether they should extend their brands or whether the brands should be moved into a new area completely (Nijssen & van Trijp, 1998). Thirdly, there is the issue of over-capacity of retail space. According to Dawson (2011), retailers are functioning within excess space and, therefore, cannot trade at an optimum level. This situation can be due to a constant increase in the development of new spaces for retailers such as shopping malls (Davies, 1995). The turbulent nature of environmental and consumer-related changes thus poses a major challenge for retailers. This challenge concurs with Rigby's [S.a.] notion in terms of consumer behaviour change. Lehmann (1999) suggests that it is difficult to determine the way in which the external environment of an organisation can change and that evolutionary survival is necessary for

organisations. Another challenge is to find the balance between so-called externalisation and internalisation. Managers have to find equilibrium between sub-contracting certain functions and performing others in-house. Finally, one of the major challenges to retailers is the unknown impact of the internet and what is called e-retailing, i.e. the fact that many consumers switch to online shopping.

For the purpose of this study, the emphasis falls on issues relevant to South Africa's retail industry. The Retail Industry on the Rise in South Africa (2012) outlines several challenges that South Africa's retailers are facing. South African consumers, for instance, are becoming more health conscious, and retailers find it difficult to keep track with and adapt to consumers' ever-changing habits and needs. The increasing presence of foreign retailers such as Wal-Mart in South Africa also poses an imminent threat for local retailers. Logistical challenges, due to the widespread consumer demographics in South Africa, contribute to the increase in prices, mostly because of expensive transportation methods. However, despite these challenges, the forecast for the retail value in South Africa looks promising. The retail value is expected to increase from an estimated R622.91bn in 2011 to R938.59bn by 2015 (The Retail Industry on the Rise in South Africa, 2012).

These are all key issues that can lead to either the success or failure of a retailer in the retail industry, and issues that are present in any country's economy. It is important for retailers to take these issues into account when making decisions. Having briefly introduced the challenges that the South African retail industry faces, the following section will provide an in-depth discussion of retailing in South Africa.

3.2.3 Retailing in South Africa

Retail plays a vital role in the South African economy and shopping centres are at the heart of this significant economic activity. Furthering excellence in retail is of wide benefit and represents vast positive outcomes for consumers, retailers, shopping centres, service providers and the economy in general.

- Amanda Stops, General Manager of the South African Council of Shopping Centres, 2011

South Africa's retail sector has experienced positive growth over the past decade. The industry has increased by 3 percent in the last eight years (The Retail Industry on the Rise in South Africa, 2012). This statistic can be compared to the manufacturing industry which shrank by 3.4 percent during 2013. Additionally, the South Africa's economy's growth rate was 2.2 percent in 2013 (Stats SA, 2014). This growth is mainly fuelled by favourable economic conditions, interest rates, and inflation. According to a report titled Five SA Retailers in World top 250 (2007), strong consumer confidence and a growing black middle class have sparked significant retail sales growth. In 2012 an article written by Maswanganyi appeared in the *Business Day* stating the following: "Growth in South Africa's retail sales was better than expected in August, suggesting that domestic consumer demand has not slowed as much as expected." Retail sales in South Africa had an average growth of 5.15 percent from 2004 to 2014 (Trading Economics, 2014).

In 2007, five South African organisations were ranked among the top 250 retailers in the world (Five SA Retailers in World top 250, 2007). The survey ranked retailers according to their sales for the year from 1 July 2005 to 30 June 2006.

According to *Business Day*, the food and grocery group Pick and Pay was the highest ranked South African retailer at the time, at the 122nd place, with sales worth of US\$5.5-billion (R566 940 00000.00). Shoprite was ranked second, very close to Pick and Pay, at the 123rd place, while Woolworths Holdings Limited was ranked at the 248th place. Today, Woolworths is one of the key industry players in the retail sector in South Africa having 11 per cent of the market share (The Retail Industry on the Rise in South Arica, 2012). These rankings indicate substantial confidence in South Africa's retail industry and that it is much stronger than the rest of the world may think.

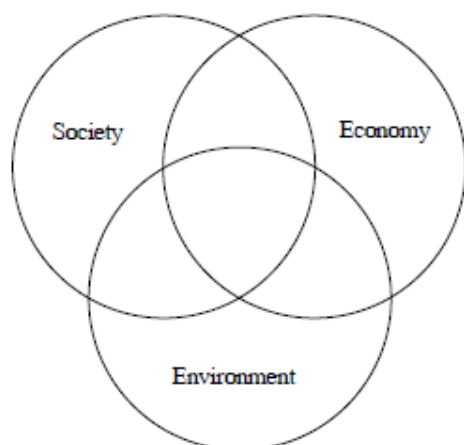
Woolworths was found in 1931 by Max Sonnenberg. Over the past 80 years, the organisation has grown and developed its retail establishments and there are currently 400 stores across South Africa, Africa and the Middle East. Woolworths has a clear focus on its stakeholders: the organisation provides superior quality goods, is innovative, and adds value for customers. Furthermore, the organisation treats its employees fair by offering them pension funds, medical aid and maternity leave, while the organisation also shows concern for environmental issues. In 2007

Woolworths started its so-called 'Good Business Journey' which is a strategy to make a difference in four key areas of sustainability, namely transformation, social development, the environment, and climate change. As a result, Woolworths was named twice the International Responsible Retailer of the year – first in 2008 and again in 2010 - for its efforts to make a difference and to move forward towards a more sustainable retail environment (Woolworths Holdings Limited, 2013).

3.2.4 Sustainability in retailing

Retailing is one of the many areas of business where sustainability can be pursued. Due to the limited knowledge of Woolworths' sustainable supply chain engagement, the focus of this study is mainly on the retailer-supplier aspect of doing business. This focus will assist Woolworths to improve its collaboration with suppliers which will, in turn, encourage suppliers to become more sustainable and thus have more consideration for economic, environmental and social aspects of society as a whole. Jones *et al.* (2011) investigated the top ten retailers in the world and how these retailers perceived and pursued sustainability. The researchers used the Venn diagram model of sustainability, as presented in Figure 3.1, and applied it to the top ten retailers to determine if they pursued sustainability in the three areas of society, economy, and the environment. The results showed that the majority of retailers reported commitment to sustainability, and that the retailers were continuously trying to incorporate sustainable practices into their business processes (Jones *et al.*, 2011).

FIGURE 3.1 The Venn diagram model for sustainability



Source: Jones *et al.* (2011)

Based on the research of Jones *et al.* (2011), retailers are taking sustainability in their retail environment seriously. Woolworths' commitment towards sustainability in the retail environment can be seen in the company's multitude of sustainability initiatives (Woolworths Holdings Limited, 2013). The Good Business Journey strategy, developed by Woolworths, includes all its initiatives and sustainability goals for the future. The organisation focuses specifically on water, waste and energy reduction, as well as sustainable farming and sustainable fishing. Apart from the in-house focus on sustainability and sustainable practices, Woolworths is also trying to influence sustainability in the supply chain with its key suppliers. Woolworths has a code of conduct and a sustainability score card which the company uses to assess suppliers in terms of their compliance to Woolworths' sustainability expectations (Woolworths Holdings Limited, 2013). These expectations are set by the code of conduct and suppliers have to abide by this code of conduct.

The success of these initiatives may depend on the nature of the retailer's engagement with its suppliers. For this reason, the proposed study may help to provide Woolworths with an overview of the status of its supplier-retailer engagement and how the sustainability score card contributes to that engagement. The following section will discuss supply chains, and the role of supply chain sustainability with regards to Woolworths' collaboration with its suppliers.

3.3 SUPPLY CHAIN MANAGEMENT

The supply chain sustainability of Woolworths' suppliers and the collaboration between Woolworths and its suppliers regarding effective supplier sustainability are central to this study. The focus is on what supply chain management entails, as well as the concept of supply chain sustainability.

Over the past 10 to 20 years the term 'supply chain management' (SCM) has become more prominent in doing business than before (Cooper, Lambert, & Pagh, 1997). The available literature regarding SCM has also increased over the years (Ross, 1998; Murphy & Wood, 2011). Globalisation may be one reason for this

increased interest in SCM, as well as the fact that organisations are contemplating more effective ways to coordinate the flow of materials. But even though SCM has become popular, there is still dispute over how to define it (Mentzer, De Witt, Keebler, Min, Nix, Smith, & Zacharia, 2001). The following section will examine the different definitions of supply chains and supply chain management.

3.3.1 Defining supply chains and supply chain management (SCM)

According to relevant literature, the term 'supply chain' is more commonly used than the term 'supply chain management' (Cooper & Ellram, 1993). However, the term has developed over the years and "supply chain management", "sustainable supply chain management", and "sustainable supply chain governance" have emerged (Vermeulen & Seuring, 2009). The following section will first define supply chains, and then describe supply chain management.

A definition of supply chains, as suggested by La Londe and Masters (1994), states that a supply chain is a set of firms that move materials forward in order to produce a product or service. A few years later, Lambert, Stock and Ellram (1998) defined a supply chain as the alignment of firms in order to bring a product or service to the market. In 2001 Mentzer *et al.* described supply chains as "a set of three or more entities that are directly involved in the upstream and downstream flows of products, services, finances and/or information from a source to a customer". Finally a more recent, albeit simple, description of a supply chain is the proposal by Blanchard (2010), who concludes that a supply chain encompasses all the activities from the raw components to the finished product as bought by the end-consumer.

Having deliberated the various definitions of supply chains, this section will now discuss the definitions of supply chain management and the chronological transformation of these definitions over the years. In the mid-eighties, Jones and Riley (1985) described SCM as the simple process of materials that flow from suppliers to customers. Shortly after, Houlihan (1988) developed the definition further by distinguishing between a supply chain and supply chain management. A supply chain, according to Houlihan (1988), can be seen as a single process, while supply chain management entails strategic decision-making regarding the process of

producing a product or service. Cooper *et al.* (1997) defined SCM as an integrative philosophy to manage a distribution channel.

Carter and Rogers (2008) introduced the concept of sustainable supply chain management (SSCM), defining it as follows:

...the strategic, transparent integration and achievement of an organization's social, environmental, and economic goals in the systemic coordination of key inter-organizational business processes for improving the long-term economic performance of the individual company and its supply chains.

Carter and Rogers' (2008) definition is based on the TBL concept which considers the natural environment, society, and the economy, as discussed in Chapter two.

According to Stock, Boyer, and Harmon (2010), the SCM definition has evolved over the years. Initially it only included the flow of materials, but over the years it started to include both internal and external networks and relationships that are part of the supply chain process. And more recently, in 2010, Christopher described supply chain management as the management of upstream and downstream interactions with customers and other suppliers in order to deliver the value to the customer at a lower cost. According to Christopher (2010), supply chain management is the coordination of relationships in order to gain a more profitable outcome.

For the purpose of this study, the definition of sustainable supply chain management as discussed by Carter and Rogers (2008) is adopted.

3.3.2 Supply chain sustainability

Organisations have been pressing their suppliers to improve their business processes and create more value for the customers. Thus organisations are also expecting their suppliers to explore new technologies and to reduce the costs of product development (Handfield & Nichols, 2002). By doing so, organisations are encouraging their suppliers to become more sustainable and to decrease their environmental adverse during product design and delivery. This also leads to organisations realising that the only way to do this effectively is to manage their stakeholder relationships better. In this case, the focus will be on managing supply chain relationships effectively (Darnall, Jolley & Handfield, 2008).

The following section will examine the concept of supply chain sustainability, followed by a further discussion on the collaboration and engagement with suppliers.

There has been a growing interest in sustainable supply chains (Corbett & Kleindorfer, 2003). In particular, more consideration has been given to the conjunction of sustainability and supply chains (Linton, Klassen, & Jayaraman, 2007). Since the introduction of the concepts of sustainability and sustainable development by the Brundtland Commission in 1987, organisations have been implementing sustainable practices in their organisational structures and processes (Redclift, 2005). According to Linton *et al.* (2007), managers apply these sustainable practices in different areas in an organisation including product development, and the production process. It has, however, become apparent that it is vital for organisations to move forward and address not only sustainability issues internally (within the organisation), but externally as well. Supply chains are regarded as the next logical step and the focus has, therefore, shifted to the entire supply chain - from the production of the product to the usage and disposal of it by the end-consumer.

According to Gladwin, Kennelly and Krause (1995), suppliers' performance should not only be measured by profit, but also by the impact they have on the environment as well. A sustainable supply chain will implement processes that have a minimum negative impact on the natural environment, include the social environment in its actions and, at the same time, achieve profit (Elkington, 1999). This view on performance is also referred to as the TBL, as already discussed earlier.

Linton *et al.* (2007) believe that by concentrating on supply chain sustainability, an organisation is addressing sustainable development in a broader sense and considering the interaction between supply chains and sustainability. This interaction extends beyond the main aspects of supply chains, and includes issues such as product design, manufacturing by-products, by-products produced during product use, product-life extension, product at end-of-life, and recovery processes. According to Karna and Heiskanen (1998), it is important to design a product which will have the least negative impact on the environment. Sustainable practices also include minimising the amount of by-products produced during the manufacturing process by using advanced technologies (Kemp, 1994; Zink, 2005).

Linton and Jayaraman (2005) support the notion of extending the life of a product, which will allow the product to last longer before having to use natural resources to produce a new product. A product at end-of-life refers to what can be done with the product at the end of its life: can it be re-used or re-cycled? Linton *et al.* (2007) argue that the product end-of-life stage depends primarily on decisions made in the product design stage. It is, therefore, important not only to think about the design of a product, but to also anticipate what will happen to that product after it reaches the end of its life. Finally, the recovering process at the end-of-life stage refers to the design of recovery networks of products at the end of their life cycle (Linton *et al.*, 2007). This could include the recycling of plastic or glass bottles, containers, and reusable packaging (Kroon & Vrijens, 1995; Jayaraman, Patterson & Rolland, 2003).

Suppliers can, therefore, reduce costs by re-using old products or packaging in the production process, while it can also create a favourable image on behalf of the organisation by designing and producing a product in such a way that it does not harm the environment. The by-products of the production process are also minimised. At the same time the organisation that deals with sustainable suppliers will indirectly also gain a favourable image due to the association with sustainable suppliers.

It is, however, not always easy to implement sustainable practices and procedures within an already established production line. One of the challenges to implement sustainability is the high cost it involves, but according to Carter and Rogers (2008), there are ways to implement sustainable practices and at the same time save costs. Examples include: to reduce packaging waste, having lower labour costs owing to decent working conditions and satisfied workers.

If supply chain relationships are managed properly and efficiently, organisations will be able to encourage suppliers to become more sustainable and succeed at it. A case has already been made for the importance of stakeholder relationships (Darnall *et al.*, 2008). In order to explore the engagement between Woolworths and its suppliers, their level of engagement needs to be determined. The next section will therefore continue to examine the concept of supplier engagement and collaboration.

3.4 STAKEHOLDER RELATIONSHIPS

Chapter two discussed the role and importance of stakeholder relationships in detail under the concept of corporate social responsibility. The following section will only provide a brief overview of stakeholder relationships as a starting point from which the discussion on suppliers as stakeholders and their importance for organisations will be continued.

Stakeholders are those persons or groups that can affect or are affected by actions and decisions made by an organisation (Freeman, 1984; Lawrence & Weber, 2011). For the purpose of this study, stakeholder engagement is relevant for sustainability decisions in organisations (Amaeshi & Crane, 2006).

It is, therefore, important for Woolworths to encourage efficient supply chain collaboration in order to reach the optimum level of sustainable practices. This will, in turn, benefit both Woolworths' and its suppliers' image, as well as their reputation among the public.

3.4.1 The importance of suppliers-as-stakeholder relationships

There has been a growing interest in the relationships between different organisations such as retailers and suppliers. For the purpose of this study, the relationship between retailers and their suppliers is explored. As more attention has been given to suppliers and the way they function compared to the retailers, there has been a change in the power balance between retailers and suppliers. This has, in turn, affected their relationship dynamics (Shaw & Gibbs, 1995).

According to Hogarth-Scott and Parkinson (1993), power and dependency are central to retailer-supplier channel relationships. Power refers to the ability of one member to have control over another member in the channel, and this power is linked to the location of each member in the channel. In the case of retailer-supplier relationships, retailers tend to have a higher position within the channel, which means they have more power over the suppliers. However, this may depend on the industry and the type of product(s), as well as on the supplier's bargaining power (Hough, Thompson, Strickland & Gamble, 2011).

Watts and Hahn (1993) argue that if an organisation wants to compete in the global marketplace, it needs a network of competent suppliers on which it can depend for support. Moreover, during very turbulent and uncertain times it is important to manage stakeholders, including suppliers, in such a way that it is to the organisation's advantage (Savage, Nix, Whitehead & Blair, 1991).

More recent research concentrates on the relationship with suppliers not only for the benefit of the organisation, but for the customer and/or end-consumer as well. Efficient retailer-supplier relationships can bring the customer and the supplier closer to each other, and create the product or service that customers require or need (Duffy *et al.*, 2013). Furthermore, if organisations manage their supplier relationships effectively, it can lead to a competitive advantage in the long term, especially when the competition in global markets becomes fierce (Prajogo *et al.*, 2012).

It is, therefore, important to recognise the dynamics of the retailer-supplier relationship in order to manage it effectively to both parties' advantage.

3.5 SUPPLIER COLLABORATION

The importance of managing suppliers as part of an organisation's operations can be seen throughout supply chain management (SCM) literature (Prajogo *et al.*, 2012). Suppliers have a crucial role to fulfil in a collaborative supply chain and the management of these collaborations with suppliers are just as important in terms of the successful implementation and the execution of organisation's business operations (Duffy *et al.*, 2013).

According to Krause and Ellram (1997), successful supply chain relationships start with effective supplier development. These authors define supplier development as any effort where a company tries to improve the performance or capabilities of its suppliers. Watts and Hahn (1993) describe supplier development as "...An organization's efforts to create and maintain a network of competent suppliers". The rapid advancement of technology and tight competition have forced organisations to shift their focus from internal to external stakeholders and, therefore, organisations are expecting that their suppliers become more efficient and effective in their practices (Wouters, Van Jarwaarde & Groen, 2007). As a result, organisations are

more attentive on what their suppliers are doing and how they are doing it. In order for organisations to have a say and input in terms of what suppliers do and how they do it, healthy relationships and collaboration with suppliers are required.

Van der Vaart, Van Donk, Gimenez and Sierra (2012) define the concept of 'joint improvement' as working together with suppliers to improve certain aspects such as reducing costs and enhancing joint decision-making. According to Sanders (2008), it is easy with today's information technology for information to be transferred between an organisation and its suppliers. This transference of information allows for more effective collaboration and an enhanced information-sharing system.

Devaraj, Krajewski and Wei (2007) agree that organisations and suppliers that participate in joint improvement initiatives reap the benefits of reduced costs and better quality of products. The intense collaboration between suppliers and retailers can present both parties with the benefits of being more informed and more aware of each other's actions. This can lead to the benefit of a third party, namely the customer and/or end-consumer.

However, even though most research emphasises the benefits of retailer-supplier collaboration and the management of supplier relationships, conflict may also occur due to strong collaboration. According to Bagozzi (1975) and Frazier (1999), conflict is an inevitable element with supplier collaboration initiatives. In fact, collaboration or a relationship between any two parties automatically creates the opportunity for conflict. Koza and Dant (2007) argue that very little research has been conducted on the topic of conflict, and even less research has focused on conflict management. Conflict management can lead to effective retailer-supplier relationships and positive outcomes if implemented correctly (Morris & Cadogan, 2001; Gerzon, 2006). An example of a positive outcome of conflict is that it prevents stagnation. It keeps both parties aware of what is happening around them, and changes that occur. This prevents that a relationship stagnates and becomes too comfortable. Conflict also points out problem areas which should be addressed before the problem grows too large (Koza & Dant, 2007; Bobot, 2011). It is, therefore, important to consider both sides' viewpoints of retailer-supplier collaboration. Managers should be aware of the possibility of conflict, be able to identify it, and manage it accordingly to the benefit of those who are involved.

Against this background, the next section will further explore the concepts of supplier collaborations in terms of sustainability initiatives and sustainable practices as required by the retailer, Woolworths.

3.5.1 Woolworths' supplier collaborations

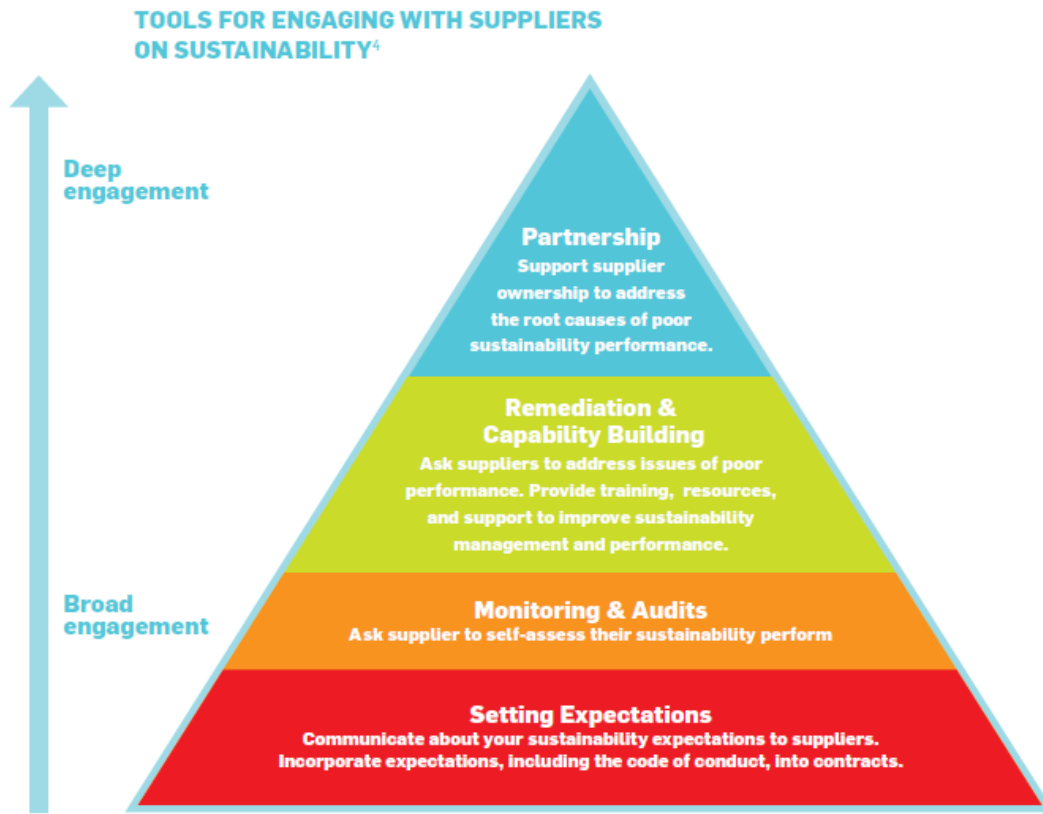
Carr and Pearson (1999) explain the concept of cooperative relationships where an organisation and its suppliers work together over the long-term for the benefit of both organisations. This relates to collaborative relationships which are defined by Corsten and Kumar (2005) as joint efforts by both parties with a long-term perspective. These collaborative or cooperative relationships create a unique value for both the company and the supplier that cannot be created independently.

The engagement between Woolworths and its suppliers is an important aspect of their stakeholder relationships and collaborations (Mcaughlin, 2013). Woolworths focuses specifically on sustainability in supply chains and aims to improve the collaboration efforts with suppliers regarding sustainability. In order to determine the level of engagement, this study used a Supplier Engagement Continuum (see Figure 3.2), developed by the United Nations Global Compact. The continuum enabled the researcher to plot the engagement between Woolworths and its suppliers, and how Woolworths could improve in this respect.

3.5.2 The United Nations Global Compact

Having discussed the concept of corporate social responsibility (CSR), sustainability, and, more specifically, supply chain sustainability and supplier engagement, the literature will now examine the model/continuum.

The United Nations (UN) Global Compact is a strategic policy initiative for businesses and was developed by the UN. The Global Compact includes ten universally-accepted principles in the areas of human rights, labour, anti-corruption and the environment (United Nations Global Compact, 2013). By participating in these initiatives, businesses portray themselves to the world as socially responsible.

FIGURE 3.2 United Nations Global Compact Supplier Engagement Continuum

Source: United Nations Global Compact (2010)

The Global Compact can also be defined as a practical framework for the development and implementation of sustainability policies and practices. This offers participants a variety of work streams, management tools and resources which are all designed to support the advancement of sustainable business models and markets (United Nations Global Compact, 2013). A retailer like Woolworths can, therefore, make use of these tools and resources and at the same time boost its reputation not only in the South African context, but also globally.

For the purpose of this study, the emphasis falls on a guide developed by the UN Global Compact entitled *Supply Chain Sustainability: A Practical Guide for Continuous Improvement*. This guide offers practical steps for companies like Woolworths, to make progress in terms of their supply chain collaborations regarding sustainability. This guide also includes a specific tool for engaging with suppliers on sustainability.

Figure 3.2 presents a diagrammatical representation of the tool. The diagram ranges from 'broad engagement' at the bottom to 'deep engagement' at the top with each level containing practical tools/advice which organisations can use to engage with their suppliers. Starting from the bottom, level one is when organisations simply set expectations to their suppliers regarding sustainable practices. Level two is when organisations progress and monitor their suppliers' practices to see whether they actually meet the expectations that have been set. Level three refers to when organisations help those suppliers who do not meet the expectations. This includes remediation activities that will help suppliers to meet the set expectations regarding sustainability.

The last level, level four, is considered as 'deep engagement'. This is where an organisation would want to be in its relationship with its suppliers. At this level there is a strong partnership between the organisation and its suppliers. They both work together to implement sustainable practices and policies, while they also work together in order to solve the root problems of sustainability. For example, farm strikes are seen as sub-tier supplier problems. At level four, a company like Woolworths is able to help its suppliers to deal with a problem like farm strikes; even if it is with giving advice only (United Nations Global Compact, 2010).

3.6 CONCLUSION

Chapter three discussed the retail environment and the role that sustainability and sustainable practices play in the retail sector, the supply chain, and among suppliers. Pertinent challenges facing retailers were outlined, while the importance and benefits of effectively managing retailer-supplier relationships were also highlighted. The primary objective of this study was to assess the level of engagement between Woolworths and its suppliers and to ascertain how this collaboration could be improved. Against this background, Chapter four will explain the research methodology used to address the stated primary and secondary objectives.

CHAPTER FOUR

METHODOLOGY

4.1. INTRODUCTION

The literature review demonstrated that sustainability and corporate social responsibility initiatives are important in the retail industry. If managers developed effective sustainability initiatives and encouraged their suppliers to do the same, a positive image regarding the organisation will be portrayed. This favourable image will send a positive message to the public, which, in turn, can lead to positive feedback for the organisation from stakeholders. The purpose of this study was to explore and describe the sustainable supply chain engagement between Woolworths and its key food suppliers. This exploration highlighted their collaborations regarding sustainability and what is required to enhance this collaboration.

The methodology chosen for any study is a procedure that will ensure that the research is conducted effectively. The research methods that were used for this study are important, because it influences the quality of the data collected. The quality of the data will, in turn, influence the validity of the results and recommendations, and the study as a whole (Zikmund & Babin, 2010).

This chapter will first discuss the purpose and objectives of the study. It will summarise what the study attempted to achieve and to prove after the data analysis. This will be followed by a thorough explanation of the research design. This section will also specify what type of research was used, and how the research was conducted. Sampling is also of importance. As such, the next section will focus on drawing the appropriate sample for this study. A sufficient sample will produce reliable data, which will, in turn, lead to valid results. The research instrument, along with the appropriate sample, will enhance the validity and reliability of the data (Zikmund & Babin, 2010). Therefore, this chapter also includes a section that discusses the research instrument in detail, how it was designed and adapted. Finally, the data analysis techniques required to analyse the data and deduce the specific conclusions and recommendations, will be discussed.

4.2. RESEARCH PROBLEM

In today's world sustainability has become a key requirement for business success. It is often regarded as a competitive advantage if an organisation employs sustainable practices which favour the environment and the community in which it functions (Berns *et al.*, 2009). Stakeholders have become more informed of issues such as global warming and the impact that business practices may have on the environment and society. It is important for business to take these factors into account and adapt accordingly (Verbeke, Vanhonacker, Sioen, Van Camp, & De Henauw, 2007).

In this respect, Woolworths has shown a commitment towards sustainable practices by trying to ensure that the organisation's products adhere to the sustainable expectations of its stakeholders. These practices are established and managed by an official sustainability committee (Woolworths Holdings Limited, 2013). One aspect of their sustainability focus is supply chain sustainability:

"All our suppliers, service providers and franchisees, whatever their location, are bound by the Woolworths Code of Business Principles. All our suppliers are regularly assessed against it."

-Woolworths Holdings Limited, 2013

This Code of Business Principles emphasises the importance of sustainability and how suppliers are expected to perform certain business practices and processes to ensure a sustainable supply chain. It is thus evident that Woolworths not only take in-house sustainability practices seriously, but that the organisation also extends this mind-set towards its stakeholders.

This study focused on one of Woolworths' stakeholders, namely its food suppliers. Woolworths has limited insight in the level of engagement in terms of sustainability with its food suppliers, and no knowledge of the effectiveness of current methods used to enhance its supply chain sustainability (McLaughlin, 2013).

This study attempted to contribute to the body of knowledge regarding the level of engagement between Woolworths and its food suppliers. In addition, the study was designed to explore the perspectives of the suppliers on current tools used by Woolworths to enhance supply chain sustainability, and specifically analyse what Woolworths can do to further enhance the collaboration on sustainability with its suppliers.

4.3. OBJECTIVES OF THE STUDY

Once the research problem has been formulated it is important to develop research objectives that will assist the researcher in addressing the research problem. These objectives consist of a primary research objective, as well as secondary research objectives.

4.3.1 Primary research objective

The primary objective of this study was to assess the level of supplier engagement regarding sustainability between Woolworths and its suppliers in order to ascertain how to improve this collaboration.

4.3.2 Secondary research objectives

The secondary objectives of this study were:

- Determine the level of sustainability engagement on the “Supplier Engagement Continuum” in terms of Woolworths’ relationship with their suppliers.
- Explore the effectiveness of the current tools used by Woolworths to enhance supply chain sustainability
- Determine how the suppliers propose Woolworths go about to better their collaboration relationship.

No hypotheses were developed for this study. However, propositions will be developed after the study is completed, based on the research that was conducted and to guide possible future research. Table 4.1 presents an outline of the secondary research objectives and how they were addressed.

TABLE 4.1 Research objectives and the research process

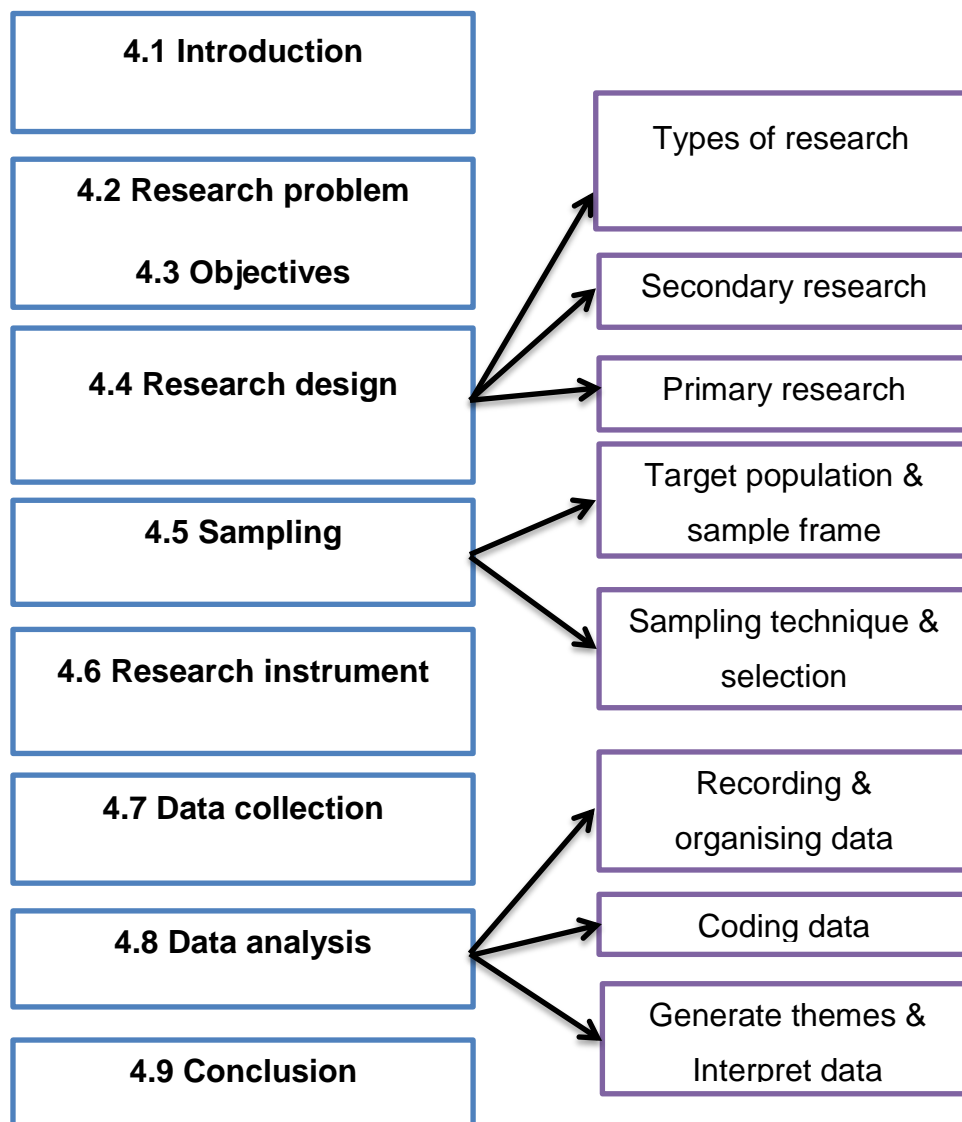
SECONDARY RESEARCH OBJECTIVES	INTERVIEW QUESTIONS	TYPE OF DATA & ANALYSIS	REPORTING THE RESULTS
Explore the effectiveness of the current tools used by Woolworths to enhance supply chain sustainability	Open-ended questions focus specifically on the suppliers' views of the current tools used by Woolworths	Qualitative: transcribe interviews; textual data (content analysis)	Written explanations and themes derived, visualised in diagrams used to present the data
Determine the level of sustainability engagement on the "Supplier Engagement Continuum" in terms of Woolworths' relationship with their suppliers	Open-ended questions as derived from the supplier engagement continuum	Qualitative: transcribe interviews; textual data (content analysis)	Written explanations and themes derived, visualised in diagrams used to present data
To determine the suppliers' proposals to Woolworths on how to improve its collaborative relationships	Open-ended questions focus specifically on what suppliers think Woolworths can do to improve the collaboration / relationship between them	Qualitative: transcribe interviews; textual data (content analysis)	Written explanations and possible diagrams used to present data

4.4. RESEARCH DESIGN

The research design of a study can be described as a framework or an overall blueprint of how the study will be conducted. This research design further contributes to the understanding of how a research study will be executed (Tull & Hawkins, 1993). Figure 4.1 was developed to illustrate the research process and design that led to the realisation of the research objectives. According to Hair, Bush and Ortinau (2000), this methodology consists of certain steps that have to be followed in order to successfully collect, analyse and interpret the data. Figure 4.1 also provides a detailed description of how Chapter four will proceed to cover all the necessary aspects of the research methodology.

The research paradigm adopted for this study was that of interpretivism. Interpretivism suggests that people are different objects of analysis compared to natural objects of science. It is thus necessary to follow different approaches in order to analyse each approach separately (Bryman & Bell, 2007). A complementary approach for interpretivism is that of inductive research. Inductive research is based on the premise that there are no hypotheses to confirm or reject, but hypotheses can be formulated after the research has been done and the results finalised (Bryman & Bell, 2007). This particular study was exploratory in nature and collected new information regarding the specific research problem. As a result, an inductive approach was used.

FIGURE 4.1 Methodology framework



4.4.1. Type of research

Zikmund and Babin (2010) discuss three different types of research methodologies a researcher can utilise. The decision made by the researcher depends predominantly on the specific study and the objectives of the study. The three different types of research are exploratory research, descriptive research and causal research.

For the purpose of this study, and the specific objectives formulated, exploratory research was conducted. This exploratory nature of the study was based on the fact that Woolworths has limited knowledge on its current collaboration with its key food suppliers regarding sustainability. The company has indicated that it would like more clarity on the situation. This kind of clarity can be provided by exploratory research (Zikmund & Babin, 2010).

The following section will continue to discuss the nature and role of secondary research in this study, as well as the scope of the primary research method that was designed.

4.4.2 Secondary research

Zikmund and Babin (2010) describe secondary research as research that has already been done by someone else prior to the particular investigation. The secondary research for this study was done by means of a review of journals and articles relevant to this study.

Secondary research was carried out by means of internet searches and using databases provided by the Stellenbosch University. A few examples of databases that were used for this study included EBSCOhost Research Database and Emerald. Multiple journals were also reviewed in order to identify relevant articles suitable for this study. These journals included the *International Journal of Sustainability, Business Strategy and the Environment, World Development, Public Relations Review*, and the *Journal of Business Ethics*.

Another form of secondary research, namely a documentation review, was done in order to find further information that could be relevant for the study. The documentation included progress reports of the suppliers regarding sustainability, as

well as the current scorecard used by Woolworths to track suppliers' sustainability compliance.

The secondary research for this study, as well as further documentation provided by Tom McLaughlin, Woolworths' Good Business Journey Manager, confirmed that no other study of this nature has been done before. This study will be of value for Woolworths given their sustainability goals. It did, however, become apparent that secondary research alone was not sufficient to draw valid conclusions. The required information could not be found in an article or textbook and, therefore, one cannot rely on secondary research only to address the empirical objectives. Primary research is of the essence and the following section will discuss the primary research conducted for this study in more detail.

4.4.3. Primary research

Deciding on a research design for a particular study is one of the most important steps in research (Blumberg *et al.*, 2011). Each aspect of the research design must be analysed with great precision in order to ensure that a golden thread runs through the research process. Not only will it ensure that the valid data will be collected to address the stated objectives, but it will also ensure the validity and reliability of the data which will, in turn, influence the validity of the results and the recommendations. The following section will explain the specific research design for this study.

To collect data to address the objectives, an exploratory research approach and a case study research design, were selected. According to Eisenhardt (1989), Yin (2009) and Runeson and Host (2009), a case study is an empirical method that is aimed at investigating a certain phenomenon in its specific context. Yin (2011) and Baxter and Jack (2008) believe that, when faced with a research problem that is unclear, a case study is the best method to follow when trying to answer the "how" and "why" questions. Yin (2009) further argues that a case study is preferred when investigating contemporary events. This preference is due to the case study's unique ability to deal with more than one source of evidence: documents, interviews, and observations. Therefore, a case study method would be of value for Woolworths as the organisation has limited knowledge about the sustainability engagement level with its suppliers, and multiple sources were analysed in order to understand this

state of affairs. A case study methodology will, thus, help to answer various questions regarding the status of the relationship between Woolworths and its food suppliers.

Runeson and Host (2009) distinguish between three types of case studies: a positivist case study, a critical case study, and an interpretive case study. This particular study followed an interpretive approach which means that an attempt is made to understand a specific situation by means of interpretation. There are also four types of purposes for case study research: exploratory research; descriptive research (describing a certain situation); explanatory research (explaining different aspects of a situation); and improving research (trying to improve specific aspects of a phenomenon). The purpose for the case study methodology used in this study was exploratory. An exploratory study is when a researcher tries to ascertain what is happening, seek new insights, and then possibly generate new ideas which can lead to the development of hypotheses for future studies (Runeson & Host, 2009). In a study by Gang, Shaobo and Qingfei (2008), the researchers used an exploratory approach, because of the vague situation and the search for new insights. Woolworths' level of engagement with its suppliers is also vague, and therefore an exploratory case study was deemed appropriate to address the research objectives.

Case study research can be done by means of a single case or a multiple case approach. A single case approach is when the researcher analyses one problem in a particular environment, while a multiple case approach is when the differences between two situations are explored (Baxter & Jack, 2008). Yin (2009) differentiates between five rationales when selecting a single case study approach, namely (1) a critical case, (2) an extreme case, (3) a representative case, (4) a revelatory case, and (5) a longitudinal case. The rationale that suited this study best was the representative case. According to Yin (2009), this approach captures the circumstances of the situation and represents what it really is. This study did not attempt to compare the relationships between Woolworths and its food suppliers. The researcher merely attempted to determine what the level of engagement is between Woolworths and a few of their food suppliers.

A single case study can be either holistic or embedded (Yin, 2009). An embedded case study design is when sub-units of analysis are analysed. A holistic case study

approach is when a study investigates the complete nature of a phenomenon, because no fixed sub-units for analysis could be identified. For the purpose of this study, a single embedded case study was chosen, because sub-units for analysis could be identified. These sub-units were three suppliers of Woolworths.

The data collection approach for this study was qualitative. According to Runeson and Host (2009), case studies are mostly based on qualitative data. An interpretive exploratory study is also better facilitated by means of qualitative methods and data (Yin, 2009).

This formal case study may lead to the generation of further and more specific research problems that can be addressed by means of descriptive and experimental research.

The time dimension for this particular study was cross-sectional. Therefore, the research was done once and the results acted as a snapshot of a specific point in time (Blumberg, *et al.*, 2011: 149). The purpose of this research design was to collect valid data in the most efficient way possible. Table 4.2 provides a brief outline of the specific components of this study.

TABLE 4.2 Primary research design

METHODOLOGY COMPONENTS		
1.	Research paradigm:	Interpretivism
2.	Research design:	Case study
3.	Type of case study:	Single-embedded interpretive case study
4.	Research strategy:	Exploratory approach
5.	Approach:	Qualitative
6.	Inductive/Deductive:	Inductive
7.	Time dimension:	Cross-sectional
8.	Sampling:	Non-probability; Purposive
9.	Data collection	Semi-structured interviews, documentation
10.	Data analysis	Content analysis and documentation analysis
11.	Reporting	Interpretive text with diagrams and figures

4.4.4. Sampling process

Sampling is an efficient way of obtaining precise information about a specific population (Whitemore, 1976). According to Churchill (1979), sampling is not only less expensive compared to a complete census, but it can also be rather accurate. A complete census has the potential for non-sampling errors. This section will discuss the sampling process that was used for this study. The target population, sampling technique and the unit of analysis are discussed. The accuracy and precision of each of these steps will influence the representativeness of the sample, as well as the validity and reliability of the results of the study (Blumberg *et al.*, 2011: 172).

(a) Target population

A target population refers to a specific set of people or objects that possess certain information a researcher wants to obtain. The researcher can identify the specific target population by carefully examining the research problem. This will ensure that the sample will be accurate, as it will correspond with the research problem (Malhotra, 2004).

We pride ourselves on mutually beneficial relationships with our suppliers. They can't afford for us to be uncompetitive and we can't afford for them to go out of business.

-Tom Mclaughlin (2013)

The target population for this study was a group of Woolworths' key stakeholders, namely its suppliers. According to Tom Mclaughlin (2013), Woolworths currently has 1 200 suppliers – 500 food suppliers and 700 clothing and home-related suppliers. Woolworths has legal contracts for all business relationships, including with its suppliers. These contracts set out the conditions of trade. Various aspects like pricing trends are reviewed every six months.

(b) Sampling technique

The non-probability technique of purposive sampling was used to select the sample of suppliers of Woolworths for this investigation. Purposive sampling is ideal for cases from which rich information needs to be extracted and the focus is on the

purpose of the inquiry, hence purposive sampling (Patton, 2002; Suri, 2011). Lisa (2008) discusses the concept of stakeholder sampling as a component of purposive sampling. Stakeholder sampling is implemented when a study collects data from stakeholders. Therefore, for the purpose of this study, purposive stakeholder sampling was used in order to identify the key food suppliers of Woolworths. The study could not include the entire population, namely all of Woolworth's suppliers, due to geographic, time and money constraints. Therefore, this study made use of purposive sampling to narrow it down to food suppliers.

(c) Selection of sampling units

Yin (2009) defines a unit of analysis as a "case" and, according to him, a "case" can be an individual, an event, a relationship phenomenon, or an organisation. According to Runeson and Host (2009), for case study purposes, the units of analysis should be selected intentionally. The sampling units for this particular study were At Source, Rhodes Food Group, and Sea Harvest. These three suppliers were chosen by Mclaughlin (2013) because of the fact that they are key food suppliers – Mclaughlin's area of expertise within Woolworths – and because they have a long history of trading with Woolworths.

According to Mclaughlin (2013), these three suppliers are strategically important to the organisation as they provide Woolworths with foods that make the company different to others.

At Source is a speciality food organisation based in the Western Cape, near Prince Alfred Hamlet and Ceres. This organisation was established in 2002 on the Koelfontein farm just outside Prince Alfred Hamlet, and has been producing excellence ever since. The organisation specialises in sun-dried fruits and nuts. Its core values include integrity, excellence, passion, people, innovation, and legacy (At Source, 2014). The organisation also shows passion and a mind-set towards sustainability and sustainable practices, making them an ideal sampling unit for this study.

The second sampling unit for this study is Sea Harvest. Established in 1964 in Saldanha, on the Atlantic West Coast of South Africa, this deep sea trawling

company markets and produces its products to the rest of the world from its head offices in Cape Town. Sea Harvest believes in doing business in a sustainable manner, and also has sustainable procurement policies in place (Sea Harvest, 2014).

Rhodes Food Group's history can be traced back as far as the 1800s, and this organisation has been growing and succeeding ever since. It is located in the Western Cape, between Stellenbosch and Franschoek. Rhodes Food Group believes in premium quality foods and fruits, and is also highly dedicated to sustainable practices and corporate social responsibility (Rhodes Food Group, 2014). This is why the organisation was chosen as the second sampling unit for this study.

Another reason why these suppliers were chosen was due to their location. They are located in the Western Cape and therefore more accessible for the purpose of this study. Due to time and financial constraints, suppliers outside the Western Cape area were not an option for consideration.

This study used a qualitative case study and for this reason the sample was much smaller than is the case with quantitative studies. The sample size will be discussed in the following section.

(d) Sample size

The size of the sample for this particular study was three of Woolworths' suppliers. According to Crouch and McKenzie (2006), a small sample size is better when investigating personal experience and when utilising semi-structured interviews. The quality of the data will override the potential disadvantage of the quantity of data.

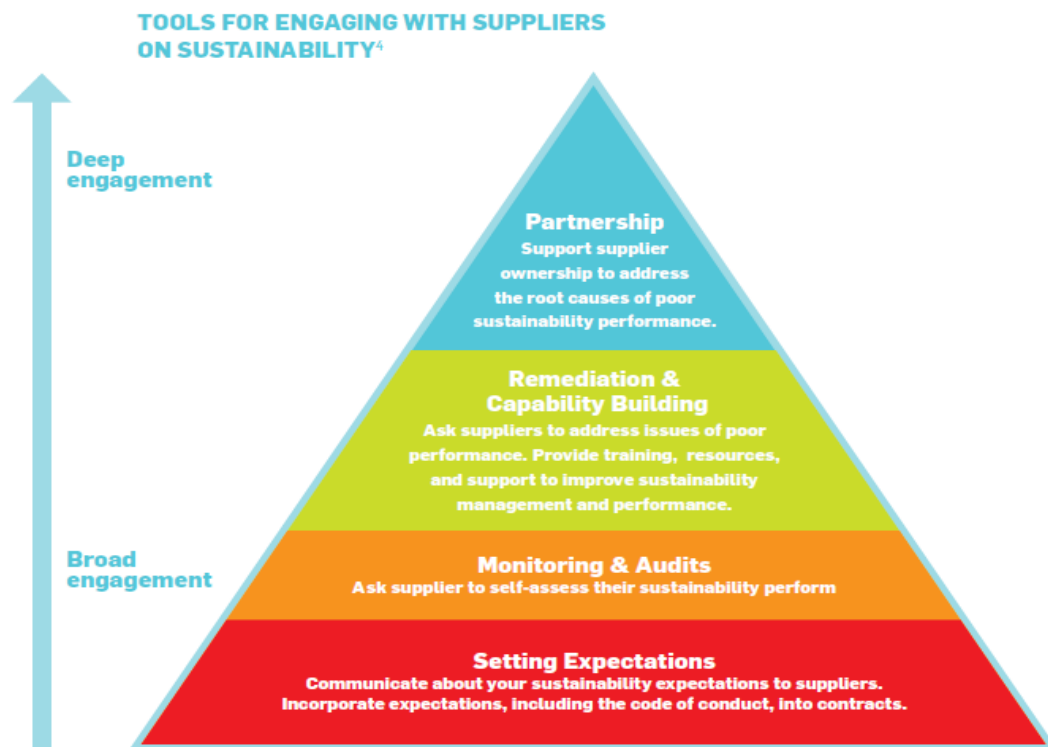
4.4.5. Research instrument

The following section will describe and discuss the measuring instrument utilised to collect the required data from the sample for this specific study. The measuring instrument of a study can be seen as the heart of that study. The final outcome can only be as good as the data that were initially collected (Malhotra & Birks, 2000). The

measuring instrument for this study was a semi-structured interview guide with open-ended questions, divided into three sections that represented the three objectives set out for this study (see Appendix A). A semi-structured interview allows for flexibility and the researcher can probe for more in-depth answers (Hauge & Jackson, 1995).

The opening section of the interview guide provided the respondent with more information on the purpose of the study and for what purposes the data will be used. The respondent was informed about the confidentiality of the information, as well as the methods to keep the information confidential. The respondent was asked for permission to record the interview. The interview then continued with Sections A, B, and C.

The questions in Section A were grouped under the Supplier Engagement Continuum, as presented in Figure 4.2. This continuum was sourced from a document entitled the *Supply Chain Sustainability Practical Guide*, developed by the United Nations Global Compact. This guide provides managers with practical guidance regarding sustainability within supply chains and relationships with suppliers (United Nations Global Compact, 2010). The collected data was able to yield results that correspond with this tool to determine the position on the continuum of the relationship between Woolworths and its suppliers. Therefore, the interview guide questions were developed based on the *Supplier Engagement Continuum*. The continuum has four levels on which a retail-supplier relationship can be plotted (United Nations Global Compact, 2010).

FIGURE 4.2 United Nations Global Compact Supplier Engagement Continuum

Source: United Nations Global Compact (2010)

The questions were, therefore, designed according to the different levels to determine at which level Woolworths's and their suppliers' relationship in terms of sustainability lies – broad engagement or deep engagement. The theme of each level on the continuum was used by the researcher to develop relevant questions and probes that correspond with that level. The questions were open-ended and attempted to gain insight and initiate discussions regarding each level of the continuum. The questions were asked by the interviewer while the answer and the discussion regarding the question were being recorded.

Section B consisted of questions regarding Woolworths' existing scorecard that is being used to encourage supplier sustainability. The questions were aimed at determining suppliers' viewpoints about the scorecard, how they experienced it and whether or not this initiative was deemed successful. The data collected from this specific section gave Woolworths an idea of how successful the company's sustainability collaborations are and whether they need to make some adjustments.

The last section of the interview guide, Section C, consisted of a number of practical questions regarding what the suppliers thought Woolworths could do to further encourage supplier sustainability. This section also attempted to determine suppliers' possible preferences of other methods instead of the scorecard. This section consisted of only one or two questions, but many probes to allow the respondents to elaborate on their views and opinions.

(a) Pilot testing

Pilot testing was used as a trial data collection procedure to identify any weaknesses or mistakes in the research design and research instrument (Blumberg *et al.*, 2011). Because of the small sample size, an official pilot test was not possible. An interview with Woolworths' Good Business Journey project manager, Tom Mclaughlin, was arranged in order to present the interview guide to him, and obtain his insight as to whether the questions and probing techniques were sufficient and suited for further interviews with the suppliers. Mclaughlin (2013) selected the three key food suppliers for this study and raised the original management question. He was, therefore, able to provide the best input with regard to whether the interview guide would have been effective or not during the individual interviews with each supplier.

4.4.6. Data collection

The next step in the research project was the collection of the data. As mentioned earlier, it is crucial to be accurate with the collection process as it influences the reliability and validity of the data, as well as conclusions and future recommendations (Blumberg *et al.*, 2011). According to Runeson and Host (2009), there are several sources of information for a case study and researchers should make use of multiple sources. Blumberg *et al.* (2011) affirms this notion by stating that one of the advantages of a case study is that the researcher can use multiple sources to draw information for the study. Eisenhardt and Graebner (2007) argue that case studies can accommodate "a rich variety of data sources, including interviews, archival data, survey data, ethnographies, and observations". If a researcher can prove that multiple sources all pointed to the same conclusion, the

validity and reliability of the study would increase. This method is called triangulation (Blumberg *et al.*, 2011).

One of the key data collection methods applied in this study, were semi-structured interviews with sustainability managers from each of the three key suppliers as indicated in the sampling process. A study done by Chua (2006) also utilised semi-structured interviews because it enables the researcher to extract rich information from the sample which could not be elicited by means of closed-ended survey instruments. Therefore, for the purpose of this study, semi-structured interviews were used to extract the richest and most detailed information from the sample.

Two respondents were interviewed face-to-face by the researcher, while the third interview was conducted using a conference call. The interviews were semi-structured and facilitated by a structured interview guide. The interview guide consisted of a section which informed the respondent in more detail what the purpose of the study was, and then three sections with regard to the objectives of the study.

The interviews took place on the premises of the suppliers between Monday and Friday and during working hours. The duration of each interview varied (see Table 4.3) and the entire interview was recorded. The recordings were later used for analyses purposes. Table 4.3 provides precise details on each interview.

TABLE 4.3 Interview details

Supplier	Date of Interview	Respondent (s) name	Location of interview	Time of interview	Length of interview	Type of interview	Language of Interview
At Source	15/08/2013	Anton Erwee FC Truter	At Source, Ceres	10:00	29 min	Personal	Afrikaans
Rhodes Food Group	21/08/2013	Wikus Otto	Rhodes Food Group, Stellenbosch	15:00	45 min	Personal	Afrikaans
Sea Harvest	12/03/2014	Carlof van der Merwe	Room 409A, Schumann, Stellenbosch University	08:00	22 min	Conference Call	English

Another method of data collection that was utilised was documentation collection. This documentation included sustainability progress reports (completed scorecards) of suppliers, as well as the scorecard used by Woolworths to track suppliers' sustainability compliance. Mclaughlin (2013) provided relevant documents that supported the study to enhance its final outcome. These documents included Woolworths' scorecard that measures suppliers' efforts for saving water, energy and waste, the cover letter that Mclaughlin (2013) sent to the suppliers to introduce and explain the scorecard, and Woolworths' Good Business Journey attributes which are the attributes set out by the company for its suppliers to achieve by means of more sustainable practices.

After the interview data were collected, it was transcribed and analysed by using content analysis as will be discussed in the following section.

4.4.7. Data analysis

Qualitative data analysis is commonly used in case studies. According to Runeson and Host (2009), the primary objective is to derive clear conclusions from the data while keeping good track of the chain of evidence. The chain of evidence refers to a structured process of derivation of the results, and means that each step in the analysis of the data must be written up and accounted for. By making use of a chain of evidence, the reader can follow each step and form a better comprehension. The chain of evidence also influences the reliability and validity of the results. If every step is accounted for, nothing could be lost in translation at some point (Runeson & Host, 2009). The data analysis of qualitative data has two different parts, namely hypotheses generation and hypotheses confirmation (Runeson & Host, 2009). For the purpose of this study, the data analysis focused on hypotheses generation. The study is inductive of nature and there were no hypotheses formulated, because the situation was too vague and needed to be explored. Possible hypotheses may emerge after completing the study.

For the purpose of this study, the data were analysed by means of content analysis. The tool that was used for this analysis is Atlas.ti. Atlas.ti is a computer programme that can be used for the analysis of qualitative data. It helps researchers to analyse

unstructured data like text. The programme also provides tools that assist the researcher to locate, code and explain findings (Atlas.ti, 2013). Zhang and Wildemuth (2009) describe qualitative content analysis as a process of compressing raw data into themes based on interpretation. This process uses an inductive approach where themes emerge from data by means of careful examination and interpretation. According to Boeije (2012), content analysis is a process of segmenting and reassembling qualitative data that have been collected.

First, data collected from interviews were transcribed. This ensured that every detail of the interview could be captured for further analysis. The researcher listened to the recordings while transcribing them in a Word document. Two interviews were conducted in Afrikaans, the preferred language of the interviewees, and one was conducted in English. After the interviews were transcribed in Afrikaans, they were translated into English. This method allowed the researcher to stay in control of the data and not lose anything during the translation process (Bryman & Bell, 2007). The interview that was conducted in English was only transcribed; no translation was necessary, because it was already in English.

After the interviews were transcribed and translated into English, the analyses of the data could commence. For these analyses the computer software programme Atlas.ti was used. This programme allows the researcher to open the transcriptions and proceed with the coding of the data, as well as detecting patterns and themes. Coding of the transcribed data, a technique to reduce data, was used to reduce the large number of individual responses to a few general categories and themes of answers (Zikmund & Babin, 2010), which made the data more manageable.

Once key words or themes were identified in the textual material, the frequency of the themes mentioned could be summarised. The Atlas.ti tool for content analysis was utilised for this process in order to identify themes for final conclusions. After segmenting the data and identifying themes and patterns, the data were reassembled in order to draw appropriate conclusions and recommendations (Boeije, 2012). The Supplier Engagement Continuum was revisited during this process in order to determine how the theme that surfaced from the data corresponded with the themes of the levels on the continuum. By identifying the themes, the researcher could determine the level of engagement between

Woolworths and its key suppliers. The end-result of this process was an integrative explanation that served as a detailed view of the phenomenon of the collaboration between Woolworths and their key food suppliers that was studied.

Another form of analysis that was conducted was documentation analysis. The study analysed various documents provided by Woolworths. This analysis allowed the researcher to compare the documentation with the findings of the study in order to identify associations or discrepancies. The findings of the documentation supported the overall research findings of the study. The document for this analysis included the balance scorecards as completed by suppliers and as developed by Woolworths. This analysis was conducted in order to obtain more information on Woolworths' sustainability initiatives, as well as the progress in this respect of its suppliers. The researcher was able to compare the information from the documents with the information collected by the interviews, and was able to see whether both sources concurred. According to Yin (2009), documentation analysis is an important complementary research method. It allows the researcher to corroborate evidence from other sources and to ascertain whether the information is consistent. However, the information from documentation analysis cannot be accepted as literal, because it may not be accurate (Yin, 2009). This method of documentation analysis is also called triangulation which increases the validity and reliability of the results if multiple sources all come to the same conclusions (Yin, 2009).

(a) Reliability and validity

According to Yin (2009), a research design should represent logical statements and one can, therefore, judge the quality of a research design according to a few logical tests.

According to Zikmund *et al.* (2010), measures that are good and useable should be "...both consistent and accurate". Carmines and Zeller (1979) define it as "...validity concerns the crucial relationship between the concept and the indicator". Runeson and Host (2009) state that validity reflects the trustworthiness of the results and that it is not biased by the researcher's subjective point of view.

Reliability refers to how consistent a measure is. According to Yin (2009), reliability is when the findings and conclusions are the same if the study should be performed again by a different investigator. This reliability can be achieved by using a case study protocol to deal with documentation problems and by developing a database (see Table 4.4). Validity is how accurate the measure is and refers to how well the questions of the measure actually represent the concept that is meant to be measured (Zikmund *et al.*, 2010; Gibbert, Ruigrok & Wicki, 2008). Yin (2009) discusses three tests that are commonly used to ensure the validity of a study. These tests are construct validity (using multiple sources of evidence); internal validity (Pattern matching and explanation building); and external validity (using theory in single-case studies). This study ensured construct validity, because multiple sources were used. Another important concept closely related to validity and reliability is objectivity. According to Eisner (1991), objectivity refers to how researchers should not have any preconceived ideas of what the outcome of the study should be. This objectivity will prevent the researcher from consciously or unconsciously manipulating the results to suit his or her preconceived idea.

Two main methods of proving the reliability and validity of the data for this study were data triangulation and methodological triangulation. Data triangulation occurs when a variety of different sources are used in order to collect data and the end results are the same. For this study, the different sources were Woolworths and its three key suppliers, as well as documentation sources provided by Woolworths. The researcher used these different sources to collect data.

Methodological triangulation is when the researcher uses multiple methods to collect data (Boeije, 2012). For the purpose of this study, the researcher collected data by means of semi-structured interviews, as well as the sourcing of documentation. If the data were collected by means of both methods, reached the same conclusions regarding supply chain sustainability engagement, then methodological triangulation would be achieved and the validity of the study could be confirmed (Blumberg *et al.*, 2011).

Table 4.4 provides a brief outline of Yin's (2009) four tests for a research design. It includes the case study tactic when this test is used and the phase of the research in which this tactic occurs.

TABLE 4.4 Case study tactics for four design tests

TESTS	CASE STUDY TACTIC	PHASE OF RESEARCH IN WHICH TACTIC OCCURS
Construct validity	<ul style="list-style-type: none"> • Use multiple sources of evidence • Establish chain of evidence • Have key informants review draft of case study 	Data collection Data collection Composition
Internal validity	<ul style="list-style-type: none"> • Do pattern matching • Do explanation building • Address rival explanations • Use logic models 	Data analysis Data analysis Data analysis Data analysis
External validity	<ul style="list-style-type: none"> • Use theory in single-case studies • Use replication logic in multiple-case studies 	Research design Research design
Reliability	<ul style="list-style-type: none"> • Use case study protocol • Develop case study database 	Data collection Data collection

Source: Yin (2009)

4.5. CONCLUSION

This chapter discussed the research methodology used to analyse the level of engagement between Woolworths and its food suppliers. The research objectives were stated and the primary objective was to explore sustainable supply chain engagement between Woolworths and their suppliers. Furthermore, this chapter focused on the different component of the methodology for this study. The main components include secondary research, primary research, sampling, and data analyses.

CHAPTER FIVE

RESULTS

5.1 INTRODUCTION

The research process first started with the conducting of secondary research. It was indicated that, as far as could be ascertained, no similar studies have been done before, and that Woolworths in particular could benefit from the research. Secondary research assisted the researcher in compiling the background and literature section of this study. Once the secondary research was completed, it became evident that secondary research was not sufficient to address the research problem. Therefore, the secondary research was followed by primary research. The primary data were collected by means of semi-structured interviews with three of Woolworths' key food suppliers. The results were generated by processing the qualitative data that were collected. According to Runeson and Host (2009), the main objective of processing qualitative data is to derive clear conclusions, as well as keeping track of the chain of evidence. This chain of evidence refers to a structured process of the derivation of the results. Each step in the analysis of the data must thus be accounted for while the reliability and validity of the results, in turn, will be influenced by the chain of evidence.

The following chapter will highlight the results of the study. Starting with a brief introduction of the sample profile, the chapter will continue to discuss each sampling unit in detail to give the reader a thorough overview of each supplier and its importance for the study. The next section includes a discussion of the results of each objective, as formulated in the interview guide. The chapter will end with concluding remarks. Chapter six will then continue to elaborate on the conclusions, and provide managerial recommendations based on the results.

5.2 SAMPLE PROFILE

According to Mclaughlin (2013), the three suppliers identified for the study are strategically important because they contribute to Woolworths being diverse in the retail sector. This difference is attributed to the fact that the suppliers provide Woolworths with speciality products that are not available at every other retailer. The following section will focus on profiling each of the sampling units that were interviewed for this study. Due to confidentiality reasons, the suppliers are not mentioned by name in the results section, neither are they in a certain order. Instead, the aliases of Supplier 1, Supplier 2, and Supplier 3 are used to ensure that the suppliers and their interview results remain anonymous.

5.2.1 Rhodes Food Group

The Rhodes Food Group can trace its history to as far back as the 1800s, and the company has been growing and succeeding ever since. Located between Stellenbosch and Franschhoek in the Western Cape, the company specialises in premium quality foods and fruit. The Rhodes Food Group is also highly dedicated to sustainable practices and corporate social responsibility (Rhodes Food Group, 2014), which is why this company was chosen as the second sampling unit for the study.

The interview took place on 25 August 2013 on the premises of Rhodes Food Group at its head office between Stellenbosch and Franschhoek. The interview lasted 59 minutes and was conducted with Wicus Otto, an engineering specialist who also heads the company's sustainability department.

5.2.2 Sea Harvest

Sea Harvest is located in Saldannah, on the West Coast of South Africa. This deep sea trawling company was established in 1964 and its head office is situated in Cape Town from where the company markets its products worldwide. Sea Harvest believes in conducting business in a sustainable manner, and also follows sustainable procurement practices (Sea Harvest, 2014).

The interview took place on 12 March 2014 per telephone. A personal interview at the premises could not be conducted, as Carlof van der Merwe, a technical executive at Sea Harvest, requested it to be telephonically. The duration of the interview was 23 minutes.

5.2.3 At Source

At Source is a speciality food company based in the Western Cape, specialising in sun-dried fruits, as well as nuts. The company's core ideals include integrity, excellence, passion, people, innovation, and a legacy that they want to create. It also has a passion and mind-set for sustainability and sustainable practices (At Source, 2014), making the company an ideal sampling unit for this study.

The interview took place on 10 August 2013 on the premises of At Source, located on the Koelfontein farm just outside Prince Alfred Hamlet, near Ceres. The interview lasted 29 minutes and was conducted with two employees, namely Anton Erwee and FC Truter. Erwee is one of the managers, while Truter is the company's engineering specialist. They suggested that the interview should be conducted with both of them, as they were both highly involved in At Source's sustainability initiatives and projects at that point in time. As a result, the interview questions could be answered in detail and as accurately as possible.

5.3 RESULTS AS PER OBJECTIVE

The following section focuses on the results of the interviews with each supplier. The results are portrayed for each objective as formulated in the interview guide.

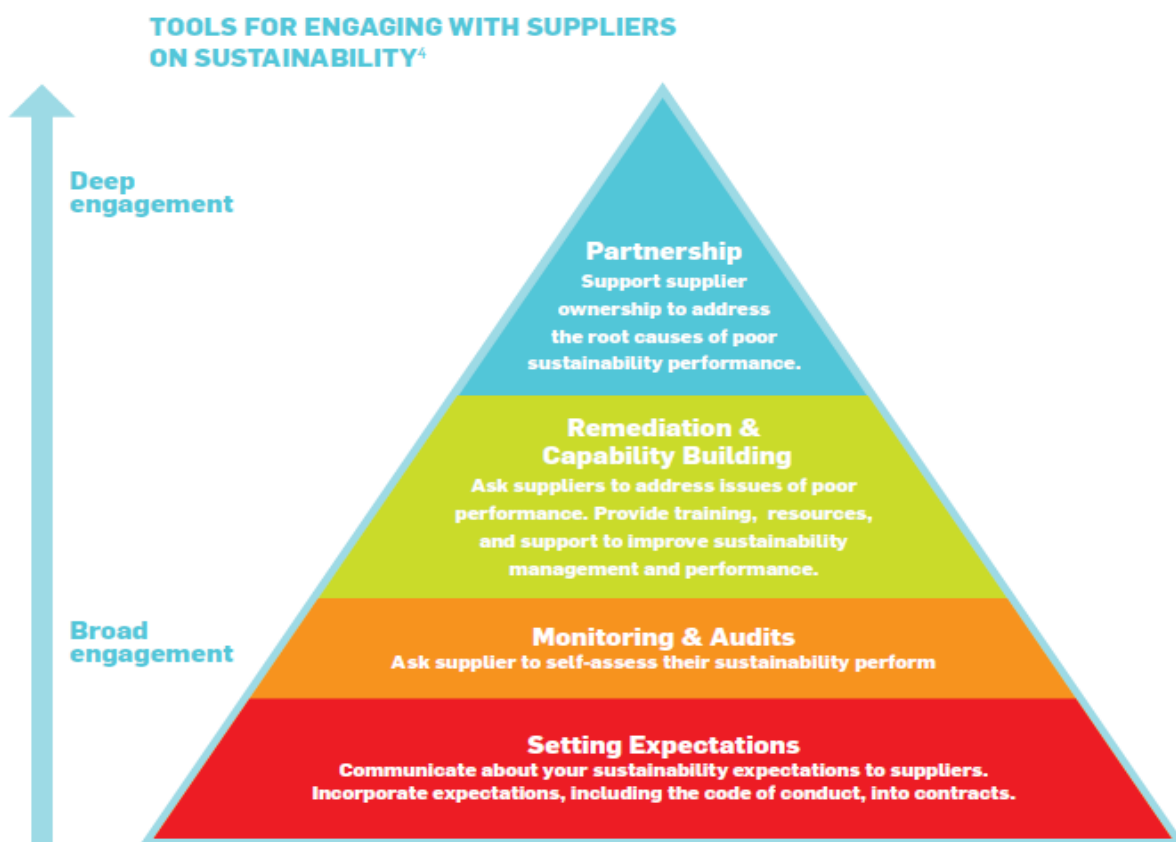
5.3.1 Objective 1

To determine the level of engagement on the 'Supplier Engagement Continuum' in terms of Woolworths' relationship with its suppliers.

For the purpose of this study, the United Nations Global Compact (2010) was consulted. The model that was used was the United Nations Global Compact

Supplier Engagement Continuum, found in a document entitled *The Supply Chain Sustainability: A Practical Guide to Continuous Improvement*. This model is presented in Figure 5.1 and distinguishes between the different levels at which an organisation can be positioned with regard to supplier engagement. The levels of engagement range from broad engagement to deep engagement.

FIGURE 5.1 United Nations Global Compact Supplier Engagement Continuum



Source: United Nations Global Compact, 2010

The purpose of the first objective was to determine the level of engagement between Woolworths and its suppliers, and to ascertain whether Woolworths was practising broad or deep engagement. The model that was used to address the objective, consists of four levels, namely 1) Setting expectations 2) Monitoring audits 3)

Remediation and supplier capability building, and 4) Partnerships/Engaging with sub-tier suppliers. The interview guidelines were compiled according to these levels. The following section discusses the results of each level to determine Woolworths' position in this respect.

- Level 1: Setting expectations

The first step to improve sustainability in supply chains is to create awareness among suppliers regarding a specific retailer's expectations of sustainability (United Nations Global Compact, 2010). The Supply Chain Sustainability Guideline (2010) suggests that organisations should use existing communication methods, as well as forums to convey the information. Another recommendation is that organisations should use a code of conduct to raise awareness of their sustainability expectations. However, the results of this study showed that Woolworths was not using its code of conduct to create awareness. It is thus important for Woolworths to ensure that its suppliers are aware of what sustainability is and why they are emphasising it. The key is to create awareness of sustainability, and to include the different facets – not only water, waste and energy. Thus far, Woolworths is only setting expectations by means of their scorecard – no other method of communication is being utilised.

According to the United Nations Global Compact (2010), it is important for organisations to communicate their expectations to suppliers in such a way that the latter are not only aware of these expectations, but that they also develop a shared mind-set regarding sustainability.

Objective 1 aimed to determine whether Woolworths was operating at least at the first level of the continuum by means of setting expectations for its suppliers. The results from both the interviews and documentation analysis revealed that Woolworths was indeed setting expectations for its suppliers in terms of three aspects of environmental sustainability: water, waste, and energy, and that the suppliers were aware of these expectations.

The documentation analysis was performed by analysing the scorecard. This scorecard (also referred to as the balanced scorecard or sustainability scorecard) was developed by Woolworths to measure supplier sustainability. Three main areas

of the environment, namely water, waste, and energy, is measured. The water and waste sections focus on the consumption of water and energy by each supplier per month, while the waste section focuses on how much waste the suppliers produce per month. The energy section also considers whether suppliers use renewable sources to generate electricity. However, with this scorecard initiative, Woolworths only addresses the environmental (water, waste, and energy) aspect of sustainability, as can be seen in the quotations listed below. The scorecard initiative neglects the other aspects of sustainability as outlined in the literature review. These aspects include the social and economic areas, also known as the triple bottom line.

“There are specific guidelines, specific sections: one is about energy, one is about water and the other is waste.”

“The document gives a guy specific categories to look at. Energy stands on its own, water stands on its own, and waste stands on its own.”

“They focus on have you communicated this to your staff, so, that type of awareness creation.”

“Then they also have this section on how much energy do you use. What is your monthly usage? And then also electricity, water usage and then at the bottom they have target reduction and water reduction. They also focus on waste: solid waste.”

“I think what WW expects from us in terms of sustainability is more or less what we expect of ourselves in any case.”

Suppliers were asked whether they thought the expectations were Woolworths' minimum expectations. According to Supplier 1, the scorecard was still at an entry level, but Supplier 2 was of the opinion that the expectations were already quite high and at times difficult to meet:

“At this stage we are still feeling it. Okay, so this is still just an entry level and minimum. From here on it goes on.”

“Woolworths' expectations are very high.”

On the contrary, Supplier 3 believed that they were already setting expectations above and beyond what Woolworths was expecting of them with regards to sustainability and sustainable initiatives:

“Ours is definitely already higher than the WW scorecard.”

In addition to creating awareness, the United Nations Global Compact (2010) emphasises the importance to keep awareness alive. Organisations have to use different communication methods to convey relevant and updated information on

sustainability. The results from the interviews indicated that Woolworths was not yet applying additional communication methods and other media to inform their suppliers:

“It’s the few discussions I personally had with Tom, but there is no other media that I know of.”

“No [no other media], but it would be very nice to know what other places are doing.”

“No, just the scorecard.”

The United Nations Global Compact (2010) refers to the importance of feedback from organisations to suppliers on how to improve their sustainability initiatives. Thus, it is important for organisations to make sure the awareness channel goes both ways – from the organisation to the suppliers and vice versa. Furthermore, organisations should give their suppliers the opportunity to complain if they are not satisfied or comfortable with something. The results revealed that Woolworths was open for complaints and willing to listen to suppliers’ wants and needs:

“Yes, we do [get to complain]. After the first round of the document we have noticed that there are a few of the sections that do not make sense. I did discuss it with Tom – I told him: ‘Tom you cannot measure it like that’.”

“Yes, we can [complain]. It’s not like he said in the scorecard if you achieve red then we won’t continue doing business with you. In fact, I think Tom has an attitude more focused on where he can help. It’s more focused on collaboration and working together.”

However, this only constitutes complaints regarding the scorecard and its issues. The level of engagement, communication, and feedback should be at a deeper level surrounding sustainability issues.

Finally, it is important for organisations to create forums where suppliers have the opportunity to engage with other suppliers in order to learn from each other. The idea is to collaborate (United Nations Global Compact, 2010). In this respect, the suppliers were indeed keen to have a forum where they could learn more from their counterparts in terms of sustainability initiatives:

“A forum where everyone can work together and learn from each other [would be good for collaboration].”

“I think they could contact us in terms of information they know of that would enhance our existing process”

“We would like to know more about what other people are doing. Then you feel like you are part of a bigger group.”

“Yes, it will be good if they can bring it all together so that one can be aware of everything at once, and not just specific sections. Together they may be more effective.”

“Yes. Even in just the Woolworths database I think there are a lot of people that we can collaborate with. And I think Woolworths itself is a leader when it comes to energy savings and solar panels.”

However, Woolworths has not yet set up any forums where collaboration between different suppliers can take part.

An analysis of the results shows that Woolworths is only partially achieving level one of the engagement continuum. Although Woolworths used the scorecard to create awareness of its sustainability expectations, the company did not employ any other communication methods or forums to engage with the suppliers on sustainability issues. Therefore, Woolworths was, at the time of the study, practicing a level of broad engagement with its suppliers. Furthermore, the retailer did not create sufficient awareness of the entire spectrum of sustainability as discussed in the literature review. The scorecard only focuses on environmental sustainability aspects namely water, waste, and energy. An improvement will be to include a section on the economic and social aspects of sustainability as well. Other improvements include the distribution of information using more channels and the media, and creating forums where suppliers can work together and learn from each other.

- Level 2: Monitoring and audits

After achieving level one by creating sufficient awareness of sustainability and sustainable practices, the guideline document (United Nations Global Compact, 2010) suggests that organisations progress to the second level, namely that of monitoring and audits. This level aims at monitoring the sustainability progress of suppliers, as well as keeping track of how suppliers respond to the expectations that were set for them at level one. With monitoring, organisations request suppliers to do self-assessments of their sustainable practices. These self-assessments are then audited. It is the organisation's responsibility to monitor suppliers' progress to determine where additional assistance or encouragement is needed. Figure 5.2 presents different ways for organisations to implement these audits.

Against this background, it was firstly necessary to determine whether Woolworths had any monitoring systems in place to track the suppliers' sustainability progress. The results showed that the suppliers were aware of the scorecard focusing on

water, waste, and energy, and that they called for an integrated approach to sustainability:

“No, not really. Woolworths does have another scorecard, but it’s more a commercial and technical thing.”

“But I think that they should start bringing everything together. There are too many loose parts.”

Secondly, in accordance with the final phase of monitoring and audits, it was important to determine whether the scorecard was based on a self-assessment method, and whether these self-assessments were monitored by Woolworths. According to the suppliers' responses, the scorecard on water, waste, and energy was indeed based on self-assessment:

“Yes, [it is self-assessment].”

“Yes.”

“Yes, it is.

Lastly, it was important to determine whether Woolworths had implemented a monitoring system for its sustainability strategy. As shown in Figure 5.2, the Supply Chain Sustainability Guideline provides four ways of how an audit or monitoring system should look like.

FIGURE 5.2 Components of an audit



Source: United Nations Global Compact, 2010

The results revealed that not one of the four methods illustrated in Figure 5.2 was employed by Woolworths. However, Supplier 1 highlighted an important fact:

“No, he hasn’t [done any monitoring]. But I think it is too early for that. It was still very fluffy. But Tom said that he didn’t expect more than that [a provisional score]. This is only the first round. But I am sure Tom will pay us a visit next year and ask us how we progressed.”

It was found that Woolworths’ monitoring was performed by means of the scorecard only, but that no audits were conducted. These results leave room for improvement regarding the application of the scorecard, a monitoring system and subsequent audits.

- Level 3: Remediation and supplier capability building

The third level focuses on remediation and capability building. If a supplier does not comply with the expectations of the organisation’s sustainability principles, the organisation should support the suppliers to improve and build their capabilities, instead of merely seeking business with them (United Nations Global Compact, 2010). Remediation tactics include corrective action plans, regular communication and encouragement, and defining a roadmap for suppliers on how to proceed with a non-compliance situation. Supplier capability tactics include workshops, training, and related support mechanisms.

Remediation and capability building were divided into three sections in the interview guide. The three sections focused on whether Woolworths had an approach of remediation and capability building in place; if the company provided certain remediation facilities and encouragement; and if the company offered additional resources and training for suppliers.

Due to the results that indicated that the scorecard was too new and at an early stage of implementation to penalise suppliers on their final score, the first two sections on remediation on level three could not be asked. However, the question was still posed whether the suppliers were aware of any additional assistance, support, and training available to them should they need it for capability building.

Supplier 1 and 2 indicated that Woolworths indeed provided additional assistance and resources to its suppliers:

“Jip. If people need training or extra information is needed.”

“Yes, he does, but I haven’t spoken to him yet. But I’m sure we will be willing to connect me with that guy.”

“Definitely, yes. I don’t talk to Tom that much, but he is definitely open and I’m sure the times that we have spoken he was very keen on helping.”

However, Supplier 3 responded differently:

“Look, we are educating ourselves on this side, and believe it or not, we are educated by other suppliers as well, because there is money to be made in this for suppliers.”

To summarise, it was evident that Woolworths did offer additional help and support for capability building. However, it can be deduced that this additional support only formed part of level one regarding creating awareness of sustainability (in this case water, waste, energy) for the suppliers. It thus left Woolworths positioned at level one of the continuum and practicing only broad engagement.

- Level 4: Partnerships/Engaging with sub-tier suppliers

The last level of the continuum focuses on forming partnerships and engaging with sub-tier suppliers. This level indicates how organisations could engage with suppliers further down the supply chain, namely sub-tier suppliers. For example, Woolworths can engage with farmers who supply fruit to At Source, or with fishermen who provide fish for Sea Harvest. No indication of any engagement beyond the level of the key suppliers was provided.

FIGURE 5.3 Woolworths' position on the United Nations Global Compact Supplier Engagement Continuum

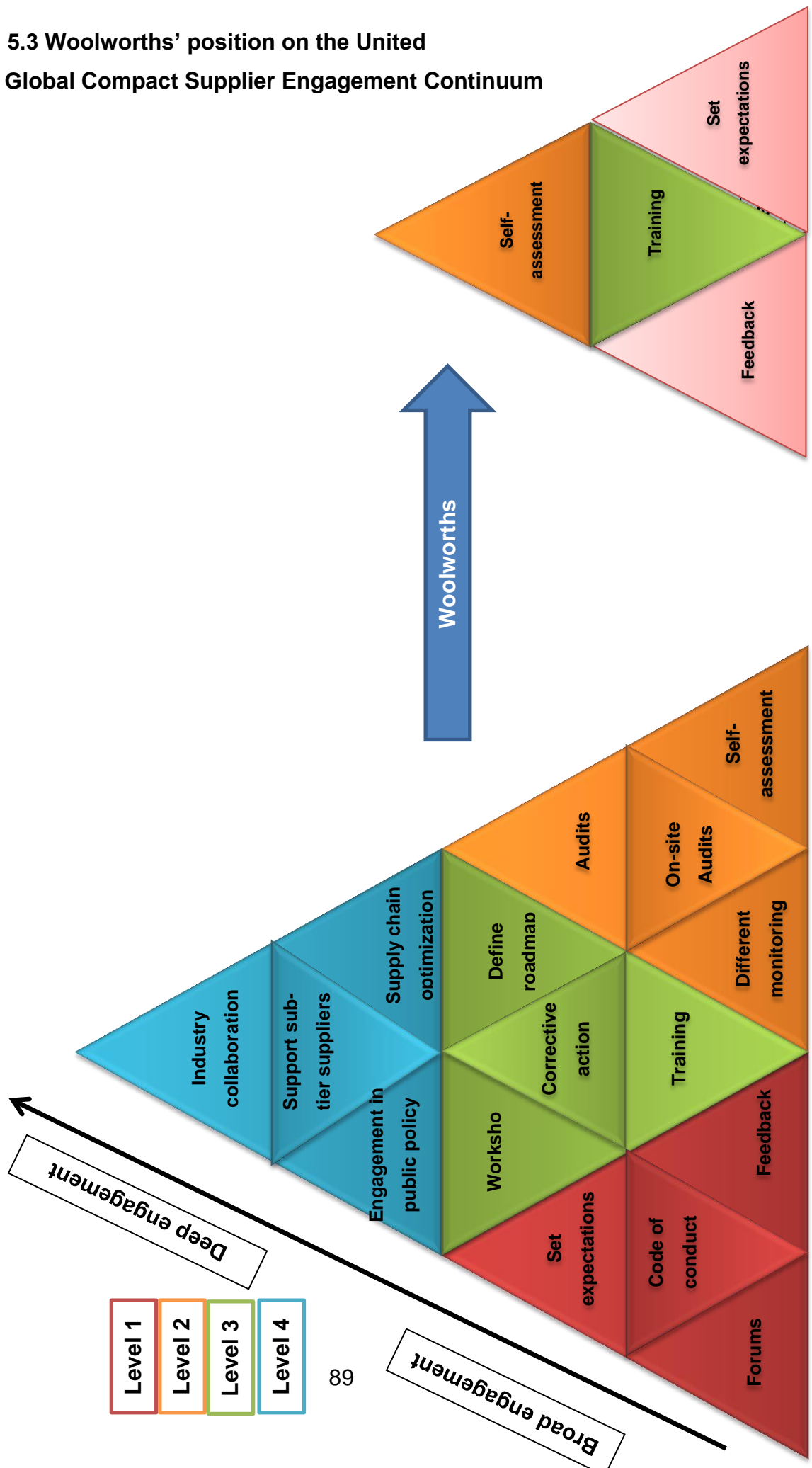


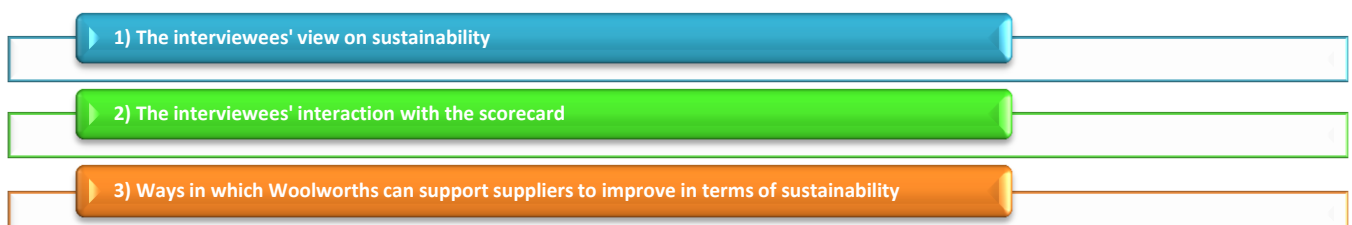
Figure 5.3 gives a graphical presentation of the different levels on the continuum, and Woolworths' position in this respect. The levels range from broad engagement at the bottom (level one) to deep engagement at the top (level four). It also shows that Woolworths achieved only part of level one at the time of the study. This is indicated in Figure 5.3 with a lighter shade of red. However, even though Woolworths informed suppliers of sustainability, the retailer was only creating awareness in terms of energy, water, and waste, namely the environmental aspect of sustainability. The social and economic aspects of sustainability were not included in the scorecard. Therefore, it is accurate to assert that Woolworths was "barely achieving level one" with regard to creating awareness of sustainability. However, as indicated in Figure 5.3, the retailer aspired to progress to level two and three: they allow suppliers to do self-assessments (level 2) and they provide additional resources and training (level 3).

5.3.2 Objective 2

To explore the effectiveness of the current tools used by Woolworths to enhance supply chain sustainability

The second objective was to determine the effectiveness of the tools used by Woolworths to improve suppliers' sustainability. In order to do so, the data were collected from three main focus areas. These focus areas, listed in Figure 5.4, contributed to conclude whether or not Woolworths' tools to enhance supply chain sustainability were deemed effective.

FIGURE 5.4 Focus areas determining the effectiveness of the tools used by Woolworths



The following section provides the results of each focus area .

- The interviewees' view on sustainability

As suggested by Stead and Stead (1995), and Sim, Barry, Clift and Cowel (2007), sustainability has become a vital strategic component for organisations to move forward in a more socially-responsible manner. This contention is supported by the results of this study in that all three suppliers already realised the importance of sustainability in business strategies. However, as mentioned earlier in terms of the first objective, Woolworths did not create awareness of the entire spectrum of sustainability. The scorecard only focused on the environmental aspect. That being said, the effectiveness of the scorecard in terms of creating awareness of sustainability as a whole might be questionable. However, the researcher has taken into account the omission and has considered it in the analyses. Even though the focus was on the environmental aspect only, the results still confirmed that Woolworths was succeeding in creating awareness among its suppliers. The following perceptions regarding sustainability were given by Supplier 1 and 2:

"It is also important for us as a company to look at these things: water and waste and energy. It is a driver for us anyways. The scorecard wasn't the initial driver of those projects. It's actually been coming a long time. We have been thinking about it and talking about it. We knew that we wanted to do something; we wanted to look at our energy use and our water usage"

"We have thought about it before, but nothing that formal. You will see here somewhere in my office is a small sun panel that I am playing with at the moment. And that is the type of stuff that I am looking into at the moment."

Supplier 3 had a slightly different view on the meaning of sustainability. They deemed sustainability as important, because they were listed on the Johannesburg Stock Exchange (JSE). They understood the need and urgency of sustainability and sustainable practices, but they were also aware of the financial consequences of such practices. At the time of the study, Supplier 3's efforts needed to be self-funded and it was apparent that sustainability might only be of economic concern to them. This "negative" view of sustainability might make them more reluctant to implement further strategies regarding sustainability. On the other hand, a more "positive" view on sustainability might make a supplier more willing and pro-active with regard to sustainability and sustainable practices. As a result, it could lead to a positive outcome:

“We have a very highly regulated company and the shareholders are listed on the stock exchange and because they are on the JSE they obviously have to fill in numerous reports with regards to fishing sustainability and energy. We have already initiated, let’s call it the “Going Green” initiative, about two years ago. And then the next thing is because our business is highly competitive, we are not able to pay a premium on sustainability. All our efforts on sustainability must be self-funding. In other words, if we put in LED lights or some other technology for lighting, first we have to have the capital available and secondly we have to pay a period on that capital. So there are a number of factors you have to balance when we consider sustainability. But in the long run we all understand that sustainable business is a business that will survive in the long term.”

According to Rake and Grayson (2009), organisations can easily implement sustainability initiatives as an afterthought. However, the key is to integrate such initiatives into the organisation as a whole, rather than merely having it as an additional activity running in the background (Rake and Grayson, 2009).

- The interviewees’ interaction with the scorecard

This focus area was mainly concerned with the tool used by Woolworths, namely its scorecard, measuring each supplier’s water and energy usage as well as its waste production.

The predominant theme observed here was that the suppliers viewed the scorecard in a positive light. It was perceived as straightforward and user-friendly for them to use and determine their final score. It also gave suppliers a good starting point for their sustainability efforts:

“What the scorecard did give us that is valuable is a guideline that provided us with some structure that said “okay these are the answers that they are looking for. It is important that there is a starting point.”

“The functioning and the layout were straightforward. We saw that it was easy to see what you were asking for. There were no parts that I think was ambiguous from our point of view.”

However, all three suppliers believed that the scorecard could be more refined and that it needed more detail:

“I felt that the scorecard needs a bit more elegance.”

“I think it can be a bit more complete and detailed.”

“We have noticed that there are a few of these sections that do not make sense.”

Evidence as to why the suppliers thought the scorecard needed more “elegance” and detail, are given in the following excerpts. The suppliers mentioned a few examples of where the scorecard did not cater for their specific factory facilities:

“Let us take the waste example: If you read the spreadsheet, it asks you how much waste you produce – and let’s say you produce 100kg waste for the year. It automatically gives you a target that tells you to reduce waste with 10%. And what I told Tom is that the scorecard does not make provision for a growing company. And our company is growing at an enormous tempo.”

“What I see now when I look at the scorecard is here at the energy section: the percentage of energy consumed is derived from renewable sources... you have to go to renewable sources whether it is commercially viable or not. And it is kind of a large target of I think 25%. So you have to get one quarter of your energy from renewable sources. I’m not saying it’s bad, but it isn’t always viable.”

“For example, if you put in your energy, it is only numbers and amounts that you have to put in. But certain months were very high and maybe a space for comments will be nice so that we can say, but listen this is why it was so high.”

“And you would like graphs at some point. I think graphs should also be included, because a graph is almost easier to read than a lot of numbers. At this stage it is still very open. It’s just a lot of readings. So that it will be a bit more realistic.”

“Yes, some of these things aren’t always practical. And also to review the scorecard. I look at it and I have my opinion, but if I give the scorecard to you, then you might see something completely different that I didn’t see. But I look at this scorecard every month. So, maybe if you can say someone comes along to review the scorecard and get a different eye and point of view on it.”

“Except you know when you ask us to take certain information apart or deconstruct it in terms of energy monitoring. Energy monitoring is very expensive for us and to that I can say, yes if you don’t monitor it, it can be even more expensive. But for the average manufacturing plant to deconstruct and give individual values is very difficult. I think one should maybe suffice for a rough estimate there and say well that is as good as it gets. One can then maybe improve the assessment there.”

Figure 5.5 provides a summary of the suppliers’ views of Woolworths’ scorecard.

FIGURE 5.5 Summary of the suppliers’ views of Woolworths’ scorecard



The last focus area aimed to determine how Woolworths could assist their suppliers to improve in terms of sustainability. Burke and Logsdon (1996) confirm that CSR initiatives are beneficial for an organisation and that it is in the economic interest of the organisation. In support of this statement, Mirvis and Googins (2006) argue that CSR should be more than merely a concept and a generic strategy; it should be part of the organisation's overall organisational strategy. Woolworths grasped this concept and made sustainability and CSR part of the organisation's main business strategy. This strategy filtered through to the supply chain by means of the scorecard – indicating that Woolworths attempted to improve its own strategies, in order to help its suppliers to improve as well.

It was clear that suppliers welcomed this “helping hand” that Woolworths was extending to them. They were eager to know what the next step would be, and what the process would entail in the future. However, Supplier 1's concerns were the administration process underpinning the process:

“I would also like to know how it is going to work. Are we going to do this once a year; how are things looking ahead. Is it just a meeting or a check-up or an email or is it a session? Is it every six months or is it once a year? And just to know if Tom will discuss things with us and point out what we haven't yet achieved according to him: ‘here's some advice or some help for you’.”

This evidence suggests that Woolworths was not communicating how the scorecard was going to work or where it fitted in the organisation's business strategy. This may, in turn, reflect poorly in terms of Woolworths' position on level one of the continuum. Communication and feedback are vital for all stakeholders and Woolworths should therefore make sure that its suppliers are informed and updated about every aspect of the scorecard, what it represents, and where the scorecard fits in Woolworths' overall business strategy. In Chapter two, the researcher made the following conclusion, drawn from the studies of Phillips (1997), Swift (2001), Amaeshi and Crane (2006), and Lawrence and Weber (2011):

“These diverse stakeholder groups have some sort of relationship with the organisation, and every decision that is made by the organisation, influences the stakeholders. For this reason, stakeholder engagement and the effective management of stakeholder relationships are important.”

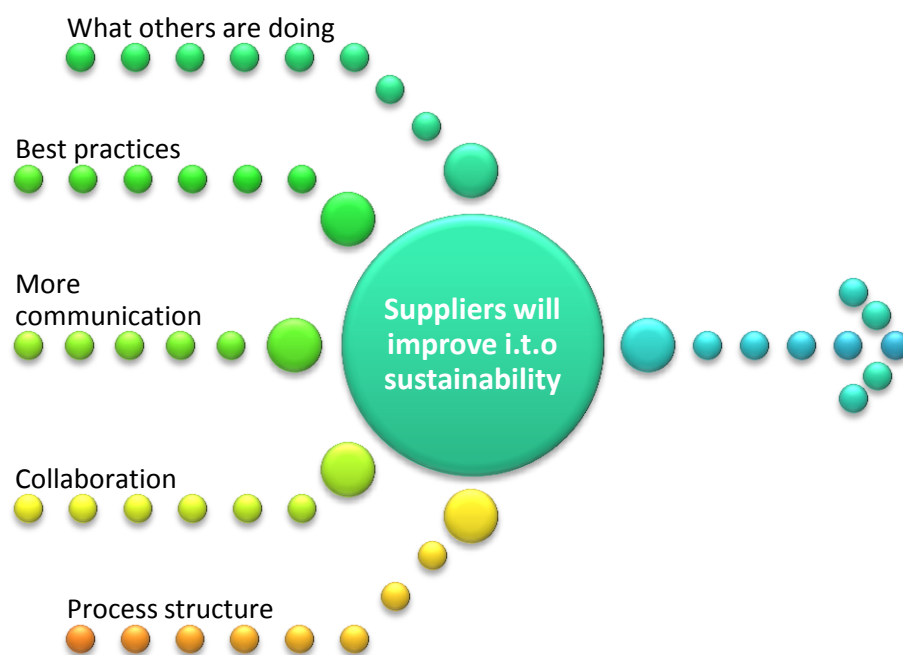
It was clear from the interviews that the suppliers were indeed seeking healthy communication and collaboration, as indicated by Supplier 1 and 2:

“We would like to know more about what other people are doing. Then you feel like you are part of a bigger group; feedback will be awesome.”

“It’s just the communications at this stage and then the contacts. Like people who have done things like this already. There is synergy; there are things that are the same. And I think if Woolworths say from their side listen, why not work together? And here are some contacts, talk to them. So yes, I think it will be good to tell us look that guy is also doing this; go talk to him or Tom could talk to them and say Wicus from Rhodes Food Group is busy with this project, can you help him or can you give him information that worked for you. Just that little bit collaboration.”

Figure 5.6 illustrates what Woolworths can do to help suppliers improve their sustainability initiatives. This figure is a summary and can be used for strategic decision purposes.

FIGURE 5.6 Practical methods for Woolworths to help suppliers improve their sustainability initiatives



5.3.3 Objective 3

To determine the suppliers’ proposals to Woolworths on how to improve its collaborative relationships

It is important for Woolworths to be aware of its suppliers’ opinions on how sustainability initiatives could be improved. This notion is supported by Amaeshi and

Crane (2006) who contend that a healthy business-stakeholder engagement is also relevant specifically in terms of sustainability decisions in organisations. If an organisation has a sound relationship with its stakeholders, the organisation will be able to address sustainability issues more effectively and efficiently.

It was evident that Supplier 1 and 2 wished to strengthen this relationship and to have better contact with Woolworths regarding the initiatives and expectations that were set for them. In the words of Supplier 1:

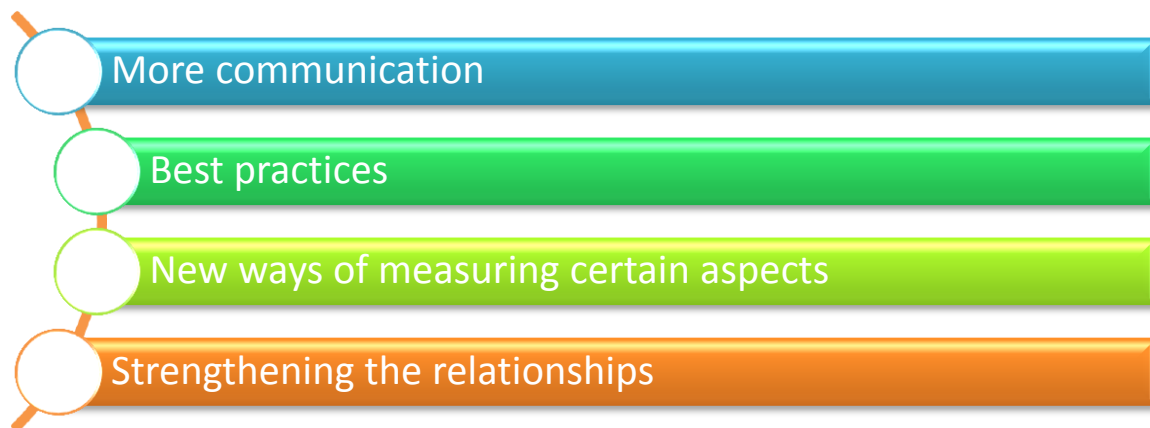
“Now that I think about it, maybe something that would be nice if Tom will just give me a date for next year or somewhere – a target date. I would like to know how it is going to work and some feedback would be awesome.”

According to Lawrence and Weber (2011), business-stakeholder relationships experience different stages. These stages have been identified as inactive, reactive, pro-active, and interactive. The last stage, namely an interactive relationship between organisations and their stakeholders, is the most beneficial stage. This stage entails a healthy and on-going relationship between organisations and their stakeholders where mutual respect, trust, and openness are present (Phillips, 1997; Swift, 2001; Amaeshi & Crane, 2006). This is supported by the results which indicate that an on-going relationship would be beneficial for both parties:

“I think there can be a bit more communication. I also think it would be good to look at best practices and they can put everything on a database and tell their suppliers to go and read about it.”

Figure 5.7 presents the suppliers' proposals on how Woolworths could improve collaboration relationships.

FIGURE 5.7 Suppliers' proposals on how Woolworths could improve collaboration relationships



It became apparent that Objective 3 and the last focus area of Objective 2 coincide. Suppliers believed that Woolworths could help them to improve in terms of sustainability efforts in the same way as Woolworths could improve their collaboration relationship with suppliers. It therefore confirms Amaeshi and Crane's (2006) contention that healthy business-stakeholder engagement is important for sustainability decisions in organisations.

5.4 CONCLUSION

Chapter five presented the results and analyses in respect of Woolworths and the retailer's collaboration with its suppliers on sustainability and sustainable practices. The sample profile gave a thorough overview of each participant in this qualitative research study, as well as where and how they fitted in with Woolworths' supply chain. This profile was followed by an analysis of the results of each objective formulated for the study. In conclusion, a continuum was developed to indicate at which level of the United Nations Global Compact Supplier Engagement Continuum Woolworths was positioned. The results may be of significant value for Woolworths, as it leaves room for improvement and further growth. Chapter six will continue with a more detailed discussion of the conclusions, followed by limitations of the study, managerial recommendations and further research opportunities.

CHAPTER SIX

CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

In the previous chapter the case has been made that it is important for organisations to implement sustainability initiatives that are integrated in their business strategies, and not only as independent projects on the side line.

After detailed analyses of the data, provided in Chapter five, conclusions were made which will be discussed in this chapter. The results of the study could be valuable to both academics and business practitioners in the public and private sector. In similar vein, sufficient conclusions and recommendations could enhance further academic research, as well as business strategies on sustainability.

This chapter will thus revisit the initial problem statement and objectives, as well as provide a summary of the conclusions of each objective. Managerial recommendations are offered, followed by the limitations of the research, and possible future research opportunities.

6.2 PROBLEM STATEMENT AND OBJECTIVES REVISITED

This study attempted to contribute to the body of knowledge regarding the level of engagement between Woolworths and its food suppliers. In addition, the study explored the perspectives of the suppliers on the tools used by Woolworths to enhance supply chain sustainability, and more specifically, aimed to determine what Woolworths could do to improve its collaboration relationship with its suppliers.

6.3 CONCLUSIONS AS PER OBJECTIVE

The following section will focus on the conclusions from the results of each objective.

6.3.1 Objective 1

The first objective was to determine the level of sustainability engagement on the Supplier Engagement Continuum in terms of Woolworths' relationship with its suppliers. By clarifying the level of engagement, the researcher will be able to indicate to Woolworths where it could improve, and how the retailer could progress to the next level on the continuum.

The results of Objective 1 show that Woolworths only partially achieved level one and level two, and that the retailer was thus still practising broad engagement. Level one of the continuum is related to setting expectations for suppliers regarding sustainability. Although there were indications of aspirations towards level two, only one of the criteria was met, namely the scorecard that acts as a self-assessment tool. However, no other monitoring methods or any audits were present as a follow-up process. As already discussed Woolworths only focussed on the environmental aspects of sustainability, thus excluding the social and economic aspects from their current communication and collaboration on sustainability. This leaves room for improvement for Woolworths in the future as it remains important for Woolworths to inform and update its suppliers regarding all the aspects of sustainability.

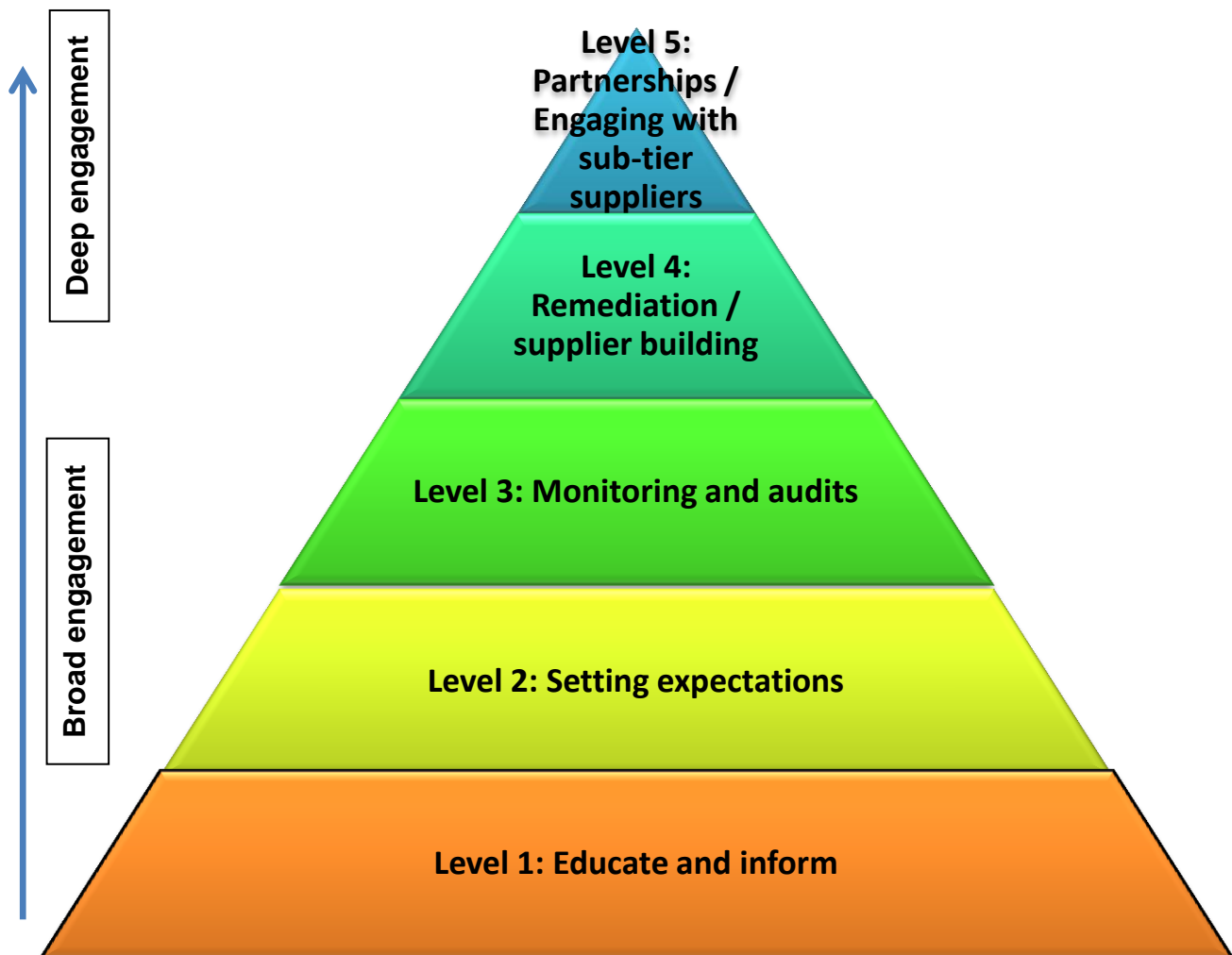
However, the results also indicated that the scorecard initiative and the implementation process were still at an early stage. Therefore, even though Woolworths was operating at level one, albeit only part of it, improvement was imminent and the retailer was already aspiring to progress to level two and three. Furthermore, the retailer met one criterion at level three, namely to provide suppliers access to additional resources and training. Although this access was used as a mechanism to create awareness, the intentions were present that can only lead to further growth and improvement.

The Supplier Engagement Continuum was considered and tested in the South African context. It resulted in the development of an amended model continuum that would be more suitable for South Africa as a developing country with an emerging economy.

The amended continuum is presented in Figure 6.1. It cannot be assumed that all suppliers and organisations are educated with regard to CSR and sustainability. This

assumption could be deduced from the results and the lack of information that would have proved suppliers having a sound knowledge of sustainability and all its different aspects. The amended continuum adds an additional level that focuses on educating and informing suppliers on the concepts of CSR and sustainability and how they fit into the overall business strategy. The education level thus becomes the new level one on the amended continuum. It is important to first lay a sound foundation before sustainability can be successfully implemented in the overall strategy and also before the remaining levels of the continuum can be addressed. After a solid foundation is laid, organisations can continue to create awareness of their specific expectations.

FIGURE 6.1 Amended Supplier Engagement Continuum



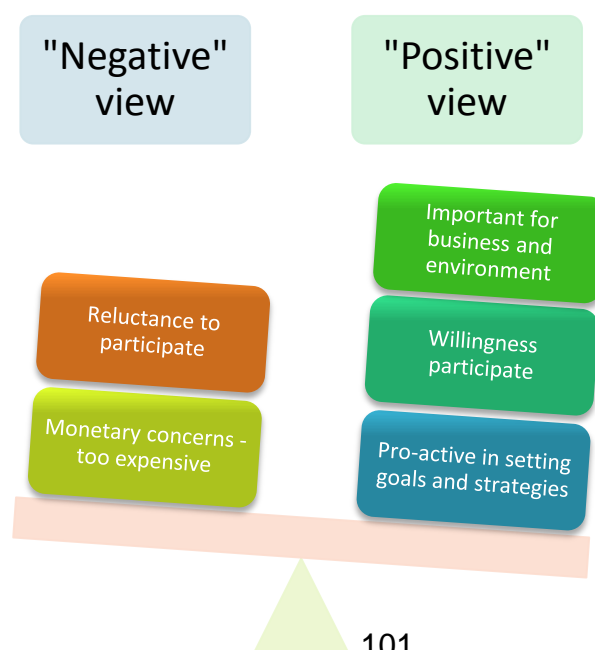
6.3.2 Objective 2

The second objective explored the effectiveness of the tools used by Woolworths to enhance supply chain sustainability. A sustainability scorecard was identified as the main tool used by Woolworths. This scorecard focuses only on water, waste, and energy issues. Due to the omission of the social and economic aspects of sustainability, the scorecard's effectiveness is questionable, because in its current form, it fails to create awareness of the entire spectrum of sustainability. According to Sim, Barry, Clift and Cowel (2007), sustainability is a vital part of an organisation's business strategy. Therefore, the full spectrum of sustainability needs to be included.

Given these circumstances, only the scorecard could be examined. Overall, the suppliers displayed a positive inclination towards the scorecard, indicating that it was straightforward and user-friendly for them. However, the suppliers emphasized that some of the targets were unrealistic and difficult to achieve. They also pointed out that some sections were not relevant to their specific organisation, and that customisation was required for them to obtain a final score.

Figure 6.2 gives a graphical presentation of how a negative and a positive view on sustainability weigh up against each other. A more positive view on sustainability, for instance, would lead to a better outcome regarding sustainability and sustainable practices.

FIGURE 6.2 Views on sustainability



6.3.3 Objective 3

The third and last objective of this study was to determine the suppliers' proposals to Woolworths on how to improve its collaboration relationship. This objective was purely of a practical nature and the researcher's intention was to establish what the suppliers wanted in future, and not to focus on Woolworths' actions only.

The results indicated that both Supplier 1 and 2 expected a stronger relationship with Woolworths. The suppliers would like more communication and collaboration in order to improve their sustainability initiatives and business processes. The results also revealed that the suppliers wanted to know more about what their counterparts were doing in terms of sustainability. To address this need, learning hubs or databases where suppliers can interact with and learn from each other, could be implemented.

The results support the arguments by Amaeshi and Crane's (2006) that healthy stakeholder relationships can contribute to more efficient sustainability initiatives and sustainable practices. Furthermore, the results concur with the study of Lawrence and Weber (2011) regarding the interactive stage in stakeholder relationships. Both Supplier 1 and Supplier 2 indicated that they would like to know what other organisations were doing and how they can learn from them. An interactive stakeholder relationship can thus be beneficial for both Woolworths and its suppliers.

6.4 MANAGERIAL IMPLICATIONS

This study does not only contribute to Woolworths' specific business practices, but it is also applicable to other organisations. The following managerial recommendations are made:

- Firstly, organisations can strengthen their relationship with their suppliers by means of more communication and collaboration. Strategic sessions, forums, and workshops can be arranged where different suppliers can discuss sustainability issues - both positive and negative- and find a possible solution together. Collaboration, direct interaction and effective communication will enhance sustainability processes and problem-solving. In turn, suppliers will feel more included and Woolworths will strengthen its relationship, as well as

gain more loyalty and trust. The results also confirmed that the suppliers seek this kind of collaboration.

- Organisations can create and facilitate information databases or information hubs that could be effective platforms to share current and new ideas, to seek solutions to problems and ways to implement best practices.
- Workshops can be instrumental to create a network for suppliers. These workshops can be facilitated by the organisation, or suppliers could take ownership themselves and reach out to share and learn from other suppliers. If suppliers started to co-operate in this way, organisations could be released from the additional pressure associated with this responsibility.
- Woolworths should revise the scorecard to make it more flexible for different suppliers in different industries. This will allow suppliers to complete the scorecard more realistically. For example, the scorecard should make provision for a growing company such as Supplier 1. The scorecard should thus include more options and detail to be customised for specific situations. This will inevitably change the outcome of the scorecard for each supplier and it can encourage suppliers to improve even further because they feel they have been rated fairly.
- According to the United Nations Global Compact Supplier Engagement Continuum, certain criteria must be met before each level can be reached on the continuum. At the time of the study, Woolworths only achieved part of level one and certain sections of level two and three. For Woolworths to progress entirely to the second level, the retailer needs to arrange official audits for every supplier. These audits will provide confirmation regarding the suppliers' sustainability initiatives and practices. Woolworths will also be able to take more effective action if the retailer knows exactly how each supplier is progressing. These audits will, in turn, also enhance engagement and collaboration.
- Another requirement of the United Nations Global Compact Supplier Engagement Continuum, is that information regarding sustainability, sustainable practices and expectations should be implemented by means of different communication methods. Continuous reminders will keep the idea alive and will help facilitate the process where sustainability initiatives are not

only a project on the side line, but a vital and integral part of business strategies for suppliers (Rake & Grayson, 2009).

- In conclusion, Woolworths can create or acquire better monitoring systems in order to triangulate the results at a later stage. Using only one monitoring system such as the sustainability scorecard is not sufficient. Multiple monitoring systems can cover more areas and in the end the results will be of more value. This triangulation will also lead to more effective and efficient processes for both Woolworths and its suppliers.

6.5 LIMITATIONS OF THE STUDY

Based on the outcomes of the research, the following limitations were identified:

- The first limitation was due to the roll-out and timing of the scorecard. The researcher only had access to the suppliers who had already interacted with the scorecard.
- The geographical location of various suppliers was also a restriction. Key food suppliers of Woolworths situated in other parts of the country could not be personally interviewed due to the distance.
- A shortage of finances played a key role, as the researcher could not afford to travel too far for interviews. Although one telephone interview was conducted, it was not an ideal choice and personal face-to-face interviews were preferred.

6.6 FUTURE RESEARCH

The various limitations mentioned earlier, pave the way for the following future research studies:

- It may be useful to refine the interview guide that was used for this study. Specific sections can be included for those suppliers who have progressed further with sustainability initiatives than Woolworths may realise. It may also be worthwhile to conduct a comparative study in which the different organisations at different levels of sustainability can be compared.

- This particular study was conducted in the retail sector. However, the study can be replicated in other business sectors with the same primary objective in mind. For example, the clothing industry, the motoring industry, and the food industry could be considered. If the methodology is deemed fit for other sectors, it can be used as a measuring tool to determine the level of engagement with suppliers regarding sustainability.
- Future studies should make use of a larger sample. It will strengthen the results and will give the researcher a better idea of what the engagement for a particular study/organisation entails.
- This study can also be replicated in other countries. The Supplier Engagement Continuum was developed by the United Nations, and it may be interesting to see how this continuum is applied in other countries.
- The research study can be followed up in a few years' time when the sustainability initiatives have had more time to develop, grow and improve.
- Finally, the amended continuum can be tested in the South African context in order to determine whether it is effective or not. Furthermore, this amended model can also be more refined and detailed.

Against this background, the following propositions are suggested for future quantitative studies:

- There is a relationship between the nature (positive or negative) of retailer-supplier engagement, and the size of the supplier.
- Large organisations (suppliers) are less inclined to build strong and healthy stakeholder relationships with small retailers.
- Small organisations (suppliers) are more inclined to build strong and healthy stakeholder relationships with large retailers.

6.7 CONCLUDING REMARKS

The main contribution of this study was to assess the level of engagement on sustainability between Woolworths and its suppliers in order to ascertain how to improve this collaboration. This primary objective was addressed by means of semi-structured interviews with three of Woolworths' key food suppliers. The measuring

instrument was an interview guide structured specifically to address the three secondary objectives, to achieve the primary objective.

The results showed a definite need among suppliers for a stronger relationship with Woolworths, and various possibilities to address this need were provided. The study further contributes towards the body of knowledge and other research in the business management and strategic management field by presenting an amended continuum of the Supplier Engagement Continuum. According to the amended model, the level of engagement between Woolworths and its suppliers regarding sustainability was so broad that, at the time of the study, Woolworths only referred to sustainability in terms of energy, water, and waste, excluding the full spectrum of sustainability. Much work still needs to be done for Woolworths and its suppliers to progress to the level of deep engagement.

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APPENDIX A:
Interview Guide



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INTERVIEW GUIDE

SUSTAINABLE SUPPLY CHAIN ENGAGEMENT IN A RETAIL ENVIRONMENT: THE CASE OF WOOLWORTHS

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ADMINISTRATION

Interview with: Sea Harvest ☐ At Source ☐ Rhodes Food Group ☐

Interview nr.: _____

Date: _____

Respondent name: _____

INTRODUCTION

Woolworths has limited insight into the level of engagement in terms of sustainability with key food suppliers and limited knowledge of the effectiveness of current tools used in enhancing their supply chain sustainability (McLaughlin, 2013).

This study attempts to gather information from key suppliers regarding the level of engagement between Woolworths and their key suppliers. This interview was designed to determine the perspective of the suppliers on current tools used by Woolworths to enhance supply chain sustainability, and specifically analyse what Woolworths can do to further enhance the collaboration on sustainability between them and their suppliers.

CONFIDENTIALITY

The Departmental Ethics Screening Committee (DESC) of the Department of Business Management at the University of Stellenbosch has deemed this research as low ethical risk, and has thus cleared this research to continue.

All information gathered during this study will be regarded as confidential and treated with the necessary care to ensure this confidentiality. Any firm-specific information gathered during this interview is for administration purposes only.

Defining supply chain sustainability:

“...the strategic, transparent integration and achievement of an organization’s social, environmental, and economic goals in the systemic coordination of key inter-organizational business processes for improving the long-term economic performance of the individual company and its supply chains.” – With Woolworths’ specific focus on environmental issues: water, waste and energy.

Objective 1: Determine the level of engagement on the “supplier engagement continuum” in terms of Woolworths’ relationship with their suppliers.

Level /Theme 1: Setting Expectations

- 1) What are the expectations regarding sustainability that Woolworths are setting for you as their suppliers?

PROBE: what are the goals?

- 2) Do you think the scorecard is establishing the minimum expectations that Woolworths have regarding sustainability?

- a) How do you think the expectations can be set higher?
- b) Will it be possible for you as supplier to live up to it?

- 3) Is Woolworths incorporating sustainability expectations into different communication methods with you as their suppliers?

- a) What communication methods? (meetings regarding sustainability – newsletters – team building events)

- 4) Is Woolworths giving you the opportunity to, in turn, raise issues of constraints or tensions caused by their demands regarding sustainability expectations?

- a) Are the expectations too high?
- b) Is it interference?

- 5) Is Woolworths creating/facilitating sustainability forums for you as their suppliers?

PROBE: places or ways that suppliers can communicate with each other and with WW about sustainability topics, questions and initiatives.

Level / Theme 2: Monitoring and Audits

- 1) Does Woolworths have any monitoring systems for supplier's commitment to sustainable practices?

PROBE: checking up on suppliers – monitoring their progress – identifying non-compliance - scorecard

- 2) Do you feel that this scorecard is disrupting the work of the suppliers?
 - a) Is it time consuming?
 - b) How can it be done with less effort, but still be efficiently completed?
- 3) Does Woolworths expect suppliers to do self-assessments?
 - a) Is there any check-up procedures? - do they follow up on it?
 - b) Does Woolworths check that your scorecard is truthful?
 - c) Are there any forms of monitoring?
- 4) Are any of the following types of compliance audits done by Woolworths to evaluate scorecard results?
 - Management interviews
 - Facility tour
 - Record review
 - Worker interviews

Level / Theme 3: Remediation and Supplier Capability Building

- 1) According to the United Nations Global Compact, businesses need an approach that defines and tracks continuous improvement of sustainability situations and non-compliance situations.
 - a) Does Woolworths have an approach like this?
 - b) Do they continuously track sustainability improvement?
 - c) Have you ever been in a non-compliance situation with Woolworths?

- 2) The supply chain sustainability guideline recommends a few methods for remediation (correcting a fault) – if any, which of the following does Woolworths implement:
 - Encouraging improvements through communications with non-compliant suppliers – meetings, newsletters and sustainability building events
 - Defining a roadmap of how to correct what is wrong – give them a set out plan to follow, step by step.
 - Terminating relationships with suppliers if certain things do not improve – letting them go and replacing them.
 - a) Does Woolworths use any other method not listed above?

- 3) Does Woolworths provide any of the following assistance for capability building regarding sustainability?
 - provide training,
 - resources,
 - and support to improve sustainability management and performance

Level 4: Partnerships / Engaging with Sub-Tier Suppliers

The highest level on this continuum is when sustainability support goes beyond just the supplier – it reaches out to sub-tier suppliers as well. This is when there is support for supplier ownership to address the root of poor sustainability problems.

For example: the farmers that get paid badly and strike, is a sub-tier supplier problem for Woolworths.

- a) Are they helping or offering support for circumstances like this?
- b) Do they have practices or procedures set in place to help with this type of problem?
 - Participating in industry collaborations (working together with other organisations)
 - Engagement in public policy
 - Supply chain optimization

PROBE: offer advice – inform suppliers of other types of help – reinforce sustainability policies and propose outcomes

Objective 2: Explore the effectiveness of the current tools used by Woolworths to enhance supply chain sustainability.

1. How do you as supplier view sustainability?

PROBE: How do you understand it? What do you see it as? Is it clear?

2. What are the current tools that Woolworths is implementing to encourage supply chain sustainability?

PROBE: what are you aware of? Can you think of anything else?

3. Have you interacted with the scorecard that Tom has sent on to you?

PROBE: did you fill it in / play around with it / looked at it

a. What was your first impression of the scorecard?

PROBE: did it strike you as annoying / disrupting your work / unnecessary

b. How did you find the usability of the scorecard?

PROBE: did it strike you as confusing / did you know how to use it / user friendly

c. How were you rated? **Red (Provisional), Bronze, Silver or Gold?**

d. Do you think you were rated fairly? Explain.

4. How could Woolworths help you to do more to improve energy, water and waste?

PROBE: More advice, more aid, financials

Objective 3: Determine how the suppliers propose Woolworths go about to better their engagement / collaboration relationship.

1) After you have used the scorecard, what do you feel Woolworths can do differently to encourage you to become more sustainable?

PROBE: Do you have any other thoughts or/opinions about sustainable practices and the encouragement thereof?