Eindhoven University of Technology

MASTER

Exploring the practice of social responsible purchasing

evaluating the Rabobank

Gooren, E.A.M.

Award date:
2009

Link to publication

Exploring the Practice of
Social Responsible Purchasing

Evaluating the Rabobank

Erna A.M. Gooren

BSc Industrial Engineering and Management Science — TU/e 2006
Student identity number 0530808

in partial fulfilment of the requirements for the degree of

**Master of Science
in Innovation Management**

Supervisors:
P. Gink, RCI, Rabobank Nederland
Prof. Dr. A.J. Van Weele, TU/e, OSM
Dr. Ir. J.A. Keizer, TU/e, OSM
Ir. M. Kibbeling, TU/e, OSM

ARW 2008 IMA

Abstract

Nowadays, social and environmental aspects play an important role when purchasing. This Master's thesis explores the practice of social responsible purchasing (SRP). It provides insights in how SRP could be put into practice. Based on the results of the analysis, an SRP Framework has been designed. The SRP Framework is subdivided into three different levels of purchasing activities, strategic, tactical, and operational. Moreover, it shows the four different phases an organisation is going trough when implementing SRP. Using the SRP Framework, SRP practices at the Rabobank – the principal company of this project – have been evaluated and guidelines for improvement have been provided.

Preface

This Master's thesis describes my research on the practice of social responsible purchasing. This research has been performed in order of the purchasing unit (Rabobank Concern Inkoop) of Rabobank Nederland and supervised by the sub department Organization Science and Marketing (OSM) of Eindhoven University of Technology (TU/e).

The completion of my Master's thesis would not have been possible without the support of several people. In the first place, I would like to thank my graduation commitee, Paul van Gink, Professor Arjan van Weele, Mirjam Kibbeling, and Jimme Keizer, for their interest, and asking the right questions at the right moment. I also would like to thank all colleagues at the Rabobank who have contributed to this project through interviews, discussion sessions, and sharing their ideas with me. Moreover, I would like to thank Mark Wouters for his company at the university and the time we spent drinking tea.

Finishing my Master's thesis marks the end of my studies Industrial Engineering and Managament Science at the Eindhoven University of Technology. Six years of going to college, having group projects, making exams and a lot of fun which I will never forget. Especially, the time I spent traveling around Europe with Interactie, organizing Council Meeting Eindhoven, and studying in Stockholm, I will always remember with a big smile on my face.

All this would not have been possible without the support of my friends and family. In pacticular, Mam, Dad and Paul, thank you for your enthousiasm and always being there for me. I am proud of having such a great family. Last but not least I would like to thank my boyfriend Paul for his encouragements, especially those last few months, and just always being my best friend.

Erna Gooren,
Eindhoven, December 2008

Management Summary

Project Goal: Exploring the practice of SRP

Social responsible purchasing (SRP) can be described as the management of the company's external resources taking into account the economic, legal, ethical, and philanthropic expectations that society has of organizations at a given point in time. In an attempt to explore the practice of Social Responsible Purchasing (SRP), the Rabobank initiated this study. It questions how it possibly could improve its SRP practices.

To find out whether the Rabobank is on the right track with SRP, the more general question how to integrate SRP into a day-to-day purchasing process needs to be answered. Which activities are involved when purchasing social responsible? What should be done first, second etcetera? How does a mature SRP department look like? As a result, the aim of this project is two folded. On the one hand, goal is to design a general framework of how to put SRP into practise. On the other hand, using the framework, SRP at the Rabobank will be evaluated in order to provide guidelines for improvement. To achieve both goals this study has been split up into two research assignments:

- Assignment 1: Construct an SRP Framework
- Assignment 2: Evaluate the Rabobank using the SRP Framework

The SRP Framework

In order to collect the data relevant to design the SRP Framework, multiple data collection techniques have been employed: literature review, focus group meeting, document analysis, and benchmark study. As a result, diverse process elements of SRP, which directly influence the purchasing process, four different phases of SRP an organisation is going through, and drivers and barriers of SRP, which indirectly influence the purchasing process, have been identified.

Classification of SRP process elements

The purchasing process can be analysed at three different levels: strategic, tactical and operational (Collignon et al., 2007). Making a distinction between strategy and tactic is very important when it comes to decision-making (Van Aken, 2002). Strategy concerns the definition of who we are and where we want to be on the long run. Tactics concerns the definition of how we will get there within time and given the available resources. Thus, tactics can be seen as the link between the strategy that operates on the long run and the operations that should be carried out on a day-to-day basis. Therefore, the process elements of SRP have been classified according to strategic, tactical, and operational level as shown in the figure below.

Four phase model

Resulting from the orientation round at the Rabobank the SRP model should (1) provide a place to start, (2) common language and shared vision, (3) a framework for prioritizing action and (4) a way to define what improvement means for an organisation. Therefore, the SRP Framework has been split up into phases that indicate the maturity levels an organisation is going through when executing SRP.

		Take off	Risk Mitigation	Value Creation	Sustainable
Strategic	Policy				
Strategic	Goals & KPI's				
Tactical	Prioritizing Action				
Operational	Determine Specifications				
Operational	Manage Supplier Performance				
Operational	Monitor & Evaluate Outcomes				

Phase 1: Take-off

In the first phase of SRP, organisations should concentrate on creating awareness and building confidence about SRP within the organisation. Therefore, at strategic level, a simple SRP policy should be derived from the overall corporate sustainability strategy, which is easy to communicate to staff and key suppliers. Besides, sustainable procurement should be reflected in organisational goals and key performance indicators to outline the organisation's timescales and targets. At tactical level, quick wins and flagship projects should be identified to demonstrate good sustainable procurement practice. At operational level, the key contracts that are easy to implement should include general sustainability criteria.

Phase 2: Risk Mitigation

In the next phase, the SRP policy and organisational goals should be augmented into a strategy covering risks. To cover risks, the organisations should first assess its sustainability risks, which can be done based on the prioritization matrices. Second, minimum common standards should be identified to cover the (main) risks. To identify those standards a dialogue with stakeholders, internal as well as outside the organisation are important. To put risk mitigation into practice, sustainable product specifications should be formulated and suppliers should sign the code-of-conduct. To monitor suppliers, supplier self-assessments or supplier audits should be in place.

Phase 3: Value Creation

The third phase in the SRP-Framework is value creation. To achieve this phase, the strategy should be linked to creating added value, in particular recognizing the potential of new technologies. To go from risk-mitigation to value creation an organisation should, therefore, raise the bar and set goals that are more demanding. The organisation should determine in which supply chains it has the power to make a change and is capable to take responsibility, i.e. it should "choose its battle". To create value, the organisation could stimulate its supplier's sustainable development. Therefore, organisations should keep in close contact with its suppliers and foster a dialogue to discuss sustainable improvement opportunities. Besides, suppliers can be stimulated by gain-sharing and rewarding exceptional performance.

Phase 4: Sustainable

In the last phase, the organisation has an outward focus and its policy recognizes its whole supply chain as essential to achieve sustainability goals. Besides developing supplier relationships, a further aim should be to encourage wider adoption of sustainable procurement through partnerships between governments, organisations, industry, business, education centres, and the non-profit sector. Therefore, the organisation could participate in national commitments and government programs to improve sustainable development.

Drivers & Barriers of SRP

Environmental elements can either stimulate or prohibit the implementation of SRP. Drivers and barriers of SRP identified are:

- People & Culture
- Organisational structure
- Management support
- Knowledge
- Budgetary Mechanisms

Whether actual or perceived, it is recommended to remove barriers to sustainable procurement. Many of the barriers commonly cited by procurement officers should not prevent the use of procurement as a tool to support CSR objectives. Increasing professionalism and a strategic approach to coordinating procurement at large is vital to achieving this.

SRP at the Rabobank

The Rabobank is developing a code-of-conduct, sustainable product specifications, and executed a supplier self-assessment. Within its purchase policy, it clearly formulated its sustainability objectives, human rights, and environment. However, there is a discrepancy between the strategic level of SRP and its operational activities.

Overall, the main conclusion resulting from the semi-structured interviews is that the tactical level of SRP is missing. The Rabobank formulated an SRP strategy and implemented diverse activities at operational level as formulated in their action plan. However, the link between the strategic level and operational level is lacking. As a result, it is uncertain what the next step regarding SRP will be and what activities to focus on first.

To overcome this discrepancy and to go to the next phase of the SRP Framework, value-creation, the following points of attention are recommended:

- Formulate SMART organisational goals and Key Performance Indicators
- First, conduct a spend analysis and prioritise action according to the risks identified
- Identify common minimum standards to cover the risk by means of a code-of-conduct, in case necessary a risk audit should be in place to verify supplier compliance
- Second, conduct a spend analysis and prioritise action to the key spend areas where the Rabobank has the influence to make a difference.
- Raise the bar and set more demanding goals
- Put a supplier development programme in place to develop the sustainability of suppliers.

Table of Contents

1 | Introduction

1.1. Introducing Corporate Social Responsibility & Purchasing

At the moment, Corporate Social Responsibility (CSR), or "Maatschappelijk Verantwoord Ondernemen", "la Responsabilité Sociétale des Entreprises", or "Gesellschaftliches Engagement" is an empirical reality around the world. It incorporates diverse social issues – such as the environment, diversity, safety, and human rights – which businesses have to consider when managing their daily practices. Across different industries, organisations are concerned about their social responsibilities.

A striking example is the Max Havelaar Foundation, which strives for sustainable production, trade, and consumption. They offer for instance farmers and workers in disadvantaged parts of the Third World access to the international trade. That is, under fair conditions, so that these farmers and workers can build a better future for themselves. Although the certified Max Havelaar coffee has only three percent market share, it did change the market and stimulated companies like Douwe Egberts to act in a more social responsible way, for example by no longer underpaying their coffee planters.

Another example is Akzo Nobel, a leading multinational active in coatings and chemicals, which adopted a "greener" work ethic. Among other things, they developed a coating for ships that is tin-free and abandoned their dangerous chlorine trains. Now they are the chemical industry's leader at the Dow Jones Sustainability Indexes[1]. In fact, four of the 18 super-sector world leaders at the Dow Jones Sustainability Indexes are Dutch based companies. Besides Akzo Nobel, the Dutch based multinationals TNT, Philips, and Unilever strive to improve their social and environmental impact on communities around the world. This implies that nowadays CSR plays an important role within different industries around us.

Besides industry, CSR is becoming a political reality as well. In 1987, the United Nations World Commission on Environment and Development published the report "Our Common Future"[2]. This report, also known as the Brundtland-Report in recognition of Gro Harlem Brundtland's role as chairperson of the commission, placed environmental issues firmly on the political agenda. In 1999, the United Nations launched the Global Compact[3], which involves hundreds of corporations from all regions of the world who are working to advance the ten principles that address human rights, labour, environment, and anti corruption policies.

As the examples show, CSR has become an integral part of the decision making process of businesses. Accordingly, when making decisions, management has to reckon with the society and environment it operates. This role of CSR has evolved so extensively that even unit managers within an organization have come to develop a policy regarding CSR. An important unit within every business, which will be of particular interest to this project, is the purchasing unit.

---

[1] www.sustainability-index.com/07_htmle/indexes/djsiworld_supersectorleaders_07.html (last visited: April 9, 2008)
[2] www.wikipedia.org/wiki/Our_Common_Future (last visited: July 16, 2008)
[3] www.unglobalcompact.org (last visited: April 9, 2008)

Purchasing management refers to all activities necessary to manage supplier relationships (Weele, 2005). In the context of CSR this involves not only the management of financial or operational risks, but also the reputational risks that companies, especially those with globally extended supply chains, inevitably face. The reputation of suppliers has the greatest potentiality to effect a company's own reputation because society – e.g. NGO's, customers, government – holds a company responsible for what takes place in its supply chain. To manage its CSR, a company, therefore, should invest in the social responsibility of its suppliers and purchased goods.

The importance of purchasing to organizations is unmistakable (Weele, 2005). As shown in Figure 1 the largest part of the cost of goods sold appears to be taken up by purchased materials and services, approximately 50 percent. Adding the fact that companies are more and more focussing on their core business and, therefore, will outsource even more parts of their business implies that in the near future purchasing will become even more important. In the context of CSR, the globalization of trade makes the purchasing activities extra critical. That is, China and other low cost countries are attractive sources of supply. However, especially in those countries child labour and bad working conditions are still the order of the day.
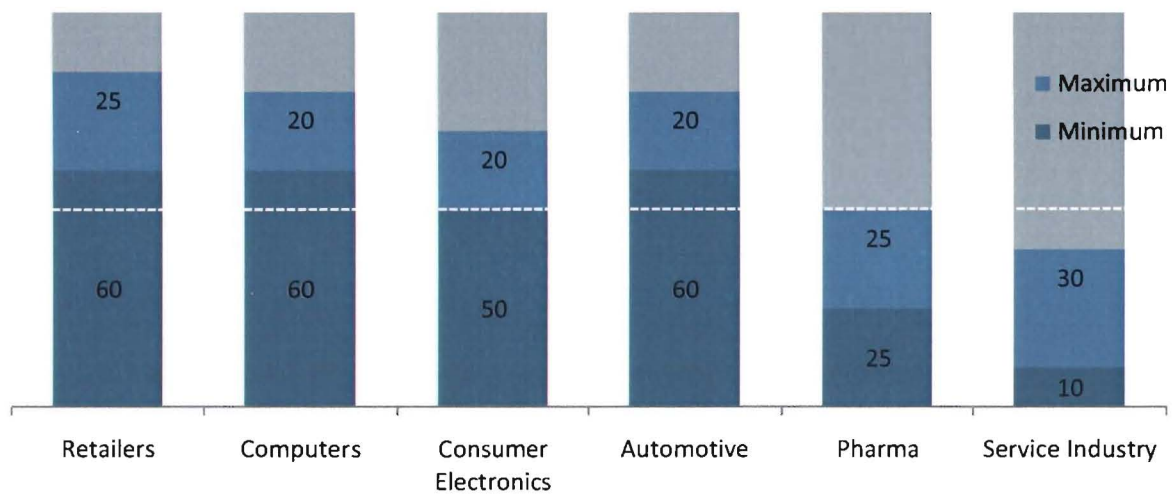
Figure 1: Purchased goods and services as a percentage of goods sold (Weele, 2005)

In total, suppliers can have a large impact on an organization's CSR performance, which makes it so important to explore the contribution of business' purchasing activities to corporate social responsibility. Therefore, the topic of this report will be, as we call it, *"Social Responsible Purchasing"* (SRP).

1.2. Introducing the Master Thesis Project

In an attempt to explore the practice of Social Responsible Purchasing (SRP), the Rabobank initiated this study. The Rabobank strives for a sustainable position in the market and started with its SRP programme a couple of years ago. However, the Rabobank questions how it possibly could improve its SRP practices.

A reason to explore the practice of SRP at the Rabobank is that CSR lies in the cooperative roots of the Rabobank. Its origins are in the local loan cooperatives that were established in the Netherlands

over a century ago by enterprising people with almost no access to external financing after Friedrich Wilhelm Raiffeisen's example in Germany. The cooperative banks collected the savings from the rural population and used them to fill the need for loans. The resulting local Rabobanks have a long tradition, especially in the agricultural sector and in small and medium-sized enterprises. In all those years, its cooperative structure and strong local ties have been Rabobank's main characteristics and main driver of its CSR policy.

The Master Thesis project carried out within the Rabobank will contribute to the existing body of knowledge as illustrated by the reflective cycle (Aken et al., 2007). The reflective cycle consists of choosing a type of business problem, solving that problem through the regulative cycle (after Strien, 1997), reflecting on the results with the aim of learning from this project for similar projects, and establishing preliminary technological rules. These technological rules may then be improved by starting a new project dealing with the same type of problem.

The project itself will be carried out according to the regulative cycle (Figure 2). The regulative cycle (Strien, 1997) as elaborated on by Aken et al. (2007), is based on the idea that a certain business problem exists. The business problem will be selected from a "problem mess" which is the basis of the project. The five following steps of the regulative cycle are problem definition, analysis & diagnosis, plan of action, intervention, and evaluation. Due to prevailing constraints in time and effort, this project will end at step three of the regulative cycle, creating as far as possible the conditions for a successful outcome of the two subsequent parts.
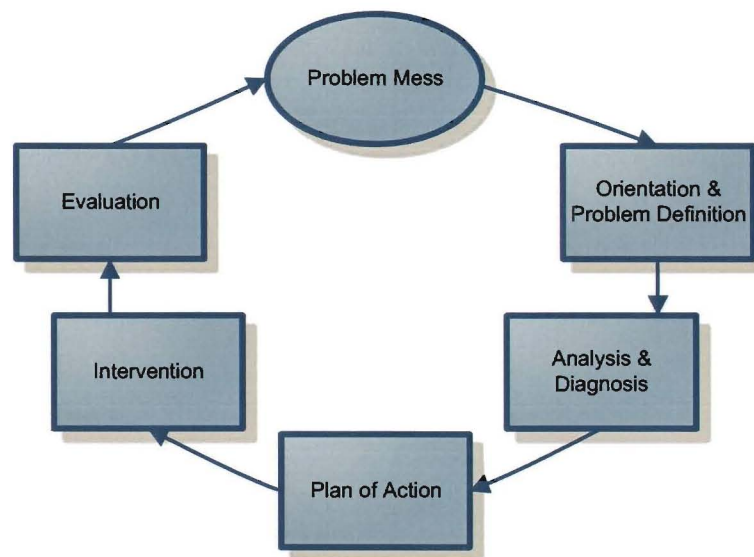
Figure 2: Regulative Cycle adopted from Aken et al. (2007)

The first part of the Master's thesis, the orientation phase, will be structured as follows: In Chapter 1 both CSR and SRP will be explained in more detail from a theoretical perspective. In chapter 2, CSR and SRP at the Rabobank will be described and the outcomes of the orientation round will be discussed, which are the basis of the research questions to be answered. In chapter 3, the problem definition and research assignments are elaborated on and an overview of the research design and methods is provided. Furthermore, the structure of the remainder of the report will be presented there.

2 | Theoretical perspective on CSR & Social Responsible Purchasing

"Social", "Responsible", and "Purchasing", are three words that may call up diverse images. The aim of this chapter, therefore, is to explain the concept Social Responsible Purchasing (SRP) in more detail. As stated in the introduction, SRP comes under the umbrella of Corporate Social Responsibility (CSR). Therefore, it will first be explained what CSR is.

2.1. The umbrella of Corporate Social Responsibility

2.1.1. What is Corporate Social Responsibility?

As explained in the introduction social responsible purchasing (SRP) comes under the umbrella of corporate social responsibility (CSR), also know as "corporate sustainability". Nevertheless, what exactly is corporate social responsibility? The concept of corporate social responsibility is nothing new. In the 1930's, Philips already looked after housing, schools, and hospitals for its employees and their families. Subsequently, around 1970,

Granted that (Corporate) Social Responsibility includes both "environmental" and "human" sustainability components, the terms (Corporate) Social Responsibility and (Corporate) Sustainability will be used synonymously.

people started worrying about the environment. They realised that fossil fuels would run short in the future and that companies' waste would not disappear by itself. During this time, scholars were also discussing the definition of CSR and they disagreed on the content of the CSR concept. Therefore, early opinions about Corporate Social Responsibility (CSR) have been contradictory (Lee, 2008).

The main issue being discussed was the delineation of the scope of corporate responsibilities. On the one hand, CSR was viewed as decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical objectives (Davis, 1973). Davis argued that a firm has the obligation to evaluate the effects of its decisions on the external social system in such a way that it will accomplish social benefits along with the traditional economic gains that the firm seeks. On the other hand, Friedman (1970; as described by Lee, 2008) argued that the only social responsibility of a business is to make as much money as possible for its shareholders. He opposed the idea of a more broad definition of CSR on the basis that it imposes an unfair and costly burden on shareholders. Moreover, he did not believe that corporate managers had the right skills and expertise to deal effectively with social problems (Lee, 2008).

Eventually, Carroll (1979, 1991) came up with a model that identified corporate social responsibility as the economic, legal, ethical, and philanthropic expectations that society has of organizations at a given point in time. As shown in Figure 3 the four responsibilities – economic, legal, ethical, and philanthropic – are ordered in their fundamental role of importance (Watrick & Cochram, 1985). At the base level, businesses have economic responsibilities to shareholders, which is the foundations upon which all others rest. At the next level of social responsibility, businesses are expected to

Figure 3: The Pyramid of Corporate Social Responsibility (Carrol, 1991)

comply with the laws and regulations – the "ground rules" – under which they have to operate. Law is society's codifications of right and wrong and organizations should play by the rules of the game. Next, ethical responsibilities are additional behaviours and activities that are not necessarily codified into law but are expected as part of societal norms. That is, an organisation should do what is right just and fair and should avoid harm. The final group consists of philanthropic responsibilities, i.e. contributing resources to the community to improve quality of life. If a business does not participate in them it is not considered unethical per se, they are purely done on a voluntary base (Watrick & Cochram, 1985).

The CSR pyramid portrays that the total social responsibility of businesses comprises distinct components that, taken together, constitute the whole (Watrick & Cochram, 1985). The four components are not mutually exclusive. However, it is important to note that the CSR literature tends to focus more upon the ethical and discretionary dimensions of Carroll's model, as there is much less debate among managers regarding the need to meet the economic and legal dimensions of the model. Thus, the most critical tensions would be between economic and ethical, and economic and discretionary activities.

Other definitions often used in the context of CSR are the one mentioned in the Brundtland-Report (1987) and the one mentioned by John Elkington (1994)[4]. Brundtland (1987) defined sustainable development as the "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". According to John Elkington (1994)[4] CSR is more than only being out making a profit, but also reckoning with the environmental and social aspects of doing business. It is about keeping the balance between People, Planet, and Profit steady, which most often leads to better results for both the organization as well as society.

As a working definition of CSR, the model of Carroll (1979, 1991) will be used because it is important to note that CSR is not a static concept. Depending on society, the kind of social responsibilities might differ among organizations and evolve over time. Therefore, CSR can be identified by the economic,

Working Definition CSR: Corporate Social Responsibility can be identified as the economic, legal, ethical, and philanthropic expectations that society has of organizations at a given point in time.

legal, ethical, and philanthropic expectations that society has of organizations at a given point in time. The role of society will be explained in the following sub-section.

2.1.2. Why bother Corporate Social Responsibility?

Maignan et al. (2002, 2003) found that managers reported three motivations for behaving in socially responsible ways. The first motivation, the so-called value-driven CSR, assumes that companies

---

[4] later expanded and articulated in his book "Cannibals with Forks: the Triple Bottom Line of 21st Century Business" (1998)

embrace a proactive CSR strategy because their organizational values dictate responsible business practices, which provides its members with norms defining appropriate business behaviour. The value-driven CSR originated from a more ethical perspective on CSR and might be stimulated by crises and their consequences. For example, the issue of global warming and the attention Al Gore pays to the environment in his movie "An Inconvenient Truth". The second motivation, performance-driven CSR, assumes that a proactive CSR strategy may be chosen because of its possible business benefits like no negative publicity, more innovations, or greater organizational commitment. Orlitzky, Schmidt, and Rynes (2003) for example, conducted an exhaustive and rigorous meta-analysis of the relationships among social responsibility, environmental responsibility, and corporate financial performance. They found that, on the whole, social responsibility and, to a lesser extent, environmental responsibility tends to be associated with better corporate financial performance. Third, stakeholder-driven CSR implies that stakeholders, notably community groups, customers and regulators, pressure firms to behave in socially responsible ways.

The motivations of sustainable development, however, amount to the same thing, namely stakeholders. In the end, the different organization's stakeholders should appreciate a company's proactive CSR strategy to bring about potential benefits. Thus, an important reason why CSR is on the boardroom agenda is that stakeholders value such behaviour. NGOs, public authorities, and consumers increasingly demand commercial enterprises to conduct their business while considering social and environmental issues. However, CSR is spreading around the world in different forms as shown in Table 1. "For global companies this means that a one-size-fits-all approach to corporate responsibility may not work. What is right for Europe may not be appropriate for India. Such differences in priorities as shown in the table below are bound to grow in importance as the BRIC countries – Brazil, Russia, India, and China – and other emerging markets gain in economic clout and confidence (The Economist, 2008)".

Global Rank	Issue	U.S.	Britain	Germany	China	Brazil
1	The environment	2	1	2	2	1
2	Safer products	5	4	6	6	2
3	Retirement benefits	4	2	1	1	7
4	Health-care benefits	1	5	8	8	8
5	Affordable products	6	3	3	3	3
6	Human-rights standards	8	8	9	8	4
7	Workplace conditions	9	10	4	4	6
8	Job losses from outsourcing	3	6	5	5	13
9	Privacy and data security	7	7	7	7	10
10	Ethically produced products	10	9	10	10	9
11	Investment in developing countries	16	11	14	14	5
12	Ethical advertising and marketing	12	12	16	16	11
13	Political influence of companies	11	14	12	12	14
14	Executive pay	15	16	11	11	15
15	Other	13	12	15	15	12
16	Opposition to freer trade	14	15	13	13	16

Table 1: The things that matter (McKinsey as published in The Economist, 2008)

The stakeholder idea, developed and championed by R. Edward Freeman in the 1980s, is a completely new way of conducting business. Twenty years ago, the shareholder was the main party that mattered. Freeman (1984), however, suggests that business should be responsible not only to

shareholders but to multiple, additional stakeholders, such as customers, suppliers, and employees, as well as regulatory agencies, competitors, consumer advocacy groups, and the media. Thus, it is important for an organization to know who its stakeholders are and to exchange views with a range of stakeholders on various social issues by means of a dialogue.

In the context of CSR the stakeholder idea should be kept in mind for two reasons. First, the word "social" in CSR is very vague and it remains unclear to whom in society, the corporation is responsible. The stakeholder idea gives society a "face". It identifies more narrowly the actors in society. Moreover, from a manager's or research perspective it is much easier to visualise and measure responsibilities to, for example, employees, customers, and government as responsibilities to society (Lee, 2008).

Second, the stakeholder idea also puts an end to the debate whether social issues are the responsibility of business or not. Friedman (1970; as described by Lee, 2008), for example, argued, "The only business of business is business". He made a distinction between business's economical responsibilities and social issues, and argued that social issues were not the responsibility of business. Within the stakeholder model, however, differences between the social and economic goals of corporations are no longer relevant. The central issue within the stakeholder model is the survival of the corporation by satisfying all critical stakeholders' expectations, which may be of a more economical as well as a social or environmental kind.

2.1.3. How to measure Corporate Social Responsibility

Clarkson (1995) proposes that corporate social performance can be analyzed and evaluated effectively by using a framework based on the management of a corporation's relationships with its stakeholders. Therefore, Clarkson (1995) constructed the RDAP – Reactive, Defensive, Accommodative, and Proactive – Scale. This performance scale is based on the concepts identified by Carroll (1979) and Watrick & Cochram (1985) in their models of social performance. The model provides a means of characterizing a company's posture or strategy towards the management of stakeholder issues. Moreover, the performance element applies a measure of stakeholder satisfaction. It evaluates the data concerning the actions and records of the company with regard to the management of particular stakeholder issues and the levels of responsibility that the company has assumed or defined.

The RDAP-scale is organised as follows: First, reactive strategies deny the relevance of any stakeholder issue to the organization and deny that the firm has stakeholder responsibilities at all. Second, defensive strategies implicitly acknowledge the existence of stakeholder issues but avoid addressing these issues. Third, accommodative strategies address stakeholder issues as long as they do not impair established organizational processes and financial performance. Fourth, proactive strategies systematically anticipate, survey, and address stakeholder demands. A summary of the RDAP scale can be found in Table 2.

Rating	Posture or Strategy	Performance
1. Reactive	Deny responsibility	Doing less than required
2. Defensive	Admit responsibility but fight it	Doing less than required
3. Accommodative	Accept responsibility	Doing all that is required
4. Proactive	Anticipate responsibility	Doing more than is required

Table 2: The Reactive-Defensive-Accommodative-Proactive (RDAP) Scale

2.2. Social Responsible Purchasing: What is in the name?

Like on corporate level, a variation of social issues play an important role in purchasing and supply management as well. One of the first social issues addressed in the supply management function was the protection of the environment. In particular, many studies have examined the process adopted by business to implement "green purchasing". Green purchasing is considered as one of the most effective ways to tackle environmental problems by focussing on waste prevention and source reduction, for example reduction of energy use (Min & Galle, 1997; Zsidisin & Hendrick, 1998; Walton et al., 1998). Another social issue that appeared in supply management literature, although most of the past studies focussed on the environment, is "diversity sourcing", (i.e. sourcing from minority businesses), which, if integrated into the overall corporate strategy, might even become a source of competitive advantage for corporations (Pearson et al., 1993; Adobor & McMullen, 2007).

Other social issues that did appear in the CSR literature but not on a stand-alone basis in the purchasing literature are amongst others: human rights, worker rights, corruption, safety, and philanthropy. Carter (2004) grouped together these stand-alone issues within one framework as shown in Figure 4. According to that framework purchasing social responsibility (PSR), as he called it, is a second-order construct that includes activities surrounding the areas of diversity, the environment, human rights, philanthropy, and safety.

Purchasing Social Responsibility

Diversity   Environment   Human   Philanthropy   Safety
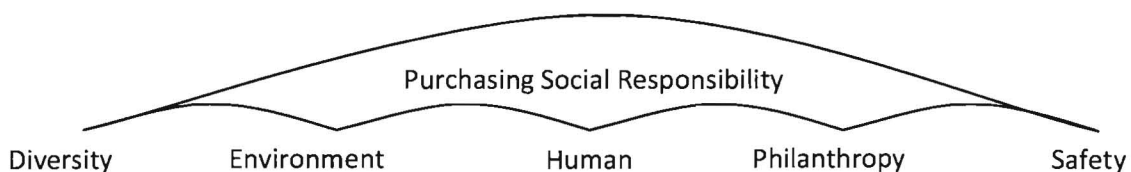
Figure 4: Purchasing Social Responsibility Umbrella (Carter, 2004)

Carter conducted several studies on different topics of social responsible purchasing like the environment (Carter et al., 1998; 2000; 2001), purchasing from minority business enterprises (Carter et al., 1999) as well as an explorative study on multiple social issues (Carter & Jennings, 2002a). He and his colleagues found out that it is important to recognize the interrelatedness of PSR activities and programs, and to manage the activities accordingly. Lessons learned in one area of PSR, might very well apply to other PSR activities. For example, things learned in the field of Green Purchasing, like supplier management, may be useful when dealing with human-right issues in the supply chain.

Maignan et al. (2002; 2003) uses the term socially responsible buying (SRB) to describe a purchasing decision process that includes social issues advocated by organizational stakeholders. An improvement of Maignan's SRB definition with respect to Carter's (2004) concept of PSR is the inclusion of a stakeholder view. Carter's (2004) definition of PSR has been based on what purchase professionals consider relevant social issues to take into account. While, as explained before, it depends more on the corporation's stakeholders what issues a purchasing department should focus on.

Based on stakeholder dialogues Maignan (2003) identified four predominant SRB-themes: Human worker rights, respect of local democratic institutions, protection of natural resources, and use of minority suppliers. However, it is important to note that SRB is not a static concept. Depending on the stakeholder demands, the kind of social responsibilities might differ among organizations and evaluate in time.

Yet, in this Master's thesis, the term "social responsible purchasing" is used instead of "social responsible buying". In management literature, it is difficult to find a description of buying. However, according to Van Weele (2005) buying differs from purchasing in the sense that it does not encompass the first step of the purchasing process as shown in Figure 5, which is the determination of the specifications, but starts at the supplier selection phase. This may imply that SRB only focuses on selecting social responsible suppliers but not on selecting social responsible products (i.e. products environmental friendly specifications).
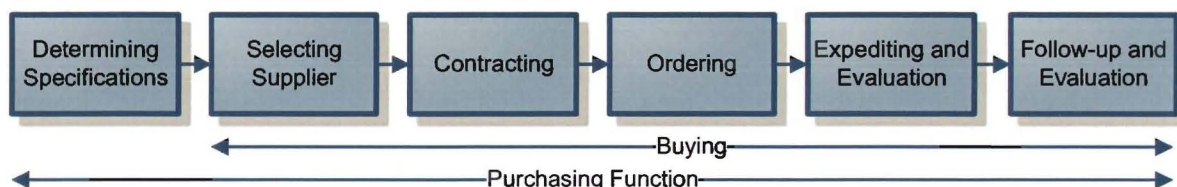
Figure 5: Purchasing Process Model (Weele, 2005)

In line with the definition of CSR and Maignan's (2003) definition of SRB, social responsible purchasing (SRP) is the management of the company's external resources taking into account the economic, legal, ethical, and philanthropic expectations that society has of organizations at a given point in time. As SRP comes under the umbrella

Social Responsible Purchasing (SRP) is the management of the company's external resources taking into account the economic, legal, ethical, and philanthropic expectations that society has of organizations at a given point in time.

of CSR, the same variety of stakeholder issues as presented in Section 2.1.2 may play a role in SRP. Moreover, SRP may as well be measured according to the RDAP-scale as presented in Section 2.1.3.

2.3. Concluding: The Theoretical Perspective

Corporate social responsibility can be identified by the economic, legal, ethical, and philanthropic expectations that society has of organizations at a given point in time, which is visualised in the CSR pyramid of Carroll (1991). Thus, the exact responsibilities of an organisation depend on the society it operates. Society on its turn can be identified as the diverse set of stakeholders an organisation has, such as customers, suppliers, and employees, as well as regulatory agencies, competitors, consumer advocacy groups, and the media. As each company may have to deal with a different set of organisational stakeholders, the responsibilities of organisations may vary (e.g. environmental impact or safer products). Accordingly, the CSR performance of an organisation can be analyzed and evaluated by using the RDAP-scale, which is based on the management of a corporation's relationships with its stakeholders (Clarkson, 1995).

As social responsible purchasing comes under the umbrella of CSR it can be described as the management of the company's external resources taking into account the economic, legal, ethical and philanthropic expectations that society has of organizations at a given point in time. As on corporate level, purchasing has to reckon with its stakeholder demands. Ideally, following the RDAP-scale, the organisation should anticipate the responsibilities brought forward by the set of stakeholder demands.

3 | Orientation Round at the Rabobank

This master thesis project has been initiated by the Rabobank and the questions of the Rabobank regarding SRP will be the basis of this Master's Thesis. Therefore, the Rabobank will be briefly introduced in this chapter. It will be explained what CSR and SRP mean to the Rabobank. Moreover, based on the orientation round, Rabobank's questions regarding SRP will be delineated.

3.1. The Rabobank in General

The Rabobank Group is an international financial services provider operating on the basis of cooperative principles. Its operations include retail banking, wholesale banking, asset management, leasing, and real estate. In the Netherlands, its focus is on all-finance services and, internationally, on retail and wholesale banking and food & agri. The organisation employs more than 60,000 staff in 43 countries. The Rabobank Group comprises the independent local Rabobanks plus their central organisation Rabobank Nederland and its (international) subsidiaries. Rabobank Group's structure can be found in Appendix A.

The local Rabobanks and their members and customers make up Rabobank Group's cooperative core business. Clients can become members of their local Rabobank. In turn, the local Rabobanks are members and shareholders of Rabobank Nederland, the supralocal cooperative organisation that advises the banks and supports their local services. Moreover, Rabobank Nederland is the holding company of a number of specialised subsidiaries in the Netherlands and abroad. Rabobank International is Rabobank Group's wholesale bank and international retail bank.

Although the term "Rabobank" is used throughout the report, this project will focus on the operations of Rabobank Nederland. The local Rabobanks, subsidiaries, and Rabobank international are out of the scope of this research. Although the findings of this research might be, besides Rabobank Nederland, applicable to other parts of the Rabobank Group, this has not been verified.

The mission and ambition of the Rabobank puts the common interests of people and communities first. Based on its commitment to those interests, the Rabobank aims to be a driver and an innovator that contributes to the sustainable development of prosperity and well-being. Its goal is to help people and communities achieve their present and future ambitions. Strengthening mutual collaboration and supplying the best possible financial solutions are the means to achieve that end. Based on this mission, Rabobank's ambition is to be the largest, best and most customer-driven and innovative financial institution in the Netherlands. Rabobank's core values are:

- Respect: the Rabobank Group works with others on a basis of respect, appreciation, and commitment.
- Integrity: the Rabobank Group aims to be fair, honest, careful, and reliable in all its actions.
- Professionalism: the Rabobank Group serves its clients with high-quality knowledge facilities.
- Sustainability: the Rabobank Group aims to contribute to sustainable development, both economically, socially and ecologically, of society.

3.2. Corporate Social Responsibility

As stated in the core values of the Rabobank, the Rabobank aims to contribute to sustainable development. It did so more than hundred years ago by enterprising rural folk who had virtually no access to the capital market. At that time, this opened the door to economic growth for many people in the Netherlands. Nowadays, the Rabobank Foundation supports cooperative microfinance institutions and opens the door to economic growth for hundreds of people in developing countries.

While the Rabobank Group works hard to achieve its targets as a financial service provider, it also focuses on contributing to a more sustainable society. The Rabobank Group intends to achieve not only the AAA status for financial soundness, but also the "Triple-P" status for Corporate Social Responsibility. Through its CSR policy, the Rabobank as a business aims to ensure the balanced development of corporate performance in three different dimensions: social (people), ecological (planet), and economic (profit). The Rabobank believes that CSR results in:

- Innovative thinking and acting within the bank
- Image building
- Financial performance improvement
- Customer satisfaction
- Employee satisfaction

Therefore, Rabobank Group wishes to see sustainability become an integral and self-evident part of its value proposal to the mass market.

Today, Rabobank is a global leader in sustainability-oriented banking with a focus on renewable energy, bio fuels, and clean technology. New products, such as the Robeco Clean Tech Fund, the Dutch climate mortgage, and the Dutch credit card with climate contribution testify to this. The strategy for the coming years supports the further integration of CSR into all activities of the Rabobank. The activities are currently focused on integrating CSR into the credit policy and developing more sustainable financial products. These activities have been prioritised because they provide immediate benefits for clients. However, the Rabobank demonstrates a commitment to CSR in both principle and in practice in many other ways:

- The Rabobank engages in transparent dialogue with its stakeholders.
- It supports social projects that benefit both clients as well as society.
- It has spearheaded a modern human resource policy that treats talented and motivated employees as the organisation's most important capital.
- The Rabobank is working hard to increase and improve the sustainability of all its business processes.

More information about Rabobank's CSR can be found in its annual sustainability report. From now on, this report will focus on the purchasing practices of the Rabobank and its SRP practices. In the following section, SRP at the Rabobank will be discussed in more detail.

3.3. Social Responsible Purchasing

To get a feeling for the status-quo of SRP activities at the Rabobank and what currently is going on regarding SRP several people involved in SRP were interviewed. The people interviewed varied from

category managers, purchasers, and sustainability experts within the Rabobank. An overview of the interviewees can be found in Appendix B. The main findings regarding the orientation round are presented below.

3.3.1. Why bother SRP at the Rabobank?

For the Rabobank, purchasing is a significant business process that has a considerable impact on Rabobank's CSR performance. First, the importance of purchasing to the Rabobank Group is evident as 60 percent of their operating expenses are spent on purchased goods and services. In 2006, RCI purchased goods and services worth €1.8 billion for Rabobank Group's Dutch establishments. Adding the fact that the Rabobank in the future will be even more focussing on its core business and, therefore, might outsource even more parts of its business implies that in the near future purchasing might become even more important. CSR aspects, accordingly, play a substantial role in purchasing goods and services.

Moreover, one of the key trends is the growing need to integrate CSR in production chains. It turned out that this key trend will remain high on the agenda of the international political and business agenda and will continue to have a significant impact on the Rabobank Group in the years ahead. The Rabobank identified this key trend during the 2006 round of consultation with several dozen of stakeholders. The Rabobank conducted a dialogue with its stakeholders both bilaterally on upcoming controversial topics, as well as during its tri-annual stakeholder consultations, during which in-depth discussions were held with a limited number of stakeholders like the World Wildlife Fund, Amnesty International, and the Consumer Union. An extensive report of Rabobank's stakeholder dialogue can be found in its Annual Sustainability Report of 2006 and 2007.

Overall, as the Rabobank strives for a sustainable position in the market, the purchasing department, Rabobank Group Purchasing (RCI) (In Dutch: "Rabobank Concern Inkoop"), is concerned about social responsible purchasing.

3.3.2. RCI's role in Social Responsible Purchasing

During the orientation round it was found that RCI plays a crucial role in the implementation of SRP at the Rabobank. First, sustainable purchasing is part of Rabobank's CSR strategy as explained in the previous sections. The CSR department and RCI are responsible for defining and executing the policy. Second, RCI can be seen as a facilitator of CSR. RCI maintains good relationships with its internal clients. These connections can be used to stimulate social responsibility throughout the organisation (e.g. the use of FSC paper within the organisation or the implementation of the sustainable mobility programme). Third, management of RCI values CSR personally. Therefore, from a personal objective management stimulates its workers to purchase sustainable.

However, the role assigned to RCI sometimes turns out to be counter productive. As the purchasing activities extend the purchasing department (i.e. RCI), RCI is not totally in control of SRP. Interviewees state that "it is unclear who controls SRP"", management of the Business Units (e.g. ICT or Facilities) are the budget holders and decide whether to buy sustainable or not, RCI only has an adviser's role", and "the sustainability department of the Rabobank, DMVO should also stimulate line managers and vendor managers to implement SRP."

Therefore, the project will not only focus on RCI, but also take the organisational system in which purchasing plays a role into account. In particular the cooperation between, DMVO, RCI and the Business units will be taken into account.

3.3.3. Rabobank's Plan of Action

To integrate SRP into the purchasing process of the Rabobank, RCI came up with a plan of action at the beginning of 2007. Part of the plan has been identifying SRP relevant commodities and, subsequently, sustainable product specifications. The SRP relevance and the sustainable product specifications have been made visible to the purchasers using the purchasing web tool. Besides, RCI conducted a supplier self-assessment to examine the sustainability of the suppliers. Unfortunately, some of the suppliers' scores were disappointing and need to be followed up. Furthermore, a supplier's code-of-conduct is being developed.

When executing the plan of action it was found that the main problem lies in the integration of sustainability into the day-to-day purchasing process. From the interviews, it became clear that within this field some problems have arisen:

1. It is questionable whether the SRP product specifications are indeed evaluated during the purchasing process.
2. It is unclear by whom and how the suppliers of the self-assessment with an unsatisfactory sustainability score will be followed up.
3. The performance measures of SRP and the general key performance indicators (KPI) could be improved.
4. It seems like SRP "projects" occur on an ad hoc basis mostly initiated by the CSR department (a.k.a. Directoraat MVO) or, in some cases, based on individual initiatives.
5. A barrier mentioned to reckon with when implementing SRP is that the budget organisation has a cost focus. Interviewees doubt whether it would be possible to integrate a Total Cost of Ownership focus successfully.
6. Because of the complex organisation structure, it is confusing who is responsible for the SRP activities, i.e. are the purchase consultants of RCI, DMVO or the vendor managers in the business unit responsible?

Orientation Round: Quotes of Explorative Interviews
*   "It is difficult to guarantee social responsibility in the day-to-day purchasing practises."
*   "I think SRP depends on a person's motivation." "Whether or not to initiate SRP activities is highly personal."
*   "How to follow up the supplier self-assessment?"
*   "I think the CSR-specifications are not always taken into account."
*   "The cost-focus prohibits SRP." "SRP is not as important as the costs."
*   "Because of the budget organisation, SRP is difficult to integrate."
*   "It is important to look at the Total Cost of Ownership."

3.3.4. Room for Improvement

Some of the interviewed people felt that the Rabobank is one of the frontiers of SRP and is doing well compared to other organisations as shown by the introduction of Max Havelaar coffee, FCS certified paper, and a "green" wheel park. Management even states, "The Rabobank has a proactive approach

regarding CSR and tries to stay ahead of rules and regulations". Nevertheless, are these best practices enough to call RCI sustainable? According to some interviewees this might not be the case, they think the Rabobank still needs to improve its sustainability practices. Interviewees wondered:

- "Whether the Rabobank is doing well regarding SRP"
- "How to measure the success of SRP?"
- "How to measure Rabobank's SRP performance?" Although compared to other financial institutions the Rabobank might be one of the frontrunners of SRP, being the best of the worst still leaves room for improvement.
- "Does the Rabobank undertake the right activities to implement SRP?"
- "Is the plan of action successful?" "Does the Rabobank the things right to put SRP into practice?"

The issue often mentioned during the interviews is that SRP is difficult to integrate in the day-to-day purchasing practises of RCI. According to some interviewees, this is linked with SRP dependents on an individual's motivation, the difficulty to evaluate and monitor SRP, and the fact the budget holders not always involved in SRP. So, how can the Rabobank structurally integrate SRP into the day-to-day purchasing process? Therefore, the SRP activities of the Rabobank will be evaluated.

3.4. Concluding: Exploring the practice of SRP

To find out whether the Rabobank is on the right track with SRP, the more general question *how* to integrate SRP into a day-to-day purchasing process needs to be answered first. Which activities are involved when purchasing social responsible? What should be done first, second etcetera? How does a mature SRP department look like? This study, therefore, will focus on the practice of social responsible purchasing. Chapter 4 will describe the project approach of this study in more detail.

Goal of this research will be to explore the practice of SRP at the Rabobank. However, in order to evaluate the SRP practices of the Rabobank and to provide guidelines to improve its SRP practices, it should be evaluated how SRP more generally looks like. Questions to be answered are:

1. How does SRP influence the purchasing process, i.e. what activities are involved with SRP?
2. Can these activities be ordered to guide the implementation of SRP?
3. Are there external factors that are not directly related to purchasing that may influence the success of SRP?

Chapter 4 will describe how the above mentioned questions will be answered and how the SRP practices of the Rabobank will be evaluated.

4 | Project Approach: Goals & Methods

The previous chapters introduced the topic of this study, social responsible purchasing, more specifically: How to put SRP into practice? Subsequently, this chapter focuses in more detail on "what" to study and "how" to conduct the study in order to answer this question. Therefore, the chapter is structured as follows: In the first section, the project goals as well as the research questions are presented. Second, the methods of analysis are explained. Finally, the project outline is presented.

4.1. Project Goals & Research Assignments

As explained in the previous chapter the Rabobank initiated this study. In order to evaluate the SRP practises of the Rabobank, however, a more general model of how an organisation should put SRP into practise needs to be developed. As a result, the aim of this project is two folded. On the one

Goal of this project is to provide guidelines to Rabobank Group Purchasing to improve their Social Responsible Purchasing practises. Therefore, an SRP Framework will be developed to conduct the "gap analysis" by which the current SRP practises of the Rabobank will be compared to the SRP Framework.

hand, the aim of this project is to design a general framework of how to put SRP into practise to evaluate the SRP practices at the Rabobank. On the other hand, the aim of this project is to provide recommendations and guidelines to improve the SRP practises at Rabobank Nederland.

Thus, this study will firstly provide a framework of how to put Social Responsible Purchasing into practise. Second, based on this framework, an evaluation of Rabobank's SRP practises can be made to come up with guidelines and recommendations for improvement. The result on the one hand will be a general framework of how SRP works in practice, which will contribute to the existing body of knowledge on SRP. On the other hand, the SRP practises at the Rabobank will be evaluated based on this model resulting in recommendations and guidelines to improve SRP at Rabobank Nederland.

As presented in the previous chapter, questions to be answered are:

1. How does SRP influence the purchasing process, i.e. what activities are involved with SRP?
2. Can these activities be ordered to guide the implementation of SRP?
3. Are there external factors, which are not directly related to purchasing that may influence the success of SRP?

In order to achieve the goal as presented above this study will be split up into two more concrete research assignments, which will be presented next.

4.1.1. Assignment 1: Construct an SRP Framework

By taking a design-oriented approach it should be investigated what would be a possible model of how to put SRP into practice. This model should aid in the definition and understanding of an organisation's SRP processes. Moreover, the model should serve as a tool for objectively assessing

the ability of RCI to perform SRP. Tough, it can be applied as a generally model to assist in understanding the SRP process of organisations in diverse areas.

The integration of SRP into an organisation's day-to-day purchasing process requests time and effort. This is shown by the fact that SRP practices differ across industries and organisations. The SRP processes in more experienced companies might differ from those in inexperience companies. For example, Philips is a member of the Electronic Industry Code of Conduct (EICC) and works together with other organisations to develop the sustainability of its strategic suppliers. In contrast, the Dutch Government just starts with SRP and focuses on the formulation of sustainability specifications for eighty product categories. In the future, the SRP processes will probably change even more. Therefore, the professional development of SRP in organizations should be analyzed using a stage-wise or step-wise model taking into account the specific organisational context.

To show that the implementation of SRP will be phased, it is also possible to draw a parallel between SRP and Quality Management. Gradually, organisations started to implement quality management systems into their organisations. A model often used to help organisations implement quality management was the EFQM Excellence Model[5]. The EFQM Excellence Model (in Dutch: INK-model[6]) is a well-known framework for organizational management systems, designed to help organizations in their drive towards being more competitive. A Dutch addition to the EFQM Excellence Model are five development phases which indicate the steps an organization goes through to become mature, that is when all the process work optimally.

Like the EFQM model, the SRP framework will be split up into phases to indicate the maturity of an organization's SRP practices. In general, a maturity model can be described as a structured collection of elements that describe certain aspects of maturity in an organization. Such a model can be used as a framework to help organizations develop their vision and goals for the future in a tangible and measurable way, identify, and understand the complete nature of their business, and assessing the current health of the organization, also known as self-assessment. Therefore, the SRP model should provide:

- a place to start
- a common language and a shared vision
- a framework for prioritizing actions
- a way to define what improvement means for an organization

4.1.2. Assignment 2: Evaluate the Rabobank using the SRP Framework

Using the SRP-maturity framework, the second research assignment is to assess the SRP practices of the Rabobank. Questions to be answered following the orientation round at the Rabobank are amongst others how the Rabobank could structurally imbed its SRP activities and how the Rabobank could possibly improve its SRP practices?

Using the SRP Framework resulting from the first assignment, it should be evaluated which phase of the SRP Framework the Rabobank is now. Second, the phase Rabobank would like to be should be identified. Third, possible hurdles to go from the current to the new phase should be identified.

---

[5] www.wikipedia.org/wiki/EFQM_Excellence_Model (last visited: August 23, 2008)
[6] http://nl.wikipedia.org/wiki/INK-model (last visited: August 23, 2008)

The designed solution should fulfil the following specifications, which are formulated in agreement with the Rabobank. The specifications state which requirements the framework has to fulfil and serve as a kind of checklist to fulfil. There are various categories of specifications: Functional Requirements, User Requirements, Boundary Conditions, and Design Restrictions, which are presented in the text box below.

- Functional requirements
  - The Framework should include SRP elements, which influence the purchasing process.
  - The Framework should take into account the specific organisational context.
  - The Framework should be applicable on all kinds of different sorts of SRP: Human Rights, Environment, Safety, and etcetera.
- User requirements
  - The people working in the business system should have the competences needed to use the framework (so realization may involve some training)
  - The framework should be user-friendly
- Boundary conditions
  - The solution should comply with the present business policies of the company (so it should fit with the overall CSR strategy)
  - The solution should fit with the present company culture (assuming a CSR minded culture)
- Design restrictions
  - The implementation of the framework should change as little as possible in the present business system

Finally, the master thesis project will be evaluated. The main conclusions and recommendation of the second research assignment should be presented to the parties concerned within the Rabobank. In order to contribute to the body of knowledge in the research field of SRP, a scientific reflection should be executed.

The investigation methods that will be used to conduct the sub assignments will be discussed in the following section, Section 2.3.

4.2. Research methods

In order to carry out the assignments described in the previous section research methods need to be developed. The research methods to conduct both assignments will be discussed below. Points to be discussed are the unit of analysis, the data collection methods, and the method of analysis.

4.2.1. Unit of analysis

The unit of analysis is the type of object that is the focus of interest for the research project (Aken et al., 2007). Several objects can be the unit of analysis in a project, for example an item that is produced or realized within a business process, an event, decision, or interaction, an organizational unit, or a business process. For this project, the unit of analysis will be the purchasing process at the Rabobank. The organizational system in which the purchasing process operates extends the purchasing department of the Rabobank. Therefore, it is chosen not to take the purchasing

department as the unit of analysis but the whole organizational system in which the purchasing processes takes place.

4.2.2. Data collection methods

In order to collect the data relevant to this project, multiple data collection techniques will be employed: literature review, focus group meeting, document analysis, a benchmark study, and semi-structured interviews. This increases the validity of the research outcomes by employing the concept of triangula-tion (Yin, 1994). Below, the methods will be discussed briefly.

Literature review

Although the literature on SRP is limited, some ideas and researches can be found which might be of use for this project. Carter and Jennings (2004) for example, made a start by identifying the drivers and barriers of SRP and Maignan et al. (2002) defined diverse significant SRP activities. Therefore, the starting point of this research on the practice of SRP will be a literature review.

Focus group meeting

Second, during a focus group meeting with purchasers of Rabobank Nederland ideas for the SRP framework will be generated. A focus group can be seen as an "interview" of a group of people at the same time (Aken et al., 2007). An advantage of focus groups is that they provide more insight in differences and similarities among the opinions of group members. It is more likely that one gets to know what options are truly shared intersubjectively. Furthermore, the remarks of other stimulate interviewees to clarify themselves and give further explanation, and the interviewer's influence on the interviewee, while not eliminated, will be diffused by the very fact of being in a group rather than in a one-to-one situation. A disadvantage of focus groups is that people can be inhibited and less open than in a personal interview (Morgan, 1993). However, this will not be likely during this project because SRP has not been seen as a sensitive subject within the Rabobank.

Document analysis

The term 'documents' should be interpreted as all relevant information codified in written documents, presentations, the internet- and intranet facilities of Rabobank Nederland and other institutes involved in SRP. So, when designing the SRP Framework, internal and external documentation on the subject will be compared.

It is helpful to use existing documents as a source of information. Think for example of annual reports, minutes of meetings, mission statements, policy documents, incident reports, procedures, memos, correspondence, and all kinds of databases. An important advantage of documentation is that it may provide information that organization members have partly or completely forgotten. Furthermore, corporate documentation is often a more reliable source of information than the opinion of an organization member (Aken et al., 2007).

Benchmark analysis

Benchmarking is a process in which various aspects of organizational processes are compared in relation to best practices in the market. This then allows organizations to develop plans on how to adopt such best practice, usually with the aim of increasing some aspect of performance.

Benchmarking is a powerful management tool because it overcomes "paradigm blindness". Paradigm Blindness can be summed up as the mode of thinking, "The way we do it is the best because this is

the way we've always done it". Benchmarking opens organizations to new methods, ideas, and tools to improve their effectiveness. Moreover, it helps crack through resistance to change by demonstrating other methods of solving problems than the one currently employed, and demonstrating that they work, because they are being used by others.

Semi-structured interviews
To review the SRP-Framework and to get more insight in how social responsible purchasing has been put into practise at the Rabobank some employees involved in SRP will be interviewed. These interviews will be of a semi-structured nature. While a structured interview is based on a formalized, limited set of questions, a semi-structured interview is more flexible, allowing new questions to be brought up during the interview as a result of what the interviewee says.

On the one hand, the interviews are the basis of the "gap analysis" between the SRP Framework and the Rabobank's SRP practices. Following the logic of the SRP-Framework, "gaps" between the SRP-Framework and Rabobank's SRP practices were identified. "Gaps" can be identified as elements that are mentioned in the Framework and are not put into practice by the Rabobank. On the other hand, it was asked whether the "gaps" were relevant to the Rabobank, that is, should the Rabobank implement the missing elements of SRP. The interview protocol as well as an overview of the persons interviewed can be found in Appendix F.

4.2.3. Method of analysis
Generally, two strategies to analyze qualitative data can be distinguished: the grounded theory approach and the template approach (Aken et al., 2007). The grounded theory approach is data-driven and the template approach is more theory-driven. For this BPS project, the grounded theory approach will be used. The grounded theory approach is a structured approach for the exploration of unfamiliar territory like SRP. This method can be used to develop of what can be called a mini-theory or a local theory about SRP out of raw qualitative data in a more structured way.

The grounded theory approach employs three central procedures: open coding, theoretical coding, and selective coding. Coding means that a concept is attached to a phenomenon, i.e. labelling or categorizing something. A characteristic of open coding is that is does not use an existing coding scheme. Codes are developed while coding. The main criterion for attaching a code to a piece of data is that it fits the data. An important strategy of open coding is the making of comparisons. During open coding, pieces of data – concerning different people, processes, or situations – are compared. Characteristics of a person, process, or situation become clearer if it is compared with others. Comparing them shows differences and similarities and stimulates the researcher to put these into words (Aken et al., 2007).

The second analytical procedure of the grounded theory approach is theoretical coding. A theory consists of concepts and relationships between those concepts. Concepts are developed in open coding and theoretical coding is oriented toward the discovery of relationships between concepts. Thus, theoretical coding consists of putting relationships into words. These relationships can take many forms. A causal relationship is only one of them. One concept may also be a property of another, be a prerequisite for another, be followed in time by another, or be part of the context of another.

Logically, theoretical coding follows open coding. Before one is able to draw relationships, one need to have concepts. However, in the practise of coding these processes will be done in parallel and iteratively. Finally, selective coding is the process of integrating all the categories to form a grounded theory. That is, the crystallization of results.

4.3. Concluding: The Project Outline

The first phase of the regulative cycle, orientation & problem definition, has now been finished. The remainder of this report will describe the following two phases, "analysis & diagnosis" and "the plan of action" respectively.

An overview of the project is given in Figure 6 below. As can be seen the Master's thesis will continue with developing the SRP Framework. Different sources of information on SRP will be used to develop the phase-based Framework of SRP. The SRP process at Rabobank will then be analysed using this framework. Based on the gap-analysis guidelines and recommendations to improve the SRP activities of the Rabobank will be given.
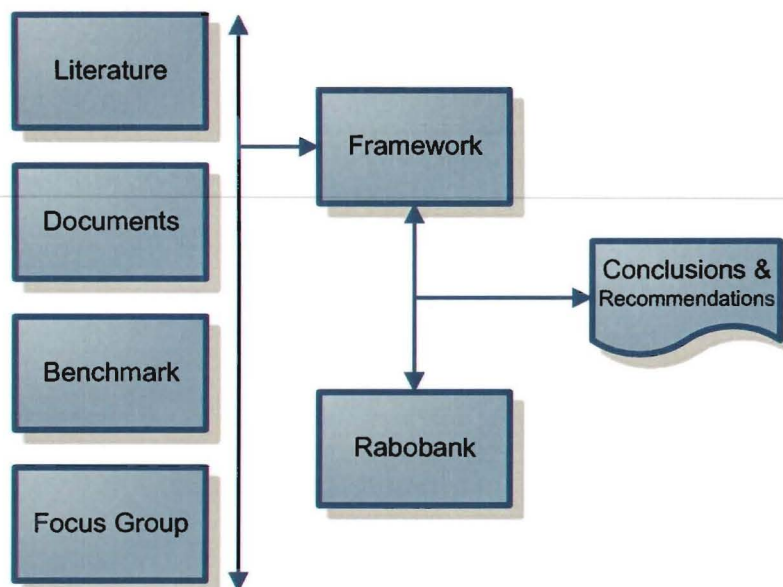

Figure 6: Project Outline

Therefore, the remainder of the Master's thesis is ordered as follows: In Chapter 5 the process of designing the SRP Framework will be described. In Chapter 6, the SRP Framework itself will be presented. In Chapter 6, the Rabobank will be evaluated using the SRP Framework. Finally, in Chapter 8 the conclusions and recommendations will be presented.

5 | The SRP Framework: Building blocks

Following the grounded theory approach, building a theory starts with identifying which concepts could be part of the theory. Next, the relationships between the concepts should be determined to build a theory. This chapter will start with identifying the concepts (i.e. elements or building blocks) that should be included in the SRP Framework. In the next chapter, these concepts will be translated into a theory of how to put SRP into practice, the SRP Framework.

5.1. The designing process

To design the SRP Framework, the design method as suggested by Aken et al. (2007) is adopted. Figure 7 shows the key design activities. When the diagnosis phase is completed, the specifications for the design are developed. Next, the synthesis (which is the actual creation) starts. Thereafter, the design is evaluated, and if not adequate yet, the synthesis is repeated.
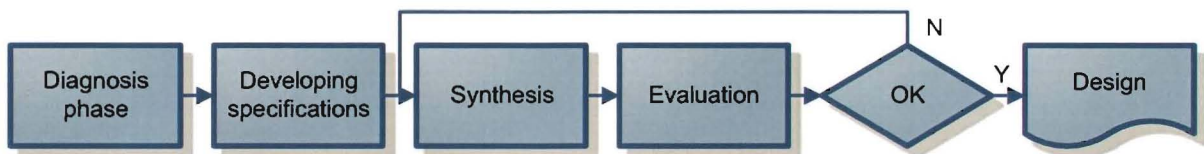
Figure 7: The key activities in actual designing; synthesis-evaluation iterations (Aken et al., 2007)

Thus, the key activities in actual designing are synthesis-evaluation iterations. The synthesis is the creative leap, the subsequent rational and logical comparison of the solution design with the specifications. On the creative leap itself, not much can be said, but careful management of the inputs to the synthesis step can strongly support it. In the evaluation step, the contribution of the new tool to the business system is assessed.

The starting points of the design process are the problem-related inputs. Problem related inputs are the diagnosis, research assignments, and the specifications, i.e. the requirements the framework has to fulfil. These problem-related inputs are needed for the evaluation steps during the design phase, but they are also important for the eventual justification of the designed framework. These problem-related inputs – diagnosis, research assignments, and specifications – have been discussed previously in Chapter 4.

Ideas for the framework itself are the other type of inputs to the design process. Important sources of ideas are the literature, the Rabobank, and other organizations involved in SRP. Therefore, ideas for the framework itself will be collected by means of a literature review, focus group meeting at the Rabobank, document analysis inside as well as outside the Rabobank, and an external benchmark analysis. These data collection methods have been discussed previously in Chapter 4. The outcomes and ideas generated by means of the diverse data collection methods will be discussed in the remainder of this chapter.

Finally, there is the key issue of the justification of the designed framework at the end of the design process. A research result is valid when it is justified by the way it is generated. Therefore, justification will be done based on:

1. A description of the process of analysis and design that has produced the solution, which will be described in Chapter 5 and Chapter 6
2. An explanation of why the realization of the solution will solve the problem of the Rabobank, which will be described in Chapter 7

Therefore, in the remainder of this chapter, ideas for the SRP Framework will be described, ordered by they way they were generated. In Chapter 6, the SRP Framework itself will be described.

5.2. Literature Review

So far, the research on Social Responsible Purchasing, as discussed in Chapter 2, has been of a descriptive nature, that is, it described what Social Responsible Purchasing is. To answer the research questions, however, literature of a more instrumental nature is needed. Although SRP is still one of the frontiers of knowledge and the literature on SRP is limited, the articles that have been found are presented below.

5.2.1. Drivers & Barriers of SRP

First, Carter & Jennings (2004) explored the drivers, barriers, ways of overcoming those barriers, and outcomes of SRP across the following dimensions: diversity, environment, human rights, philanthropy, and safety. According to Carter & Jennings (2004) drivers of SRP might be: (1) organizational culture, either or both a people oriented culture or the desire to be a good corporate citizen stimulate SRP, (2) top management leadership, personal values and beliefs of managers might stimulate social responsibility, (3) individual values of employees, those mediate the effect of individual social initiatives, (4) governmental regulations, this is, however, no dominant driver but more a reactive as opposed to proactive driver of PSR since firms involved in PSR go beyond basic compliance with regulations.
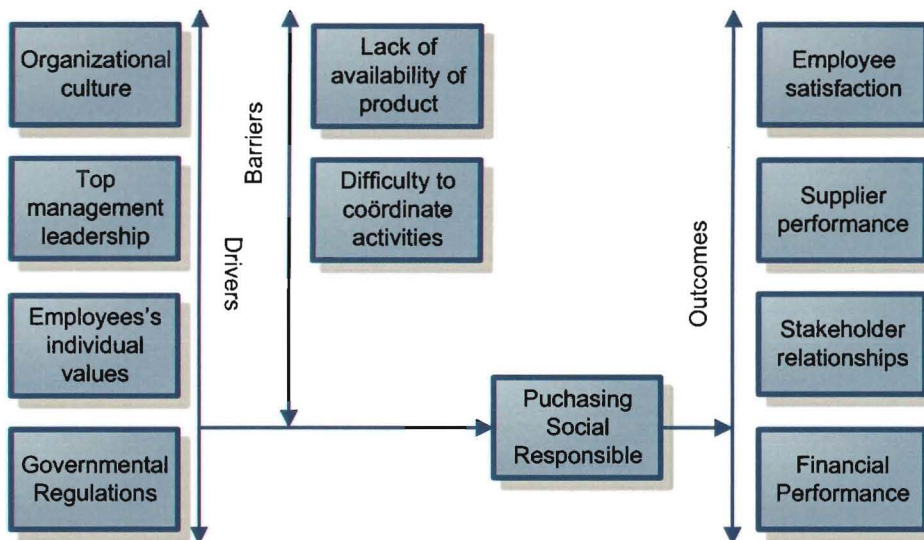

Figure 8: Drivers, Barriers, and Outcomes of SRP

Barriers to SRP are: (1) the difficulty to coordinate activities and (2) the lack of availability of a product or service (Carter & Jennings, 2004). However, as an example, the lack of coordination can be overcome by opening up lines for communication, developing written policies, and formal coordination between functions of the supply chain. Positive outcomes of PSR include: (1) job satisfaction, (2) employee motivation, (3) trust with stakeholders, (4) improved stakeholder relationships, and (5) potentially improved financial performances (Carter & Jennings, 2004). An overview of the research of Carter & Jennings (2004) is shown in Figure 8.

5.2.2. Activities belonging to a proactive SRP strategy

Second, Maignan et al. (2002) approached the problem in a different way and found out that businesses that are confronted with specific stakeholder demands employ different strategies ranging from a reactive strategy to a more proactive strategy, which is in line with the RDAP-scale of Clarkson (1995). As presented in Chapter 2, Section 2.1.3, this RDAP-scale is based on the concepts identified by Carroll (1979) and Watrick & Cochram (1985) in their models of social performance. The scale provides a means of characterizing a company's posture or strategy towards the management of stakeholder issues. Moreover, the performance element applies a measure of stakeholder satisfaction.

Ranged at the RDAP-scale, a proactive strategy is the most desirable kind to satisfy stakeholder demands (Maignan et al., 2002). Significant activities belonging to the proactive SRP strategy are, according to Maignan et al. (2002):

1. Defining social responsibility goals for the purchasing function
2. Designing organizational members in charge of SRB
3. Educating suppliers
4. Monitoring suppliers
5. Sanctioning suppliers
6. Communicating achievements to stakeholders
7. Receiving stakeholders' feedback

5.2.3. Concluding the literature review

Overall, social responsible purchasing will somehow influence an organization's purchasing processes. On the one hand, the purchasing process itself should integrate sustainability aspects. As described above, Maignan et al. (2002) defined significant SRP activities that should be integrated in the purchasing process itself. On the other hand, the environment in which purchasing operates should be adapted to SRP. Carter and Jennings (2004) for example identified various drivers and barriers of SRP. An overview of the outcomes of the literature review can be found in Figure 9.

Process Activities	Drivers & Barriers
•Defining SRP goals	•Organisational culture
•Educating suppliers	•Leadership support
•Monitoring suppliers	•Employees' values
•Sanctioning Suppliers	•Coordination of activities
•Communicating with stakeholders	•Availability of a product
•Receiving stakeholders' feedback	

Figure 9: Overview outcomes literature review

5.3. Focus Group Meeting

After the literature review, ideas for the SRP framework have been derived from the focus group meeting. The focus group meeting took place at the Rabobank because this master thesis project is initiated by the Rabobank and social responsibility plays an important role in its purchasing process. The focus group meeting was organised at the location in Eindhoven. The people invited for the focus group meeting were selected based on their experience with SRP relevant projects. Each person at least finished one purchase project considered relevant to SRP. This information was downloaded from the project database. Relevant SRP projects are provided with an "MVO" check box. Five out of ten people invited participated in the focus group meeting.

The focus group meeting was structured as follows. First, the interviewer introduced the focus group meeting by giving a short presentation about CSR and SRP. The concepts of CSR and SRP were explained and the outcomes of the literature review were presented. Furthermore, it was explained why nowadays both CSR and SRP are important for organisations to recon with. Second, the following questions were asked.

The literature review resulted in a dichotomy between SRP elements that are part of the purchasing process itself and elements that are drivers and barriers of SRP. Therefore, the guiding questions for the focus group meeting are:

- What should be integrated in the purchasing process to implement SRP?
- What are drivers and barriers of SRP?

To answer the question a brainstorm session was held. The outcomes of the focus group meeting will now be presented.

5.3.1. SRP process activities

According to the Rabobank purchase professionals, the following elements influence the implementation of SRP and should be taken into account when designing the SRP Framework.

1. **Look at the internal processes first**
    Before starting with SRP, the participants of the focus group believe that organisations have to look at the internal processes first. If an organisation is not sustainable itself, how can it demand sustainability of others? Therefore, sustainable development should be part of the overall corporate strategy.

2. **Adopt a sustainable procurement policy**
    According to the participants, the second step to implement sustainable procurement is to adopt a sustainable procurement strategy, which is ideally communicated through the procurement policy. This policy should be part of the overall CSR strategy and describe what SRP implies for the organisation on the long run.

3. **Set clear organisational goals & KPI's**
    Besides a sustainable procurement policy, the interviewees think sustainable procurement should be reflected in organisational goals and key performance indicators (KPI). The goals

should be specific, measurable, achievable, relevant and time-framed (SMART[7]) and set at all levels of the organisation from the board to junior management.

4. Determine specifications

Following the interviewees, the essence of SRP lies in the beginning of the purchase process when defining the specifications. The process of defining specifications is the most effective stage in the procurement process because in the beginning buyers still have enormous freedom within the specifications they set. Thus, to include sustainability into the procurement process, a first thing to do is determining sustainability specifications.

5. Manage supplier performance

According to the interviewees, it is important to communicate the SRP ambitions of the organisation to its suppliers. Having informed the suppliers, the interviewees think it is essential to stimulate suppliers to offer more sustainable products. Depending on the supplier performance, the organisations could even help its suppliers to develop its sustainability by starting an improvement process.

6. Monitor the outcomes of SRP

According to the interviewees, you should check that sustainability has been taken into account at each stage of the purchasing process once you get into a procurement exercise. Besides, supplier performance monitoring is found to be essential throughout the life of the contract to ensure the supplier continues to deliver according to the agreed specifications.

Among the participants of the focus group meeting, however, the discussion raised about how to monitor supplier performance. Should all suppliers sign a code-of-conduct, fill out a self-assessment, or be audited? What if a supplier refuses to sign the code-of-conduct or to fill out the self-assessment? Alternatively, should only the strategic suppliers, suppliers that operate internationally or the suppliers that have a large spend be targeted? Those questions remained unanswered because the opinions among the participants differed. However, during the document analysis an answer to those questions has been found, which will be discussed in section 5.4.

5.3.2. Drivers & Barriers of SRP

Besides the drivers and barriers mentioned by Carter & Jennings (2004), the interviewees mentioned the following drivers of SRP:

1. Organizational Structure and Decision Making

During the focus group meeting, it was said that a poor organisational structure might prohibit SRP. Fragmentation and complexity are mentioned as barriers to SRP. For example, procurement decisions taken by a given department may be in conflict with those of another department and thereby compromise efficiency and the ability to achieve good valuable sustainable solutions.

---

[7] www.wikipedia.org/wiki/SMART-principe

2. Information Management

The interviewees mentioned poor information management and a lack of information management systems as a barrier of SRP. When monitoring, information management (systems) plays an important role. Therefore, poor procurement practices and SRP may result from poor data quality and availability.

3. Budgetary Mechanisms

According to the focus group meeting, value for money (or Total Cost of Ownership) is a frequent concern of buyers. Costs will always be central to any evaluation of value for money but buyers should avoid assessments based on purchase price alone. This benefits more sustainable products and services that typically have lower running and disposal costs.

5.3.4. Concluding the Focus Group Meeting

The outcomes resulting from the focus group meeting, ordered by process activities on the one hand and drivers and barriers on the other hand are presented in Figure 10. Process activities mentioned by the interviewees are defining an SRP policy, setting goals and key performance indicators, determining specifications, selecting and managing suppliers, and monitoring & evaluating the SRP process. Finally, the drivers and barriers of SRP mentioned, in addition to the drivers and barriers as identified by Carter & Jennings, are the organisational structure, information management, and budgetary mechanisms.

Process Activities	Drivers & Barriers
• 1) Look at internal process first • 2) Adopt SRP policy • 3) Define SRP Goals & KPI's • 4) Determine Specifications • 5) Manage Suppliers • 6) Monitor & Evaluate Outcomes	• Organistional structure • Budgetary mechanisms • Information Management
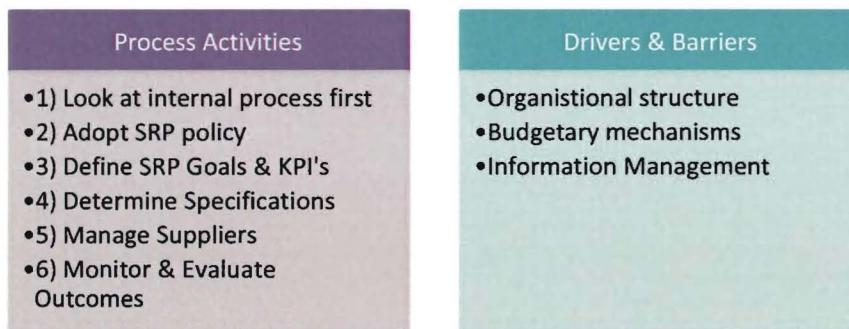
Figure 10: Overview outcomes focus group meeting.

5.4. Document Analysis

Following the literature review and focus group meeting, this section synthesizes current tools and guidance documents from diverse sources to come up with a thorough framework of how to put SRP into practise. Those tools and guidance documents were found through the internet, as globally there is a concerted effort to achieve sustainable procurement outcomes.

As the United Nations and the Organisation for Economic Cooperation and Development (OECD) have promoted sustainable procurement for many years, governments, industry sectors, and corporations have produced policy statements, supplier codes of conduct, and product specifications to address sustainability in its procurement activities. For example, many governments have already made a commitment to sustainable procurement as part of broader environmental and social policy agendas. The UK, Dutch, Australian, and New Zealand government for example have sustainable procurement policies (or legislations) with extensive implementation programs. Besides, different networks, like MVO Nederland, are working on the implementation of SRP. From this set of

organisations, documents and guidelines that were publicly available are used for this analysis. An overview the written guides to help practitioners putting SRP into practise can be found in Appendix C.

In the previous section already a diverse set of SRP process elements and drivers & barriers are presented. As can be seen in the tables below those elements were also found during the document analysis. Moreover, none of the documents disagreed with what was found in literature and during the focus group meeting. Hereafter, only additions to what has already been said above will be presented.

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

Table 3: Overview Process Elements

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

Table 4: Overview Drivers & Barriers

5.4.1. Outcomes document analysis

In addition to the literature review and focus group meeting, the main finding of the document analysis was to prioritize action. In a field as complex as sustainable procurement it is vital to have clarity on priorities due to limited time and resources (UKSP Task Force, 2006; SenterNovem; Forum of the Future, 2007; Cramer & Beco). To provide a focus for sustainable procurement, and in order to make robust recommendations on priorities, different approaches to prioritisation can be adopted:

1. **Focus on ease of implementation**
   First, when starting with SRP, the goals should be focused on building confidence and creating awareness by generating quick wins and identifying flagship projects to demonstrate good sustainable procurement practice. Therefore, the Forum of the Future (2007) suggests to prioritise sustainable procurement opportunities according to ease of implementation and level of impact.

2. Focus on sustainability risks

Second, it is recommended to cover sustainability risks and therefore focus on projects with a high sustainability risk (WRAP, I&DEA, SOLACE, 2003; UKSP Task Force). The risks associated with not procuring sustainable goods and services are diverse and vary significantly between different products and services. Moreover, risks are closely related to the sustainability objectives the organisation identified in dialogue with its suppliers.

3. Focus on compliant supply chains

Third, it was found that an organisation should focus on the spend areas of its supply chain where it is *able* to take responsibility and influence the supply chain (Beco Groep; Cramer; MVO Nederland). Thus, taking into account the complexity of the supply chain, an organisation should "choose its battle" based on its capability to make a difference.

5.4.2. Concluding the document analysis

Overall, it is important to prioritize action (Figure 11). It looks like the message sounds: "Think big, start small". When starting with SRP it is suggested to focus on the quick wins first. These can be used as "show cases" to create awareness for SRP among staff and suppliers. Second, it is important to cover environmental and social risks throughout the whole supply base. Third, an organization should identify in which spend areas it can make a difference and will be able to improve the social and environmental qualities of its suppliers.

| Step 1 | Focus on Quick Wins | Step 2 | Focus on risks | Step 3 | Focus on creating value (to do more) |
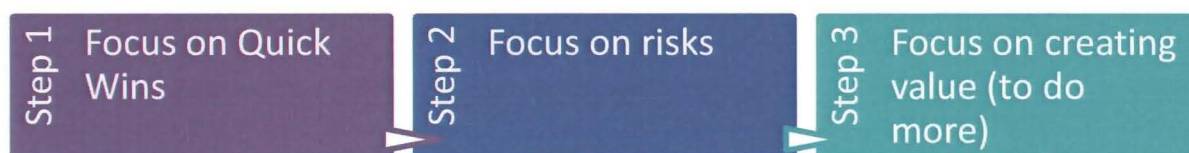
Figure 11: Prioritization methods

5.5. Benchmark

In this section, the outcomes derived from the literature review, focus group meeting and document analysis will be supplemented with facts and case studies on sustainable purchasing provided by experts and practitioners.

To benchmark, three different CSR and SRP related events were visited. First, Senter*Novem* organised "Kansrijk 2008", an event about sustainability and innovation. Second, the NEVI organised the "Inkoopdag 2008". The theme of this day was "the hottest procurement trends in one day". Third, Akzo Nobel organised a symposium about SRP that was called "Duurzaam Ketenbeheer in de opkomende economieën". An overview of the programmes of these three events can be found in Appendix D. At the events, the following organisations, amongst others, presented their SRP practices:

- Dutch Government
- DSM
- Akzo Nobel
- Philips

The main findings will be presented below.

5.5.1. Outcomes benchmark analysis

The elements found during the literature review, focus group meeting and document analysis did appear in practice also. For example Akzo Nobel[8], it started a couple of years ago to understand and manage social and environmental issues within their own organisation. Nowadays, it is focusing on sustainability throughout the value chain, trying to improve the sustainability of its suppliers.

Within Akzo Nobel's SRP policy, the business principles play a central role. All of its suppliers should comply with the Business Principle. Therefore, fifty percent of Akzo Nobel's suppliers need to improve their environmental and social performance by which Akzo Nobel is going to help them. Special attention goes to the critical suppliers. Critical suppliers are those suppliers that have both a high strategic relevance as well as a high sustainability risk. Those critical suppliers are closely monitored and evaluated.

The ultimate objective of Akzo Nobel's vendor policy is to support suppliers in becoming capable of helping Akzo Nobel to meet customer demands now and in the future. Thereby it is no longer focusing on managing risks, but more and more on creating new opportunities and innovations together with its suppliers. However, Akzo Nobel did not immediately set up a program of supportive visits to key suppliers in order to foster a dialogue on environmental and social issues, and to build partnerships. They started with sending out their sustainability policy and asking suppliers to sign the policy. Later on, Akzo Nobel made a shift from risk management to creating benefit for itself as well as its suppliers and society in general.

Another example of SRP can be found at Philips[8]. The Philips Supplier Sustainability Programme is built on the following pillars:

- Setting out requirements
- Building understanding and agreement
- Monitoring suppliers
- Resolving issues
- Stakeholder engagement

To determine where to focus their efforts, Philips has developed an approach based on a risk profile related to spend, country of production, business risk and type of supplier relationships. In 2007, VBDO (Vereniging van Duurzame Ontwikkeling) evaluated the sustainable supply chain developments of 32 AEX listed companies based on their Responsible Supply Chain Benchmark; the true winner of the 2007 Award was Philips.

In addition, the main finding of the benchmark analysis is the importance to create an enabling environment:

- **Creation of an enabling environment**

As shown by Philips, through smarter engagement with the market, opportunities for innovation and social benefits could be captured. Philips felt that it was difficult to penetrate the market with innovative solutions and that there were missed opportunities for giving clear signals to the market. To address this, Philips and other organisations in the sector gathered in the Electronic Industry Code

---

[8] Symposium: "Duurzaam Ketenbeheer in de opkomende economieën"

of Conduct (EICC). This platform provides a mean for procurers throughout the industry to encourage dialogue with its suppliers in key markets and is one of the routes to market innovative sustainable solutions. Therefore, organisations could create an enabling environment as one of the means of encouraging the market to offer innovative solutions.

5.5.2. Concluding the benchmark analysis

When the organisation cannot influence the supply chain by itself, it should focus on the cooperation with other organisations to set a sustainability standard. An organisation should go beyond the power of its own company and work together with competitors, government, and NGO's to get SRP at the next level and set sustainable standards for the market.

5.6. Concluding: The building blocks of the SRP Framework

Concluding the analysis, two kinds of SRP elements can be distinguished, elements concerning the process of sustainable purchasing as well as drivers and barriers of that process. Therefore, the SRP Framework should incorporate *process* as well as *drivers & barriers* of SRP. Process elements are directly part of the day-to-day purchasing process. Drivers & barriers of SRP are elements that indirectly influence the successful integration of SRP and are indirectly related to the day-to-day purchasing practises. Moreover, resulting the analysis, organisations should prioritize their SRP practices. Prioritization can be done based on easy of implementation, risk, or scope to do more. Next step is to cooperate with other organisations to improve the sustainability of supply chains.

In the following chapter, the outcomes of the literature study, focus group meeting, document analysis, and benchmark will be combined to design the SRP Framework. The design of the SRP Framework will be based on the building blocks as presented in this chapter.

6 | The SRP Framework Presented

In the previous chapter, the building blocks of the SRP Framework have been presented. In this chapter, the relationships between those building blocks will be presented and put together in the so-called SRP-Framework. First, the process elements of SRP will be classified according to strategic, tactical, and operational purchase activities. Moreover, it will be explained how these activities will influence the purchasing function. Second, in line with the RDAP scale of CSR, four different phases of SRP will be identified. Third, the drivers and barriers of SRP will be briefly discussed.

6.1. Classification of the SRP process elements

As mentioned during the focus group meeting, the discussion raised how far the Rabobank should go in its SRP policy. Should it just send a code-of-conduct to its suppliers, should it audit all of its suppliers to verify the supplier's code-of-conduct compliance, or not? The conclusion of this discussion was that somehow decisions have to be made about what activities regarding SRP should be carried out when. It appeared that the Rabobank has an ambitious SRP strategy, which will be clarified in more detail in Chapter 7. For now, it is important to note that the purchasers at operational level cannot directly link their activities to that SRP strategy. To identify the "missing link", it is important to understand the purchase function of an organisation as presented by Collignon et al. (2007).

Figure 12: Schematic overview purchasing function (Collignon et al., 2007)

In Figure 12, a schematic overview of a typical purchasing process is presented. The purchasing process can be analysed at three different levels: Strategic, tactical and operational (Collignon et al., 2007). At strategic level the mission and vision of the purchasing function need to be formulated, this is the responsibility of top-management. The mission and vision should articulate the long-term impact of purchasing and supply decisions on a company's competitive strategy. At tactical level, segment strategies and supply policies which have a medium-term impact are set. This encompasses the involvement of the purchasing function in decisions affecting the product definition process and supplier selection process. At operational level, specifications are determined, suppliers selected, contracts signed, products ordered, and evaluation takes place.

Thus, following the purchasing process of Collignon et al. (2007), the "missing-link" discussed at the focus group meeting can be identified as the tactical level of the purchasing process. Therefore, it is suggested to make a distinction between strategy, tactics, and operations when evaluating SRP. Making a distinction between strategy and tactic is very important when it comes to decision-making

(Aken, 2002). Strategy concerns the definition of who we are and where we want to be in the long run. Tactics concerns the definition of how we will get there within time and given the available resources. Thus, tactics can be seen as the link between the strategy that operates on the long run and the operations that should be carried out on the day-to-day basis.

The elements mentioned during the focus group meeting, literature study, benchmark, and document analysis could be ordered at strategic, tactical, and operational level. This classification of the elements will be the basis of the SRP-Framework. In the following sub-paragraphs, it will be explained what the impact of SRP is at each of the three levels of the purchasing function.

6.1.1. Strategic Level

At strategic level, the mission and vision of the purchase function on the long-term need to be formulated which is the responsibility of top-management. Regarding SRP, this includes the definition of an *SRP policy* and *SRP goals and KPI's.* However, before starting to work with other organisations in the supply chain (i.e. suppliers), organisations need to recognise that they have to identify, understand, and manage social and environmental issues within their own organisation first. When sustainable development is part of the overall corporate strategy, creating a sustainable supply chain can then be the next step to ensure that social and environmental issues are successfully managed throughout the supply chain, starting with a sustainable procurement policy and organisational goals and KPI's.

1. Adopt a sustainable procurement policy

It is important that commitment to sustainable procurement is visible and clearly communicated. Therefore, a sustainable procurement policy should be adopted. A policy will help ensure that sustainability does not get sidelined and reduces confusion among procurement professionals and buyers. A sustainable procurement policy will help in a number of ways:

1. It communicates the intentions of the organisation to suppliers and other interested parties.
2. It will support requests to suppliers for information on sustainability performance and the inclusion of sustainability requirements in specifications.
3. It provides a focus for communication within the organisation.
4. When published, it shows a commitment of action to society.

The policy should set out objectives and define practical steps, including:

- The role of procurement professionals and buyers
- The standards or targets to be adopted, showing what an organisation will and will not buy
- The techniques to be used (such as whole life costing and risk assessment)
- The sustainability principles to consider when purchasing (e.g. Human Rights, Safety, Environment)

2. Set clear organisational goals & KPI's

The SRP policy should be cascaded down through both organizational targets and key performance indicators (KPIs) at all levels of the organisation from the board to junior management. Subsequently, incentive systems can reward sustainable procurement or punish failure to comply with the SRP policy and organisational goals. Goals & KPIs are useful to measure progress and to monitor SRP

performance whether internally or externally by inspection bodies. Examples of performance indicators for sustainable development mentioned by SenterNovem are:

- The amount of purchase projects of which sustainability is included in the product specifications
- The amount of projects where sustainability agreements with the suppliers are made

6.1.2. Tactical Level

At tactical level, the medium-term impact of the purchasing function should be determined. Because an organisation has to reckon with the limited time and resources, available decisions to prioritize activities should be made on a tactical level. The basic idea of prioritization SRP activities is to review spend areas (UKSP Task Force, 2006) or planned procurement exercises (Forum of the Future, 2007) on a regular base to identify potential impacts and opportunities against the organisation's sustainability objectives. Examples of sustainability objectives can be found in Appendix E.

In order to achieve prioritisation of spend areas or procurement exercises the following needs to be assed. At first, a preliminary prioritisation list should be made. Goal is to identify spend areas or planned procurement exercises that are relevant to SRP. Spend areas which should be identified are those:

- Which have a high level of annual procurement expenditure
- That have a high market/supplier share
- Areas where it is anticipated that there will be a significant increase in future spend
- Which may have low procurement expenditure and/or low market share, but which have high Environmental/ Socio-Economic impact (e.g. energy use and renewables)
- Areas where there are opportunities for 'quick wins', e.g. easy to deal with projects for which a sustainability improvement can readily be delivered such as white goods, paper etc.

This stage of the prioritisation is a predominantly subjective process. The process should be straightforward for high expenditure and high market share areas using the most appropriate source of data. Identifying specific priority areas to take forward with a high Environmental/Socio-Economic Impact, where there is an anticipated increase in procurement spend or a quick win, will be a subjective process and as such, the maximum amount of stakeholder consultation feasible should take place. The approach of consultation gives the opportunity for stakeholders to become involved at an early stage of the process, which will ensure the right priorities are targeted. Moreover, it aid support from those who will be required to implement sustainable procurement in each of the identified priority areas. The preliminary list should be inclusive rather than exclusive, if there is doubt over whether any area should be included or not the spend area should be brought forward to the next stage of review.

Once the preliminary list of priorities is finalised the areas can be further prioritised. The methodology by which the areas are further prioritised can be done through three different matrix assessments. Therefore, the spend areas or planned procurement exercises are scored at (1) ease of implementation, (2) sustainability risk, (3) scope to do more and (4) influence of procurers.

1. Ease of implementation

At first, the opportunities can then be prioritised by comparing the magnitude of impact against the ease of implementation. Using such a simple prioritisation matrix, buyers can quickly identify SRP opportunities at the beginning of the SRP process. In this way, buyers can prioritise the highest impact aspects of the procurement they are undertaking and identify appropriate interventions and mitigating measures throughout the tender process.

Four different kinds of SRP projects can be identified:

- Top priorities, which are high impact, easily implemented contracts for immediate delivery
- Quick wins, i.e. low impact opportunities that are easily implemented and useful to raise awareness and build momentum
- Long term objectives, whilst high impact, these are currently difficult or expensive to implement projects and should be addressed through a programme of longer-term market and supplier development
- "Non-starters" are potential red herrings, these contracts have minimal sustainability impacts, are very difficult to address and best avoided

High	Long-term objectives	Flag ship projects = Top Priorities
Low	Non-starters	Quick wins
	Hard	Easy

Impact (vertical axis label)

Ease of Implementation

2. Sustainability Risks

According to the NZBCSD (2003), by mapping risks, one should not only focus on what to supply, how to supply is as important as what to supply. An organisation should assess the likelihood or probability of the risk to occur and the level of importance to the organisation. Note, however, that risks do not need to be certain for them to cause damage to the organisation.

High	Long-term objectives	Top Priorities
Low	Non-starters	Priorities
	Low	High

Probability to occur (vertical axis label)

Risk

Understanding the supply chain affects the risks identified. It is not enough just to consider the immediate suppliers; it is also important to consider their suppliers right back to the raw materials. This is often difficult for companies with particularly complex supply chains. Such companies may find that appointing a supply chain manager with overall responsibility for purchasing, forward, and reverse logistics will provide the necessary focus.

3. Focus on scope to do more/compliant supply chains

To assess the influence an organisation has on its supply chain it should first be identified what the supply chain means for the organisation and at which point the organisations fits within other supply chains (NZBCSD, 2003). Depending on what kind of supply chain the organisation is part of, SRP measures could be taken.

Following the ideas of Cramer an organisation can influence its supply chain when it is operating in a niche market. If an organisation focuses in its supply chain on a niche market, the organisation can set high standards regarding environmental and social performance of the supply chain. The organisation might even be able to set sustainability standards in the market (possibly in cooperation with other companies, NGO's, and government). In contrast, if the organisation is operating in a mainstream market, the procurers influence is lower. In case of a mainstream market, the organisation could work with national standards (e.g. ISO-certification) which can be sharpened over time.

Scope to do more — High	Long-term objectives	Top Priorities
Low	Non-starters	Priorities
	Mainstream	Niche

Market

4. Creation of an enabling environment

Better engagement with suppliers, would allow more benefits to be realised. However, besides developing supplier relationships, a further aim should be to encourage wider adoption of sustainable procurement through partnerships between governments, organisations, industry, business, education centres, and the non-profit sector (UIKSP Task Force, 2006; APCC, 2007; MVO Nederland & Cramer). Fostering a viable market for sustainable products and services can be done by supporting businesses and industry groups that demonstrate innovation in sustainability; besides supporting suppliers that are socially responsible and adopt ethical practices. Creating an *enabling environment* for sustainable development can be done by collaborating with all spheres of government, industry, and business to stimulate a market for sustainable products and services. Therefore, the organisation should becoming signatories to, and participants in, national commitments and government programs to improve sustainable development; for example, the Electronic Industry Code of Conduct and MVO Nederland.

6.1.3. Operational Level

Having set the SRP goals and prioritized its action, the organisation should integrate the SRP practices in the day-to-day procurement activities. Following Figure 13, operations has the most impact at the specification, selection, and evaluation phase, which will be discussed next.

The extent specifications are fixed

The extent of influence on purchase process

| Determining Specifications | Selecting Supplier | Contracting | Ordering | Expediting and Evaluation | Follow-up and Evaluation |
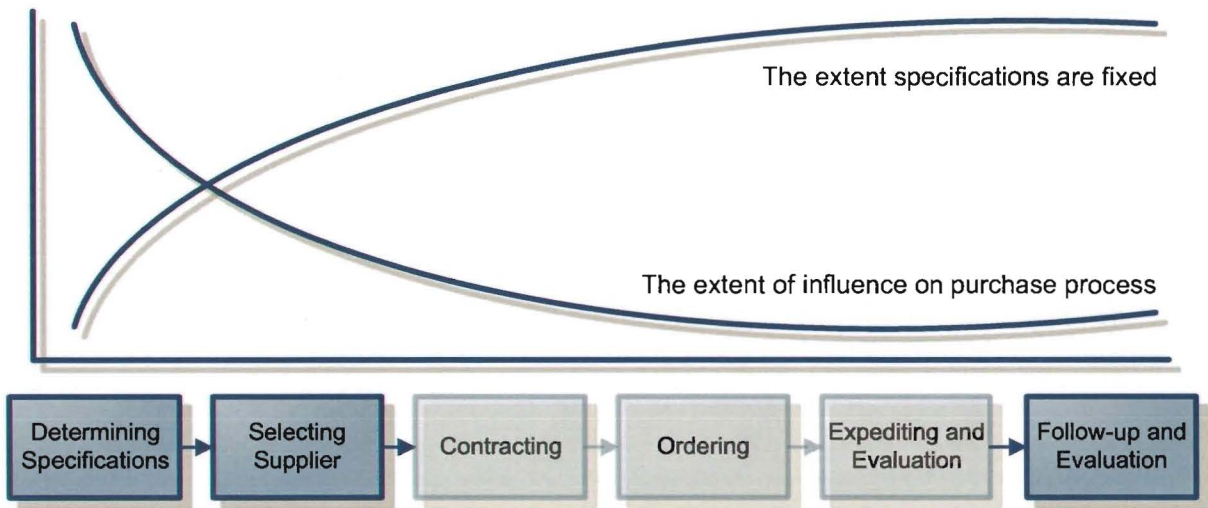
Figure 13: Operational Purchasing Process

1. Determine Specifications

It is essential to introduce the sustainability criteria upfront, as part of the specifications, to avoid any potential conflict later in the procurement process between buying social responsible and securing value for money.

There are three main types of sustainable specifications to be used. First, process specifications specify the way in which the product is grown, manufactured, or delivered. Second, attribute specifications specify a physical characteristic of the product. Third, performance specifications specify the level of performance required. The specifications could be used to exclude undesirable features as well as to specify positive aspects. In Table 5 examples of sustainable environmental related specifications are given.

Process Specify the way in which the product is grown, manufactured, or delivered.	Organic Free range Sustainably managed timber and fisheries	Renewable energy Chlorine free paper
Attribute Specify a physical characteristic of the product.	Recycled content Mercury free Non-toxic	Disposable/reusable Hybrid transmission
Performance Specify the minimum level of performance required.	Energy/fuel efficiency Carbon emissions Water efficiency	Minimum usage life Strength/durability Nutritional content

Table 5: Examples of environmental related specifications

2. Manage supplier performance

To adopt sustainable practices organisations should support and stimulate suppliers' sustainable development. Four ways to do so are presented below:

1. Supplier commitments

Informing suppliers and thereby achieving supplier commitment can be done by sending out the code-of-conduct and starting a dialogue with the suppliers. A code-of-conduct is a document that presents a number of social and environmental standards and principles that the company itself and its suppliers or contractors are expected to observe. Furthermore, constructive debriefing of suppliers, both winners and losers, might be influential in changing supplier perceptions of the new importance of sustainability criteria. An important enabling measure is to indicate that "variants" will be considered. On the one hand, this allows the supplier to offer improvements to the specification as an option – thereby compensating for a lack of buyer knowledge.

2. Supplier development

What cannot be delivered immediately through the tender process can be targeted through supplier development. Although this can be made a requirement through "terms and conditions", this is usually achieved on a voluntary basis – being mutually advantageous for both customer and supplier. Potential initiatives could include supply chain carbon foot-printing, efficiency improvements review, or Environmental Management System implementations. As these activities may require significant resource and investment, they are most successful within the context of a long-term supplier relationship.

3. Rewarding exceptional performance

In the absence of good market intelligence, buyers may be unsure how challenging to make their specifications. Whilst specifications can set a minimum standard, evaluation criteria can be used to reward performance or features beyond this. This approach can also be used where one supplier clearly outperforms the marketplace but a buyer is reluctant to narrow down competition to this extent.

4. Gain share and Incentives:

Although there are many examples where profitability and sustainability go hand in hand for suppliers, there are occasions where improving sustainability is not in the suppliers' short-term financial interests. For example, water, gas, and electricity suppliers may be reluctant to suggest efficiency improvements, which will reduce the value of their bills, or waste contractors who are paid by the tonne may have little interest in reducing waste at source or improving recycling and composting.

In these cases, a combination of incentives and penalties may be necessary to align profits with sustainability. This also benefits purchasers by transferring risk and linking cost savings with contractor profitability. Examples from the waste industry include:

- Target driven bonus: Contractor is paid a bonus on achieving desired recycling rates
- Savings gain share: Savings from reducing waste and improving recycling are shared between customer and contractor in an agreed split
- Fixed price contract: Contractor is paid a fixed price regardless of changing waste volumes: contractor makes more profit by reducing waste volumes.

3. Monitoring & Evaluation

To check whether sustainability has been taken into account at each stage of the purchasing process, it is useful to establish monitoring and reporting systems that demonstrate progress against the

sustainable procurement targets. Sustainability might for example fit into the balanced scorecard approach used by many private sector buyers. Social and environmental performance can be monitored and scored alongside quality, delivery, service, and costs. Should any individual's score or the combined total show a downward trend or fall below an agreed threshold, corrective action needs to be taken. Moreover, sustainable procurement could for example be reported into annual performance reports or the annual sustainability report.

To monitor the suppliers, buyers should remain in regular contact with their internal customers and users to ensure quality remains adequate and that there are no unexpected changes to design and specifications. Supplier code-of-conducts, however, have little effect unless companies are monitored and compliance is enforced. This has led organisations to include clauses relating to conduct in the terms and conditions of supply. By signing such contracts, business partners agree to comply with the company's code-of-conduct. However, companies have realised that these standards have no actual effect unless the company's business partners are monitored and required to follow them. The level of monitoring can vary from asking for guarantees and/or underlying documents to verify the code-of-conduct compliance, requiring self-assessment, or conducting supplier audits as shown in the figure below.
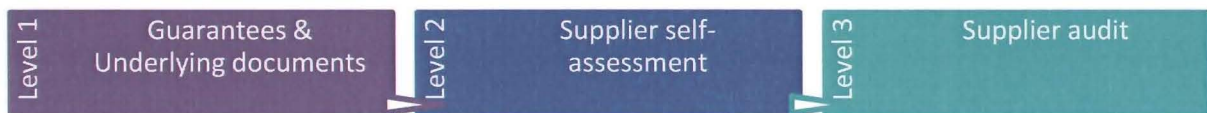
| Level 1 | Guarantees & Underlying documents | Level 2 | Supplier self-assessment | Level 3 | Supplier audit |

Figure 14: Level of monitoring supplier code-of-conduct compliance

6.2. Four phase model

As stated in the assignment description, which can be found in paragraph 4.1.1, the SRP model should (1) provide a place to start, (2) common language and shared vision, (3) a framework for prioritizing action and (4) a way to define what improvement means for an organisation. To do so the SRP Framework needs to be split up into phases that indicate the maturity levels an organisation is going through when executing SRP.

In chapter 2.1.3 a phase model to measure the performance of CSR has been presented, the RDAP scale. The RDAP scale, however, starts measuring at the point when organisations still deny their social responsibilities towards its stakeholders (phase 1, reactive) and when organisations may implicitly acknowledge the existence of stakeholder issues but still avoid to address these issues (phase 2, defensive). Goal of the SRP-Framework is to guide the implementation of SRP into practice, starting when organisations actually address its stakeholder issues. Thus, the SRP Framework starts at the third phase of the RDAP-scale.

When an organisation addresses its stakeholder issues, it can do so in two ways following the RDAP-scale. First, it will adopt an accommodative strategy (phase 3), the organisation accepts its responsibilities, does all that is required by its stakeholders as long as it does not impair established organizational processes and financial performance. Second, it will adopt a proactive strategy where the company systematically anticipates, surveys, addresses stakeholder demands, and does even more than required. However, as will be shown in the following paragraphs the model of SRP will be extended with two more phases.

6.2.1. Strategic level

To link the strategic level to the four phases at tactical level it is recommended to start with a simple sustainable procurement policy, which states the overarching sustainability objectives (e.g. human rights, environment, and safety). A simple SRP policy is easy to communicate to staff and key suppliers and a useful tool to create awareness about SRP. The second step is to ensure the policy is part of a wider sustainable development strategy and to augment the sustainable procurement policy into a strategy covering risks. The third step is to link the sustainable procurement strategy to creating added value, in particular recognising the potential of new technologies. Finally, the policy should recognize the whole supply chain as essential to achieve sustainability goals. Since an organisation will not be able to accomplish this on its own, it is important to work together with other companies, governments and NGO's to create an enabling environment that facilitates SRP.

The same holds for the SRP goals and KPI's. At the beginning, the goals should be simple and easy to reach to stimulate people to start with SRP. In the second and third phase, the goals should be focussed on the SRP risks or the key spend areas. Finally, the goals should be set in cooperation with the partner organisations.

6.2.2. Tactical level

Resulting form the document analysis the tactical level can be subdivided into three phases, a focus on ease of implementation, risks, and scope to do more respectively. The benchmark analysis adds an extra phase, that is, when an organisation itself does not have the power to change its supply chain, it should work together with other organisations.

Thus, when prioritizing action it is important to focus on the projects that are easy to implement first. Second, it should be focussed on projects with a high risk, or large spend areas with a high risk. An organisation should cover all its risks at a minimum level. Third, having covered its risk at a minimum level, the organisation should focus on the spend areas or projects it has the ability to influence its suppliers and to do more. Fourth, when the organisation cannot influence the supply chain by itself, it should focus on the cooperation with other organisations to set a sustainability standard. Subsequently, activities at strategic and operational level can be aligned with the four phases at tactical level.

When an organisation is focussing on its SRP risks, this is in line with the accommodative strategy according to the RDAP-scale, which is doing al that is required. When an organisation is focusing on areas where it can do more, this is in line with the proactive strategy according to the RDAP scale. However, at the beginning an organisation could focus on easy to implement projects to create awareness and credibility for SRP first, which can be identified as the take of phase of SRP. Furthermore, the proactive phase can be split up into an inward versus outward strategy. That is, having done everything what is in the power of the organisation, the organisation could shift to an outward focus and trying to make SRP improvements by cooperation with other organisations. Therefore, the SRP Framework will consist of four phases as presented.

6.2.3. Operational level

At operational level, actions are taken to put the strategy and decisions made on tactical level into practise. These activities, purchasers carry out on a day-to-day basis like setting specifications, supplier selection, monitoring, and evaluation.

In the beginning, the specifications may just stress legal compliance or state minimum acceptable performance. Over time, the specifications can be sharpened up to increase sustainability. Managing suppliers starts with creating commitment by informing suppliers about SRP. Next step is to reward performance and develop suppliers to improve their SRP. Monitoring the suppliers varies from sending out the code-of-conduct, supplier self-assessment and auditing suppliers.

6.3. Drivers & Barriers

Procurement systems can be resistant to change, not only because professionals dislike to change the way they 'have always done it', but also for unexpected reasons. Therefore, communicating the policy is the first important thing to do. However, there are other drivers and barriers of SRP, which either stimulate or prohibit the implementation of SRP.

In order to implement SRP, it is important to consider the governance elements which will facilitate the implementation of SRP. These include amongst others strong and supportive leadership together with training programs to promote awareness of sustainable procurement throughout the organisation. The total set of drivers and barriers found throughout this research will be discussed next.

People & Culture

Carter & Jennings (2004) suggested that a people-oriented organisational culture, which supports values such as fairness and the desire to be good corporate citizen, leads to significant greater levels of SRP. Additionally, they found amongst others that the extent to which employees have individual values that are compatible with socially responsible actions play a crucial role when employees decide to initiate actions on their own, or when employees are chosen to develop or mange a SRP project. Therefore, managers should stimulate its employees and shape an organizational culture that encourages such characteristics as embracing the desire to be a good corporate citizen, being fair, and being supportive. The following examples may help managers to shape such a people-oriented organizational culture, which in turn positively influences SRP.

During the field research, creating awareness of the importance of SRP among staff and suppliers is often mentioned as one of the first things to do. Communicating the CSR and SRP policy is one thing, as important is to communicate why one should bother about CSR and SRP. To create a sense of emergency, five reasons have been identified:

1. Corporate Reputation

"Trust comes by foot and goes on a horseback" (Collignong et al, 2007). While it costs companies many years to build their brand a reputation, they can be damaged very quickly. Rebuilding damaged company and product brand reputations can be time-consuming and costly. In today's markets, intangible assets such as brand value are very important for companies. Particularly in this period of "mass" communication, companies can be quite sensitive to reputation damage. Of course, what is stated above can also be put the other way around. Companies can maintain and enhance their reputation with responsible purchasing initiatives (Cramer, 2003).

2. Legislation and quasi-regulation

The European Union and national governments are introducing legislation which forces companies to take action in their supply chain. In addition, there are many multilateral and sector codes of conduct

like the OECD, Global Compact, and EICC, which stress the importance of responsible purchasing strategies and stimulate companies to take action. Although these codes do not have a formal legal status, in practice they often have been regarded as a quasi-regulation and become common practice (Collignon et al, 2007).

3. Social Crises
SRP helps companies to become more receptive to (early) societal signals. It enables them to respond to environmental and social concerns, such as growing scarcity of natural resources, climate change or food safety.

4. Stimulate Innovation
SRP can stimulate or force a company to search for alternative products or services that are in line with environmental and social requirements. In this way, innovation can be encouraged.

5. Peer pressure
Finally yet importantly, in many cases a more straightforward reason to become active is being competitive. As competitors undertake activities concerning their suppliers and profile their selves more explicitly, peer pressure increases.

Creating a sense of emergency is the prerequisite to change the organisation into a social responsible organisation. Employee's and suppliers may be reluctant to change because they may not understand that there is a problem, differ in opinion about the suggested solution, have a low willingness to change, do not trust the change organisation or face a conflict of interest. To overcome the reluctance to change communicating the emergency to change is a first step into the right direction. However, other barriers of SRP should be removed to change the organisation.

Organizational Structure and Decision Making
Poor organisational design and decision making is a significant root cause of the inability to procure efficiently or sustainable. Depending on how purchasing is organised, the organisational structure plays a more or less important role when implementing SRP.

Differences exist in purchasing operations between companies, even if they operate in the same type of industry. The purchasing development model, presented by Van Weele (2005), provides a picture of the stages companies may go through when they want to develop purchasing professionalism. The model starts at stage 1 where the primary task of purchasing is to find appropriate suppliers and ensure that the plant does not run our of raw materials, while finally at stage 6 the purchasing strategy is based on the recognition that most important for success is delivering value to the end customer. A prerequisite before implementing SRP is to understand the way the procurement system works and environmental, social, and economic processes fit together. However, this does not imply that an organisation at stage 2 of the purchasing development model cannot implement SRP at all. However, is does mean that an organisation should professionalize its purchase organisation to take SRP to the next level. Due in part to the poor organisational design and resource constraints in some industries SRP practices may lag behind best practice in other industries. By encourage a strategic approach to procurement SRP can be promoted (REF).

Management Support
According to Carter & Jennings (2004), top management leadership and support has long been praised as a key driver of organizational change and the implementation of new programs and

activities. This field research indeed suggests that top management leadership does have a direct effect on the successful implementation of SRP. If there is one key driver for all of the reviewed documents it is that sustainable development is driven from the top down.

Therefore, a first step to gain high-level commitment to sustainable procurement is to get the CEO to sign the sustainable procurement policy. Getting the policy signed by the CEO engages them with the agenda and communicates his top-level support. In addition, (top) management should champion the policy to provide a mandate for action. Subsequently, it is important to clarify the ownership of SRP and incentives systems should either reward SRP or punish failure to comply with existing policies.

The lack of consistent leadership on sustainable procurement emerged as a key barrier. Thus, if (senior) management is unconvinced, SRP will not happen. Therefore, business leaders should recognise the key role that commitment from their chief executives makes to improve performance and visa versa. If procurers lack direction from the top of their organisations, they will not give priority to delivering sustainable procurement. To address this, a clear commitment from the very top of the organization down through the management layers of the organisation is recommended.

Knowledge

Developing the capabilities to deliver sustainable procurement is essential. Therefore, commitment to training and education for procurers as a robust knowledge base on the sustainability impacts of products are required (REF). Moreover, poor knowledge or information management may be a barrier of SRP, as it severely hampers co-ordinating collaborative procurement interventions and measuring benefits.

Therefore, it is important to support staff by identifying tools, techniques, monitoring arrangements, guidance, and resources that should be drawn upon. Ensure that staff has the appropriate skills, knowledge and access to information sources to apply the principles and practices of sustainable procurement. Consider for example the establishment of a core of expertise to assist and advise the organisation on sustainable procurement processes and practices. Alternatively, provide practical guidance and tools to assist practitioners in the delivery of procurement outcomes that satisfy sustainability objectives. Moreover, the organisation could adopt measurement tools like written policies and communications materials, prequalification of suppliers (using social, environmental, and economic criteria), purchasing guidelines, and supplier partnerships.

Overall, sustainable procurement cannot be undertaken effectively unless procurement activities in the round are carried out professionally and effectively, all procurement should be carried out by people whose procurement skills have been developed appropriately.

Budgetary Mechanisms

There is a widespread misconception that more sustainable products carry a significant premium. In many cases, no premium exists. In the majority of instances, additional costs are rapidly recovered through whole life cost savings. Assessing the whole life value of goods and services might even represent significant opportunities for long-term efficiency gains. Moreover, procuring un-sustainability causes knock-on costs to society through social and environmental damage. These costs are likely to be 'externalities' which are not accounted for by a given department because they will fall on other departments or organisations. A more detailed analysis might identify costs for the

organisations as a whole or even for society. In this way, social and environmental "externalities" can be reflected – such as the impact of carbon emissions or health on the economy.

Thus, it is important for organisations to move away from a preoccupation only with short-term, easily accountable financial costs towards a more sophisticated appreciation of whole-life (or best value, life cycle or total cost of ownership) costing approach. However, it is difficult to implement whole-life-costing in practice. The focus is on lower upfront costs. Cost reduction programmes and budget savings are perceived to be a barrier to sustainable procurement. Organisations are pressured to achieve short-term cost cuts even at the expense of service delivery. Other barriers are the split between management of operation and capital budgets, and the uncertainty on how to take account of non-monetary benefits. The separation of capital and revenue budgets is a common barrier to sustainability and long-term value for money. This is particularly significant on construction contracts – where additional energy saving measures may be unaffordable within the capital budget, even if they offer annual revenue savings. Moreover, the need to make yearly budget savings can hinder the achievement of longer-term savings. In instances where a higher initial cost will lead to ongoing savings but is ruled out on the grounds of the annual budget. Departments may also be inclined to ensure they spend up to their limit in order to ensure their budget is not reduced for the next financial year. This could lead to unnecessary procurement, or associated financial, environmental, and social costs.

Accounting systems usually make limited provisions for factoring-in costs which are difficult to anticipate or which will not fall to the department or organisation making the procurement decision. There is, however, limited advice on this topic. The best is to specify sustainable solutions in order to avoid negative externalities.

6.4. Concluding: The SRP Framework

Putting together the three different levels of purchasing activities and the four phases an organisation is going through, the SRP Framework looks like the matrix presented in Figure 15.

Phase 1: Take-off

At the take-off phase, an organisation starts with SRP. As SRP is part of CSR, a simple SRP policy should be derived from the overall corporate sustainability strategy. A simple SRP policy is easy to communicate to staff and key suppliers and a useful tool to create awareness about SRP. Besides a sustainable procurement policy, sustainable procurement should be reflected in organisational goals and management performance indicators to outline the organisation's timescales and targets. When starting with SRP the organisational goals and KPIs should encourage buyers to adopt SRP, which can be done by building quick wins and identifying flagship projects to demonstrate good sustainable procurement practice at tactical level. At operational level, the key contracts that are easy to implement should include general sustainability criteria.

Phase 2: Risk Mitigation

In the next phase, the SRP policy and organisational goals should be augmented into a strategy covering risks. Organisations for example run the risk to damage their reputation, especially when they are claiming to be social responsible. To cover risks, the organisations should first assess its sustainability risks, which can be done, based on the prioritization matrices. Second, minimum

common standards should be identified to cover the (main) risks. To identify those standards a dialogue with stakeholders, internal as well as outside the organisation are important. To put risk mitigation into practice, sustainable product specifications should be formulated and suppliers should sign the code-of-conduct. To monitor suppliers, supplier self-assessments or supplier audits should be in place.

Phase 3: Value Creation

The third phase in the SRP-Framework is value creation. To go from risk-mitigation to value creation an organisation should, therefore, raise the bar and set goals that are more demanding. Conducting a spend analysis and using the prioritization matrices as presented in Section 3.2., the organisation can determine in which supply chains it has the power to make a change. Taking into account the complexity of the supply chain, an organisation should "choose its battle", that is, the spend areas of its supply chain the organisation is capable to take responsibility.

To create value, the organisation should stimulate its supplier's sustainable development. To meet the more demanding product specifications, a supplier improvement programme should be in place. Therefore, organisations should keep in close contact with its suppliers and foster a dialogue to discuss sustainable improvement opportunities. Besides, suppliers can be stimulated by gain-sharing and rewarding exceptional performance.

Phase 4: Sustainable

In the last phase, organisations stake everything to improve the sustainability of its supply chain. The organisation has an outward focus and its policy recognizes its whole supply chain as essential to achieve sustainability goals. Moreover, suppliers recognize they must continually improve their sustainability profile to keep client's business.

In the last phase, the organization should create an enabling environment as one of the means to encourage the market to offer sustainable solutions. This platform provides a mean for procurers to encourage dialogue with suppliers and to encourage wider adoption of sustainable procurement through partnerships between governments, organisations, industry, business, education centres, and the non-profit sector. Moreover, fostering a viable market for sustainable products and services can be done by supporting businesses and industry groups that demonstrate innovation in sustainability. Therefore, the organisation should participate in national commitments and government programs to improve sustainable development.

Drivers & Barriers

At last, whether actual or perceived, it is recommended to remove barriers to sustainable procurement. Many of the barriers commonly cited by procurement officers should not prevent the use of procurement as a tool to support CSR objectives. Increasing professionalism and a strategic approach to coordinating procurement at large is vital to achieving this.

		Take off	Risk Mitigation	Value Creation	Sustainable
Strategic	**Policy**	Simple SRP policy, as part of CSR strategy, in place.	Augment the SRP policy into a strategy covering risks.	Link strategy to creating added-value.	Policy recognizes the whole supply chain as essential to achieve sustainability goals.
	Goals & KPI's	Easy to reach goals are set and linked to show-case projects	Goals are linked to SRP risk areas and projects	More challenging goals are set for the key spend areas	Goal setting in cooperation with partner organisations
Tactical	**Prioritization of Action**	Prioritisation of SRP projects based on ease to implement	General sustainability risks assessed and used for prioritisation	Supply chains for key spend areas have been mapped and used for prioritization	Create an enabling environment for SRP
Operational	**Determine specifications**	Small set of specifications for easy projects	Set of minimum specifications	More demanding specifications in place	Setting standards in the market
	Manage supplier performance	Focus on supplier commitment-	Rewarding exceptional performance	Supplier development programme in place	Gain share and incentives
	Monitor & Evaluate Outcomes	Code of conduct sent and signed by al suppliers	Ask of guarantees & Self-assessment	Audit in place to assess risk suppliers	Monitoring of total supply chain

People & Culture   Organisational structure   Management support   Knowledge   Budgetary Mechanisms

Figure 15: SRP Framework and its drivers and barriers

7 | SRP at the Rabobank

In the previous chapter, the SRP Framework has been presented. In this chapter, it will be shown how to use the SRP Framework by evaluating the SRP practices at the Rabobank. As presented in Chapter 2, the Rabobank has concluded that it needs to consider environmental and social aspects when purchasing. Using the framework the present situation of Rabobank's SRP practises will be analyzed and subsequently guidelines for improvement will be given.

7.1. Introduction

The evaluation of the Rabobank is based on a series of semi-structured interviews and document analysis as discussed in Chapter 4. The term 'documents' should be interpreted as all relevant information codified in written documents, presentations, the internet- and intranet facilities of Rabobank Nederland. A semi-structured interview is more flexible than a structured interview, allowing new questions to be brought up during the interview because of what the interviewee says. The interview protocol as well as an overview of the persons interviewed can be found in Appendix F.

It is important to note that only ten people, both within and outside the purchasing department, have been interviewed. Moreover, most people were actively involved in SRP which might bias the outcome of the analysis. However, the interviewees gave a good impression of how the Rabobank could improve its SRP practices.

On the one hand, the interviews are the basis of the "gap analysis" between the SRP Framework and Rabobank's SRP practices. Following the logic of the SRP-Framework, "gaps" between the SRP-Framework and Rabobank's SRP practices were identified. On the other hand, it was asked whether the "gaps" were relevant to the Rabobank, that is, should the Rabobank implement the missing elements of SRP.

In this chapter, the current state of affairs of Rabobank's SRP practices will be analysed and recommendations for improvement will be given. The discussion will follow the logic of the SRP-Framework as presented in Table 6. An evaluation of the SRP activities at strategic, tactical, and operational level can be found in section 7.2, 7.3., and 7.4 respectively. Moreover, the drivers and barriers of SRP at the Rabobank will be evaluated in section 7.5.

Level	Evaluation Questions
Strategic	(1) Does the organisation have an SRP strategy?
	(2) Has the organisation set SRP related goals?
Tactical	(3) Does the organisation have an SRP action plan?
	(4) Does the organisation work with other organisations on SRP?
Operational	(5) Has the organisation determined SRP specifications?
	(6) What is the role of suppliers in SRP?
	(7) How does the organisation monitor & evaluate SRP?

Table 6: Checklist

7.2. Strategic level

7.2.1. Evaluation

The assessment of Rabobank's SRP practices will start with an evaluation of Rabobank's SRP strategy and policy. Questions that have been asked are: (1) does the Rabobank have a CSR and or SRP strategy and, (2) has the Rabobank set SRP related goals and KPI's?

1. Does the Rabobank have a CSR and or SRP strategy?

At corporate level, the Rabobank formulated its CSR ambition, which can be found in its annual sustainability report. The ambition statement includes the four basic values of the Rabobank: respect, integrity, professionalism, and sustainability. The Rabobank also formulated a Code-of-Conduct in which it states how the Rabobank wishes to act vis-à-vis its customers, partners, employees, and society in general. Both the CSR ambition of the Rabobank and the Code-of-Conduct are communicated throughout the whole organisation using the website, e-mails, trainings etcetera.

All the interviewees were aware of the CSR ambition of the Rabobank and think CSR is an important thing to do nowadays. Referring to Al Gore's movie "An Inconvenient truth" and child labour scandals everyone was convinced that the Rabobank should reckon with the environment and society it operates in. Each of the interviewees could mention a few examples of sustainability projects within the Rabobank. It follows that reducing the impact the business operations have on people and the environment is high on the list of priorities. In 2006 for example, the Rabobank worked on this by broader implementing energy management throughout the organisation, introducing more fuel-efficient company cars, FSC paper, combined waste disposal and the next step is to make business operations climate neutral by voluntary CO_2 emission compensation.

Having such an extensive CSR strategy, the next step is to embed CSR in the day-to-day procurement practices further. Therefore, in its procurement policy of 2006, Rabobank included for the first time a SRP paragraph. The procurement policy states that the Rabobank strives for a balance between the economical, environmental, and social dimensions of business. On the one hand, purchasers have to reckon with *human right* aspects of SRP. These aspects are in accordance with the United Nations Declaration of Human Rights and imply that the Rabobank will not conduct business with suppliers that violate human rights, make use of child labour, or situate in a politically unstable situation. On the other hand, purchasers have to reckon with the *environmental aspect* of SRP: reducing the use of natural resources, choosing for processes and products which have a minimal environmental impact, and compensating for negative impacts on the environment. Here the Rabobank wants to do more than comply with legal regulations.

In addition to the SRP paragraph in its purchase policy, RCI also came up with a SRP document in which it stated its SRP strategy. Since 2006, RCI's strategy is to implement CSR aspects that are in line with the overall CSR policy in all its purchasing activities, at reasonable economical conditions, to improve quality, to limit the total cost of ownership, to gain a market advantage and to limit negative publicity. In Dutch, the goal is formulated as follows:

"Het waar mogelijk en noodzakelijk implementeren van MVO (maatschappelijk verantwoord ondernemen) aspecten, tegen bedrijfseconomische verantwoorde voorwaarden, in de reguliere inkooppraktijk, om hiermee recht te doen aan de duurzaamheidambities van de Rabobank Groep, ter borging van kwaliteitsaspecten, ter beperking van de integrale cost of ownership, om

exploitatievoordelen te kunnen realiseren en imagoschade door aanschaf van maatschappelijk minder gewenste producten of diensten te kunnen inperken."[9]

Concluding from the interviews, the SRP strategy has not been clear to everyone. All interviewees do know the Rabobank is working on SRP and the importance of SRP is clearly communicated. However, the interviewees are not aware about the strategy as formulated above or the direction RCI is going to the upcoming years. Although the interviewees cannot formulate the exact strategy, many practical examples of SRP are given. To illustrate Rabobank's SRP strategy the supplier self-assessment, environmental measures that should be taken (i.e. the reduction of energy use), or the fact that SRP is part of RCI's cost-value-risk evaluation have often been mentioned as an important part of the SRP strategy.

2. Has the Rabobank set SRP related goals?

Besides the SRP strategy, concrete goals and KPI's should be identified. One of the interviewees mentioned as an important goal that all the strategic suppliers of the Rabobank should be sustainable, that is, complying with the social and environmental requirements of the Rabobank. To achieve this goal, SRP will be part of the strategic supplier development programme. However, half of the interviewees think the Rabobank could improve its goals regarding SRP. Goals mentioned are the execution and follow up of the supplier self-assessment and the implementation of the MVO-check in itself, which should be improved by setting the results of the self-assessment and MVO-check as goals. For example, eighty percent of all the suppliers should participate in the self-assessment or fifty percent of all purchase projects should pass the MVO-check.

7.2.2. Recommendations

Before starting with SRP, an organisation should look at the internal processes first. Rabobank did so by formulating its CSR ambition and code-of-conduct at corporate level and internally starting up CSR activities like the Rabobank Foundation and developing products like the green credit card and climate mortgage. The next step has been to embed CSR in the day-to-day procurement practices by adopting a sustainable procurement policy that focuses on both human rights and environmental aspects of SRP. Although the SRP strategy of RCI could be improved by formulating it in line with the four phases of the SRP Framework, most important at strategic level is to sharpen up the SRP goals & KPI's and to link these to the incentive system.

Besides the sustainable procurement policy, SRP should be reflected in organisational goals and key performance indicators (KPI). Overall, the goal formulation seems a bit vague and hard to measure. To make the goal-statement more manageable it should be supported by SMART (specific, measurable, acceptable, realistic, and time-based) targets. Goals and KPIs are useful to measure progress and to monitor SRP performance, examples can be found in Chapter 6.

As the Rabobank strives for sustainable value creation, the goals could be linked to the risks and opportunities identified. Currently the Rabobank is working on a new subject regarding SRP, the reduction of CO2 emission. Therefore, goals and KPI's could for example be directly linked to this kind of projects.

---

[9] Adopted from: "Maatschappelijk Verantwoord Inkopen: Plan van Aanpak 2007", version 1.0, 23 Februari 2007

Moreover, it is important to set the KPIs at all levels of the organisation from management to purchasers. KPI's relating to SRP could therefore differ per person, depending on the purchase projects they are working on.

7.3. Tactical level

7.3.1. Evaluation

At tactical level, the Rabobank should map its road to sustainable purchasing. To verify whether the Rabobank has made a plan to prioritize its action and has an inward versus outward focus concerning SRP the following questions were asked: (3) Does the Rabobank have a SRP action plan and, (4) does the Rabobank work with other organisations regarding SRP?

3. Does the Rabobank have a SRP action plan?

The Rabobank has a plan of action. The plan of action identifies eight activities that should be carried out to implement SRP:

1. Implement MVO-Scan
2. Add SRP section at the purchase website
3. Execute supplier assessment
4. Implement supplier code-of-conduct
5. Improve the purchasing process (identifying specifications)
6. Improve Raboshop
7. Communicate SRP throughout the organisation
8. Reporting on SRP

However, the actions listed should be carried out at the operational purchase level. On a tactical level, only little prioritization methods to identify risks or opportunities for SRP were found. The only way of prioritization mentioned has been the focus on strategic suppliers. Within the general strategic supplier development programme, one of the items evaluated is SRP. Therefore, the supplier self-assessment and follow up were concentrated on these strategic suppliers.

According to the interviewees it felt like the SRP projects that were carried out were of a more ad hoc nature and depended on the initiatives of individual employees than that they were based on a kind of prioritization method. Thus, the interviewees agreed that the Rabobank does not have a clear roadmap to sustainability and prioritization of purchase projects or spend areas would make SRP more feasible and transparent. Instinctively purchasers might recognize SRP risks when they occur, for example when buying customer gadgets in China. However, the interviewees think it is important to identify the major sustainability risks and the spend areas in which the Rabobank is able to make a real difference in a more constructive way to be able to anticipate risks and opportunities.

4. Does the Rabobank work with other organisations on SRP?

One example of cooperation between the Rabobank and external parties has been found as presented in the article in Appendix G. In brief, the Rabobank worked together with its supplier (Moonen Packaging) and an NGO (NatureWorks) to develop a fully compostable seal to package its magazines. This project is a good example of how purchasing could cooperate with external parties to develop more sustainable products. The project should serve as a showcase stimulating the

Rabobank to cooperate more with suppliers, NGO's, or even sector wide partners in order to develop its sustainability.

7.3.2. Recommendations

When starting with SRP, activities are focussed on creating awareness and confidence building among employees by carrying out flagship projects and generating quick wins. The Rabobank did so by starting several social and environmental responsible projects. The success stories like the FSC certified paper, biological catering and Max Havelaar coffee are spread-out throughout the organization to create awareness and motivate other people for SRP.

Important is to keep the spirit going and to include social and environmental aspects in a more structural way into the purchasing process, starting by identifying SRP risks. Therefore, it was analyzed whether social or environmental aspects play a role in the purchasing process of each of the product categories, 35 of the 55 commodity groups were identified as relevant. From April 2006 until April 2008, 150 SRP relevant projects identified implying that there are about 75 SRP relevant projects a year. Due to limited time and resources, however, it is difficult to put as much as time and effort needed in each of those projects to successfully integrate social and environmental aspects, half of the projects that were finished by April 2008 failed to include the SRP aspects successfully.

As a first step, within the set of SRP relevant products, prioritization should be made based on the risks a purchase project could bring about, evaluating what kind of risk, impact of the risk and the probability the risk will occur. Intuitively, the Rabobank might already pay special attention to projects with a high sustainability risk, for example the building project of the new head office. However, to be sure the Rabobank does not overlook anything a risk assessment as explained in Chapter 6 would be recommended.

Subsequently, having identified and covered all risks at a minimum level, the Rabobank could move to the next phase. In the value creation phase the Rabobank should focus on the spend areas of its supply chain where it is able to make a difference, i.e. it should choose its battle. Therefore, the Rabobank should identify for its supply chains whether it is operating in a niche market or a mainstream market and it should identify whether the scope to do more in such a supply chain is either high or low. Supply chains for which the Rabobank is working in a niche market and the scope to do more is high should be identified as top priorities following the prioritization method presented in Chapter 6. Subsequently, supply chains for which the scope to do more is high but where the Rabobank is operating in a mainstream market can be identified as long-term objectives and could be tackled in the fourth phase of the SRP Framework.

In the fourth phase as well as last phase of the SRP Framework, the Rabobank could focus on the long-term objectives as identified before. To encourage sustainable procurement in those supply chains the Rabobank should, besides working with its suppliers, cooperate with government, universities, NGO's or other business partners.

7.4. Operational level

7.4.1. Evaluation

To analyse the operational level the following questions were asked: (5) has the Rabobank determined SRP specifications, (6) what is the role of suppliers in SRP, (7) how does the Rabobank monitor & evaluate SRP?

5. Has the Rabobank determined SRP specifications?

At Step 2 of the Rabobank Sourcing Methodology (RSM), as shown in Appendix H, an MVO-analysis is included. The MVO analysis consists of identifying relevant environmental and social product specifications using the MVO toolbox. The MVO toolbox consists of both information and specification sheets for all relevant commodities to help purchaser developing sustainable product specifications.

The opinions about the sustainable product specifications among the interviewees differ. Fifty percent of the interviewees think the specifications are easy to implement and could even be sharpened, while the other fifty percent of the interviewees do not exactly know how to handle the product specifications. An explanation for the different opinions may be the different commodity groups the interviewees are working. The interviewees working on building projects, the new computer data centre and energy reduction programmes found the specifications easy to implement while the others think the specifications are sometimes more "whish-for" criteria then a set of knock-out criteria. Other explanations why the opinion about the product specifications differ may be the personal motivation of the interviewees or the importance of the sustainability specifications in relation to quality and cost reduction criteria.

6. What is the role of suppliers in SRP?

In 2007, the Rabobank assessed the corporate social responsibility of its 150 top suppliers by means of a supplier self-assessment. The interviewees think the self-assessment is a good starting point, but wonder how the self-assessment is going to be followed up. For the strategic suppliers the supplier self-assessment will be followed up in the strategic supplier development programme of the Rabobank. So far, it is unclear if and how the supplier-self assessment will be followed up for the other suppliers.

Furthermore, a supplier code-of-conduct is being developed. Goal is to send out the code-of-conduct to all suppliers to inform them about the sustainability intensions the Rabobank has. Maybe, the suppliers have to sign this code-of-conduct in the future, so far not signing the code-of-conduct will not be a knockout criteria. The interviewees think the Rabobank should implement a code-of-conduct which the suppliers have to sign. One of the interviewees even thinks that not signing the code-of-conduct should be a nock-out criterion.

7. Does the Rabobank monitor & evaluate SRP?

At Step 5 of the RSM, the result of the MVO-analysis is registered in the CRV report of TIM (i.e. the information management system). At the end of each purchase project, the purchasers have to do the so-called MVO-check. However, all of the interviewees question the benefit of the MVO-check. The personal feedback based on the MVO-check is limited. Furthermore, without concrete goals they think it is difficult to monitor and evaluate SRP within the Rabobank.

7.4.2. Recommendations

Specifications

Defining specifications is the most effective stage in the procurement process as in the beginning buyers still have enormous freedom within the specifications they set. Therefore, an important factor that influences the successful implementation of sustainability criteria is time-management. The specifications should be integrated at the beginning of the purchasing when the RFI and RFP are sent to the suppliers. At the end of the purchasing process, when the contract negotiating starts, implementing sustainability criteria is often not possible anymore. The selected supplier will not be able to integrate the sustainability requirements or it will bring about extra costs.

Moreover, to go from the risk-mitigation phase to the value-creation phase the Rabobank should raise the bar by setting more demanding specifications in the key spend areas identified. As followed from the analyses the interviewees disagreed about the quality of the specifications, according to some they were to easy, other found them to complex. An explanation might be that in some areas, the Rabobank is more able as a purchasing party to integrate social and environmental criteria and in other areas; the Rabobank is just a smaller player on the market and has not the power to change the specifications. Therefore, it is important to evaluate what the minimum specifications are to cover risks and in which spend areas the specifications may be sharpened to improve the sustainability.

Supplier Management

As the Rabobank executed the supplier self-assessment among 150 of its suppliers, it informed its suppliers about the importance it attaches to SRP. However, an easier way to inform the suppliers is by sending out a supplier code-of-conduct, which will be done in the near future after all. However, the supplier self-assessment gave a good impression of which suppliers need special attention to become more sustainable. Seventeen suppliers are part of the existing strategic supplier management programme in which sustainability will be one of the performance measures. However, following the prioritization methods at tactical level, suppliers in the key spend areas might need extra support too in order to be able to meet the standards of the Rabobank. To stimulate suppliers to participate in SRP actively, rewarding exceptional performance might be a good stimulus.

Monitoring & Evaluation

Although not all purchasers are convinced, the MVO-check at the end of each purchasing project is valuable, at least the system to evaluate projects is in place and integrated with other aspects of monitoring and evaluating purchasing projects, which should make it easy to use. However, it is the task of the management team to use the system and giving feedback to the purchasers about SRP.

7.5. Drivers & Barriers of SRP

The interviewees were asked what they think are drivers and barriers of SRP. The outcomes of these discussions are presented below.

People & Culture

It is important to stimulate employees and shape an organizational culture that encourages characteristics such as embracing the desire to be a good corporate citizen, being fair, and being supportive. To shape such a people-oriented organizational culture, which in turn positively

influences SRP, the Rabobank communicates its CSR ambitions throughout the organisation. For example, (1) Bert van Heemskerk (CEO) mentioned sustainable development as a point of attention in its New Year speech, (2) the Rabobank Foundation sent an information package to all the employees of the Rabobank to show the good work they are doing, (3) at the intranet staff can find the so-called MVO training to learn about CSR (4) once a month a digital newsletter on CSR is send out to all interested etcetera.

All the interviewees, therefore, agreed that CSR and SRP are import to reckon with when doing business. They realize that the energy will increase in price, the Rabobank cannot lag behind other organisations that are also doing it and CSR, and SRP improves the reputation of the Rabobank. One of the interviewees even thinks SRP is an important stimulus for innovative developments. Thus, the culture and employees personal values will be a stimulus for SRP at the Rabobank.

Organisational Structure & Decision Making

During the interviews with employees of the Rabobank, it became clear that decision making within the purchasing organisation is a complex whole. Regarding SRP, three parties are involved, the vendor managers, RCI and the corporate social responsibility department of the Rabobank Figure 16. It is important to note is that the purchase consultants of RCI are not the budget-owners and are not allowed to decide what product to buy and from which supplier. The business unit managers or vendor managers are the ones that decide in the end which product and supplier will be contracted. Thus, to implement SRP, these parties should all work closely together.
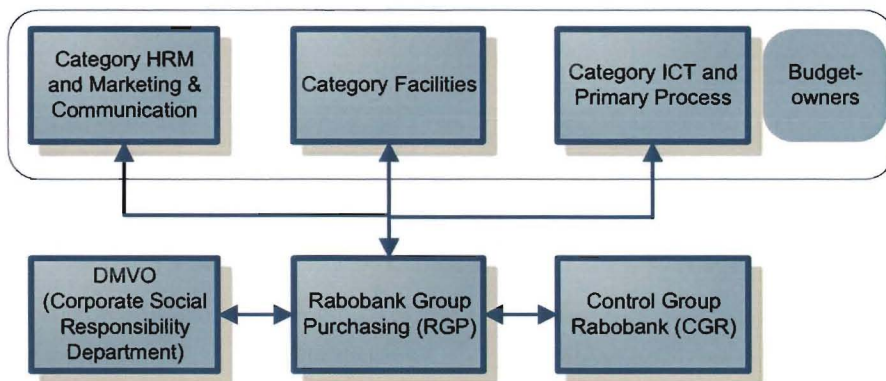
Figure 16: Organisational Design of SRP at the Rabobank

Top management support

Top management at CEO level does support SRP. At RCI, management does also support SRP. However, it remains unclear whether management of the diverse business units supports SRP. Some of the interviewees think management at the BU level is not very much concerned about SRP, while others say they are.

Knowledge

According to the interviewees, knowledge about SRP is a driver of SRP. To help the buyers put SRP into practice, the so-called MVO-toolkit can be found on the intranet. The MVO-toolkit provides information on how to develop environmental and social responsible purchase specifications. However, in some cases this information is very technical and product specific. As a result, for purchasers it may be hard to judge whether specifications are feasible or not. Therefore, more

training on specific sustainability subjects could help to improve the (technical) knowledge of purchasers to improve SRP.

Budgetary mechanisms

The current rules of budgeting do not prevent sustainable procurement, but neither do they encourage and facilitate it. Therefore, it is important to simplify and clarify existing guidance on whole-life-costing and to reinforce the requirement that it is applied in spending. Budgeting arrangements should encourage and support sustainable procurement. Big capital spend programmes should be reviewed to make sure they are meeting high sustainability standards, i.e. building projects.

Ideally a life-cycle (or total cost of ownership or whole-of-life) costing approach should be adopted to quantify the 'total cost' of procuring products including operational performance, as opposed to only taking into account the initial cost. According to the interviewees, it is tried to adopt a TCO approach. However, in some cases one department has to invest in a more expensive product while the savings on the long-term will fall under the budget of other departments. This makes it difficult to implement the TCO approach of costing.

7.6. Concluding: SRP at the Rabobank

Having answered the questions, the SRP Framework was presented to the interviewees. The interviewees were asked to point out where they think the Rabobank fits best within the Framework. The answers ranged from the end of the first phase to the beginning of the value creation phase. However, eight out of ten interviewees think the strategy could be best described as in the risk-mitigation phase. The next step according to the interviewees is to concentrate more on improving quality and creating added value by actively involving the suppliers in SRP.
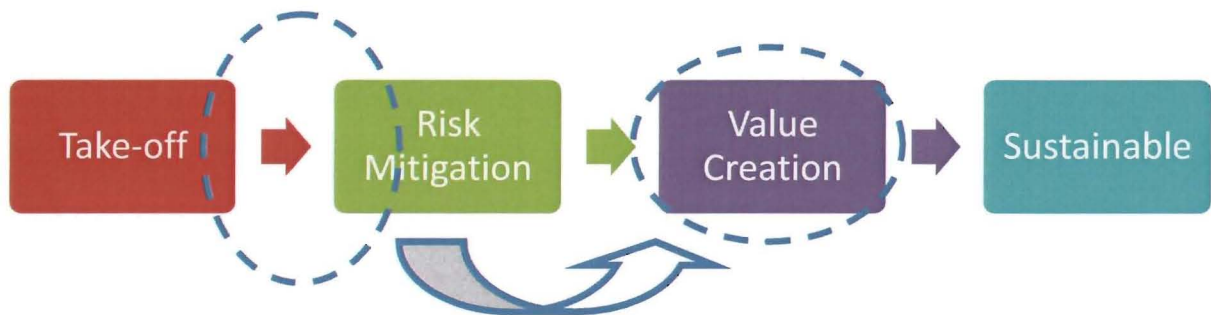
Figure 17: Rabobank's SRP practices going from Risk Mitigation to Value Creation.

Resulting from the questions asked the Rabobank indeed fits best in the second phase of the SRP Framework. The Rabobank is developing a code-of-conduct, sustainable product specifications and executed a supplier self-assessment. Moreover, it created awareness amongst its employees by executing successful SRP projects. Moreover, within its purchase policy, it clearly formulated its sustainability objectives, human rights, and environment. However, there is a discrepancy between the strategic level of SRP and its operational activities.

Overall, the main conclusion resulting from the questions asked above and presenting the SRP Framework to the interviewees is that the tactical level of SRP is missing (Figure 17). The Rabobank formulated an SRP strategy and implemented diverse activities at operational level as formulated in

the action plan. However, the link between the strategic level and operational level is lacking. Therefore, it is unclear what the next step regarding SRP will be at the Rabobank and what activities to focus on first.
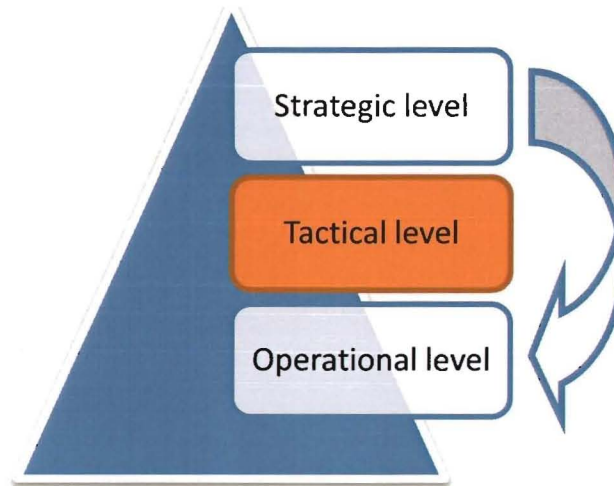
Figure 18: Missing link of Rabobank's SRP practices.

To overcome this discrepancy and to go to the next phase of the SRP Framework, value-creation, the following points of attention are recommended:

- Formulate SMART organisational goals and Key Performance Indicators
- First, conduct a spend analysis and prioritise action according to the risks identified
- Identify common minimum standards to cover the risk by means of a code-of-conduct, in case necessary a risk audit should be in place to verify supplier compliance
- Second, conduct a spend analysis and prioritise action to the key spend areas where the Rabobank has the influence to make a difference.
- Raise the bar and set more demanding goals
- Put a supplier development programme in place to develop the sustainability of suppliers.

8 | Conclusions

This project focused on designing a framework of how to put SRP into practise in order to improve the SRP practices at the Rabobank. This chapter describes both the scientific and practical implications of the research project. First, a number of contributions to scientific literature provided by this research project are discussed. Second, the managerial impactions this project has will be described. Third, the limitations of the research will be evaluated. Finally, some directions for future research are outlined.

8.1. Contributions to Scientific Literature

Social responsible purchasing is one of the frontiers of knowledge and literature on SRP has been limited. So far, the research on social responsible purchasing has been of a descriptive nature, that is, it described what Social Responsible Purchasing is. In addition, the research of Carter & Jennings (2004) and Maignan (2002) have been of a more instrumental nature and focused more on SRP in practice. Carter & Jennings (2004) identified drivers and barriers of SRP and Maignan (2002) suggested significant activities belonging to a proactive SRP strategy. This master thesis project elaborates on the research of Maignan (2002) and Carter & Jennings (2004) by exploring the practice of social responsible purchasing.

First, the research of Maignan (2002) can be supplemented with the findings of this project. Maignan (2002) put forward a list of activities of how management could implement a proactive SRP strategy. However, this project draws a distinction between SRP activities at strategic, tactical, and operational level. The activities Maignan (2002) presented are in line with the activities identified at strategic and operational level of the SRP Framework. However, Maignan (2002) does not make a distinction between strategy and tactics while this is very important when it comes to decision making. Strategy focuses on determining the goals on the long run and tactics concerns the definition of how to achieve the long-term goals within time and given the available resources.

Thus, an important finding of this research has been to prioritize action. At tactical level, it should be identified what to start with when integrating social and environmental criteria into the purchasing process. These insights were translated into the four-phased SRP Framework. First, to create awareness and build confidence an organisation should focus on projects that are easy to implement. Second, an organisation should cover its risks at a minimum level to satisfy its stakeholders. Third, more effort could be put in projects the organisation is actually able to make a difference. Fourth, it should be focussed on cooperating with partner organisations to create an enabling environment for SRP.

Moreover, this case study supports the drivers and barriers of SRP as identified by Carter & Jennings (2004). According to Carter & Jennings (2004) the main drivers of SRP are: (1) organizational culture, (2) individual values of employees, and (3) top management leadership. Barriers to SRP are: (1) the difficulty to coordinate activities and (2) the lack of availability of a product or service (Carter & Jennings, 2004).

During this project, the following drivers & barriers came across. First, it was found that managers should stimulate their employees and shape an organizational culture that encourages SRP by creating awareness about SRP among employees. Communicating the SRP policy and explaining why one should bother about SRP are essential to create a sense of emergency. Second, a clear commitment from the very top of the organization down through the management layers of the organisation is recommended. Third, in this project the lack of knowledge was identified as a barrier of SRP, which relates to the lack of availability of a product or service as mentioned by Carter & Jennings (2004). Carter & Jennings (2004) mention the lack of knowledge as a possible reason why sustainable alternatives cannot be found. Fourth, corresponding with the difficulty to coordinate activities was found the organisational structure; a complex structure may inhibit SRP. Fifth, this research indeed suggests that top management leadership does have a direct effect on the successful implementation of SRP Furthermore, information management systems and budgetary mechanisms were found to be drivers of SRP.

Overall, literature showed that social responsible purchasing, as part of CSR, is an important thing to do nowadays. Subsequently, this project explains how managers could put SRP into practice and how SRP will evaluate over time.

8.2. Managerial Implications

As described in the introduction of this Master's Thesis, CSR is becoming an integral part of organisation's business. Therefore, management has to reckon with the society and environment it operates. Moreover, the importance of purchasing to organisations has become evident as in a globalizing market suppliers influence the CSR performance of organisations even more. Therefore, this project explored the practice of social responsible purchasing.

The Rabobank wondered how to put SRP into practice: What activities are involved with SRP? How does SRP influence the purchasing process? Where to start? What does have a positive or negative affect on the success of SRP? These questions were answered during this research by designing the SRP Framework. The SRP Framework provides practitioners in the field of purchasing, at not only the Rabobank but also at all kind of organisations:

- a place to start with SRP
- a common language and a shared vision about SRP
- a framework for prioritizing action
- a way to define what improvement means for the organisation

During this project, the SRP practices at the Rabobank's have been analysed using the SRP Framework. Lessons learned from analyzing the SRP practices of the Rabobank might very well apply to other organisations struggling with SRP. Important lessons learned are to make a distinction between purchasing activities at strategic, tactical, and operational level and to prioritizing action depending on the phase an organisation stands. Activities carried out at strategic and tactical level are the responsibility of management. It is their task to identify what kind of projects purchasers at operational level should focus. Moreover, an organisation just starting with SRP may concentrate on different projects than an organisation that has quite some experience with SRP.

8.3. Limitations & Directions for Future Research

A number of research limitations and areas for future research have been identified. First of all, this master thesis project has been executed at the Rabobank. To develop the SRP-Framework, input and feedback during the design phase has been given by purchasers of the Rabobank. In order to support this research, more in-depth studies at other organisations are needed.

Second, an important topic to explore in more detail among a various set of organisations is the relationship between the four different levels and the classification at strategic, tactical, and operational level. During this research SRP activities and relationships between those activities were identified which resulted in the conceptual design of the SRP Framework. The next step would be to market test this SRP Framework in a wider set of organisations and diverse markets. When testing the SRP Framework it should be explored whether organisations go trough each of the four phases of the SRP Framework, or do companies in practice successfully skip phases? Moreover, it should be explored whether the activities at for example operational level in phase 2, correspond with the activities at tactical level in phase 2. Would it for example be possible to fit an organisation at phase 4 at tactical level, but at phase 2 at operational level?

Moreover, the drivers and barriers of SRP could be explored in more detail. For example, an important issue that raised during this project relates to the problem budgetary mechanisms cause. There is a widespread misconception that more sustainable products carry a significant premium. Therefore, it is important for organisations to move away from a preoccupation only with short-term, easily accountable financial costs towards a more sophisticated appreciation of whole-life (or best value, life cycle or total cost of ownership) costing approach. However, accounting systems usually make limited provisions for factoring-in costs which are difficult to anticipate or which will not fall to the department or organisation making the procurement decision. Unfortunately, there is limited advice on this topic, while this project has shown that it can form a considerable threat to SRP. Therefore, more research on this topic is needed.

In CSR literature, Orlitzky, Schmidt, and Rynes (2003), for example, conducted an exhaustive and rigorous meta-analysis of the relationships among social responsibility, environmental responsibility, and corporate financial performance. They found that, on the whole, social responsibility and, to a lesser extent, environmental responsibility tends to be associated with better corporate financial performance. Such a research, exploring the relationship between a supplier's social and environmental responsibility and their client's financial performance might help to put an end to the misconception that more sustainable products always cost more.

References

Adobor, A., McMullen, R., (2007), "Supplier diversity and supply chain management: A strategic approach", *Business Horizons*, 50, 219–229

Aken, J.E., van, Berends, H., Van der Bij, H., (2007), *Problem Solving in Organizations: A methodological handbook for business students*, Cambridge University Press, Cambridge, MA

Brundtland, G.H., (1987), *Our Common Future*, published by the United Nations World Commission on Environment and Development

Carroll, A.B., (1979), "A three-dimensional conceptual model of corporate performance", *The Academy of Management Review*, 4, 4, 497-505

Carroll, A.B., (1991), "The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders", *Business Horizons*, 34, 4, 39-48

Carter, C.R., Carter, J.R., (1998), "Interorganizational determinants of environmental purchasing: Initial evidence from the consumer products industries," *Decision Sciences*, 29, 3, 659-684

Carter, C.R., Auskalnis, R.J., Ketchum, C.L., (1999), "Purchasing from minority business enterprises: Key success factors, *Journal of Supply Chain Management*", 35, 1, 28-32

Carter, C.R., Kale, R., Grimm, C.M., (2000), "Environmental purchasing and firm performance: an empirical investigation", *Transportation Research E*, 36, 3, 219-228

Carter, C.R., Dresner, M., (2001), "Purchasing's role in environmental management: Cross-functional development of grounded theory", *Journal of Supply Chain Management*, 37, 3, 12-27

Carter, C.R., Jennings, M.M., (2002a), "Logistics social responsibility: An integrative framework", *Journal of Business Logistics*, 23, 1, 145-180

Carter, C.R., (2004), "Purchasing and Social Responsibility: A Replication and Extension", *Journal of Supply Chain Management*, 40, 4, 4-16

Carter, C.R., Jennings, M.M., (2002b), "Social responsibility and supply chain relationships", *Transportation Research E*, 38, 1, 37-52

Carter, C.R., Jennings, M.M., (2004), "The role of purchasing in corporate social responsibility: A structural equation analysis", *Journal of Business Logistics*, 25, 1, 145-186

Collignon, M.X., Hogenhuis-Kouwenhoven, C.J.L., Stork, E.J., (2007), "Responsible Purchasing: A practical business guide", KPMG, Nederland

Clarkson, M.B.E. (1995), "A stakeholder framework for analyzing and evaluating corporate social performance", *Academy of Management Review*, 20, 1, 92-117

Davis, K., (1973), "The case for and against business assumption of social responsibilities", *Academy of Management Journal, 16*, 312-322

Elkington, J. (1994), "Towards the sustainable corporation: Win-win-win business strategies for sustainable development", *California Management Review,* 36, 2, 90-100

Freeman, R.E., (1984), *Strategic Management: A stakeholder approach*, Boston, Pitman

Lee, M.D.P., (2008), "A review of the theories of corporate social responsibility: Its evolutionary path and the road ahead", *International Journal of Management Reviews*, 10, 1, 53-73

Maignan, I., Hillebrand, B., McAllister, D., (2002), "Managing socially responsible buying: How to integrate noneconomic criteria into the purchasing process", *European Management Journal*, 20, 6, 641-648

Maignan, I., McAllister, D., (2003), "Socially responsible organizational buying: How can stakeholders dictate purchasing policies?", *Journal of Macromarketing*, 23, 2, 78-89

Min, H., Galle, W.P., (1997), "Green purchasing strategies: Trends and implications", *International Journal of Purchasing and Materials Management*, 33, 3, 10-17

Morgan, D.L., (1993), *Successful Focus Groups: Advancing the State of the Art*, Sage Publications, Newbury Park

Orlitzky, M., Schmidt, F.L.., Rynes, S.L., (2003), "Corporate social and financial performance: A meta-analysis", *Organization Studies*, 24, 403-441

Pearson, J.N., Fawcett, S. E., Cooper, A., (1993), "Challenges and approaches to purchasing from minority-owned businesses", *Entrepreneurship Theory and Practice,* 18, 2, 71-89

Strien, P.J., van, (1997), "Towards a methodology of psychological practice", *Theory and Psychology,* 7, 5, 683-700

Walton, S.V., Handfield, R.B., Melnyk, S.A., (1998), "The green supply chain: Integrating suppliers into environmental management practices", *International Journal of Purchasing and Materials Management*, 34, 2, 2-11

Wartick, S.L., Cochram, P.L., (1985), "The evolution of the corporate social performance model", *Academy of Management Review*, 4, 758-769

Weele, A.J., van, (2005), *Purchasing and Supply Chain Management: Analysis, Strategy, Planning and Practice*, Thomson, London

Yin, R.K., (1994), *Case study research: Design and methods (2nd ed.)*, Sage, London UK.

Zsidisin, G.A., Hendrick, T.E., (1998), "Purchasing's involvement in environmental issues: a multi-country perspective", *Industrial Management + Data Systems*, 98, 7, 313

Useful Websites

The **UN Global Compact** is a framework for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, the environment and anti-corruption.

www.unglobalcompact.org

The **Global Reporting Initiative**'s (GRI) vision is that reporting on economic, environmental, and social performance by all organizations is as routine and comparable as financial reporting. Sustainability Reporting Initiative.

www.globalreporting.org

Based on the cooperation of Dow Jones Indexes, STOXX Limited and SAM the **Dow Jones Sustainability Indexes** provide asset managers with reliable and objective benchmarks to manage sustainability portfolios.

www.sustainability-indexes.com

The **World Business Council for Sustainable Development** is a coalition of over 165 international companies with members drawn from more than 30 countries and 20 major industrial sectors. The WBCSD also has a global network of 43 national and regional business councils and partner organisations, involving some 1000 business leaders globally.

www.wbcsd.org

CSR Europe is the leading European business network for corporate social responsibility with around 70 multinational corporations and 25 national partner organizations as members.

www.csreurope.org

ChinaCSR.com provides news and information devoted to helping corporate social responsibility professionals to conduct business in Beijing, Shanghai, or out in China's hinterlands. ChinaCSR.com gets its news from tips, compilations of Chinese media translations, and press releases.

www.chinacsr.com

The **Business Social Compliance Initiative** is the broadest business-driven platform for the improvement of social compliance in the supply chain of commerce. The BSCI system covers all supplier countries and all consumer goods.

www.bsci-eu.org

The **Sustainability Purchasing Network** (SPN) is a learning resource for corporate, not-for-profit, academic, government, public sector, labour, and co-operative organizations in their sustainability purchasing efforts.

www.buysmartbc.com

The **International Green Purchasing Network** (IGPN) is an organization which promotes Green Purchasing around the globe by coordinating those who take the initiative in implementing Green Purchasing toward sustainable consumtion and production. The network consists of international organizations, local authorities and NGO's.

www.igpn.org

The **RESPIRO** project aims to encourage an exchange of experiences in including social and ethical requirements in procurement actions both between public and private sector purchasers and potential suppliers. Two sectors have been selected for particular attention: (1) Construction and (2) Textiles & Clothing.

www.respiro-project.eu

UK's Government Sustainable Development Unit (SDU) is situated within the Department for Environment, Food and Rural Affairs (Defra). Procuring the Future, Sustainable Procurement National Action Plan.

www.sustainable-development.gov.uk

Action Sustainability is a Social Enterprise set up to lead and inspire sustainable procurement. They support and facilitate the Strategic Supply Chain group, a leading authority on sustainable procurement whose members are Directors and Senior Managers from the **UK's** leading private companies, Government departments, professional institutes and academic organisations.

www.actionsustainability.com

MVO Nederland is de startpagina en wegwijzer voor ondernemend Nederland op het gebied van maatschappelijk verantwoord ondernemen.

www.mvonederland.nl

MVO-data is een initiatief van SOMO, Oxfam Novib en FNV Mondiaal om de uitwisseling van kennis over maatschappelijk verantwoord ondernemen van bedrijven te bevorderen. MVOdata wil hiermee maatschappelijke organisaties en vakbonden steunen die bedrijven op hun maatschappelijke verantwoordelijkheid wijzen.

www.mvodata.nl

Het **MVO Platform** is een netwerk van Nederlandse maatschappelijke organisaties actief op het gebied van Maatschappelijk Verantwoord Ondernemen (MVO). Het MVO platform telt momenteel 35 lidorganisaties.

www.mvo-platform.nl

Het internet platform **duurzaamnieuws.nl** geeft een overzicht van nieuws en actuele ontwikkelingen op gebied van duurzaamheid.

www.duurzaamnieuws.nl-/mvo/duurzaaminkopen.rxml

Wiegtotwieg.nl is een website over duurzaamheid. De titel is ontleend aan het boek Cradle to cradle. Daarin wordt een wereld zonder afval beschreven. Om die wereld mogelijk te maken moeten we slim ontwerpen!

www.wiegtotwieg.nl

OneWorld is actief in het bevorderen van (draagvlak voor) internationale samenwerking door nieuwe media en ICT-toepassingen, vanuit een onafhankelijke en maatschappelijke betrokken positie.

www.oneworld.nl

De **Duurzaaminkopendag** is een initiatief van een uniek samenwerkingsverband gevormd door COS Nederland, De Provinciale Milieufederaties, Milieudefensie, Natuur en Milieu en Vereniging Klimaatverbond Nederland.

www.duurzaaminkopen.nu

In opdracht van de overheid ondersteunt **SenterNovem** initiatieven die duurzaamheid stimuleren. Agentschap voor duurzaamheid en innovatie.

www.senternovem.nl

De **Rijksoverheid** wil in 2010 voor 100 procent duurzaam inkopen. De gemeenten streven naar 75 procent in 2010 en 100 procent in 2015. Provincies en waterschappen hebben minimaal 50 procent in 2010 als doel gesteld en zijn in gesprek over verhoging.

www.vrom.nl/pagina.html?id=34352

'WOK' staat voor 'Wet Openbaarheid Ketens'. Met deze wet kunnen consumenten(groepen) antwoorden krijgen van bedrijven op belangrijke vragen zoals: 'is dit product tot stand gekomen middels kinderarbeid, milieuvervuiling of corruptie?

www.wijwillenwok.nl

Appendices

Appendix A: Rabobank Group Structure

9 million clients

1.64 million members

174 local Rabobanks

Rabobank Nederland

Support of local Rabobanks	Staff functions Rabobank Group	Rabobank International
Private individuals	Corporate Social Responsibility	Food & agri
Small & medium-sized enterprises	Investor Relations	Wholesale banking
Private Banking	Long Term Funding	International retail banking
Other support units	Other staff units	

Labels

Asset management	Leasing	Real estate	Insurance	Housing	Business
Robeco	De Lage Landen	Rabo Bouwfonds	Eureko (39%)	Obvion	Bizner
Schretlen & Co	- Athlon	- FGH Bank	- Interpolis	Zoekallehuizen.nl	Rembrandt
Sarasin					Mergers and
IRIS					Acquisitions

The local banks and their members make up the core of the banking business. They are the cooperative's key stakeholders. Being the central (legal) entity, Rabobank Nederland is in the centre of the diagram of the organisation. In the Netherlands, Rabobank Nederland facilitates the local Rabobanks, including the development of new products and marketing support. Within Rabobank Nederland, staff functions are performed for the local Rabobanks and for Rabobank Group as a whole, including Shared Services & Facilities, Group ICT and Cooperative & Management, Corporate Social Responsibility, Investor Relations, Long Term Funding, Human Resources, Legal and Tax Affairs, Knowledge & Economic Research and Communications. Finally, Rabobank International, with its expertise, serves a large number of corporate and retail clients all over the world. The bottom part of the diagram of the organisation describes the chief labels within the Rabobank Group operating in the various markets under their own brands.

Appendix B: Overview Interviews Orientation Round

Date	Function
February 21, 2008	Category manager HR, Marketing and Communication (Marcom)
February 22, 2008	CSR Department
February 27, 2008	Purchase Consultant
March 3, 2008	Purchase Consultant
March 3, 2008	Category manager ICT & Banking Products
March 3, 2008	Category manager Facilities
March 7, 2008	Purchase Consultant

Appendix C: Overview Sustainable Purchasing Tools & Guidance Documents

Reference	Title
UK Sustainable Procurement Task Force	Procuring the Future: Sustainable Procurement National Action Plan
Australian & New Zealand Government	Framework for Sustainable Procurement
BECO Groep & Jacqueline Cramer	MVI Stappenplan
Forum for the Future, 2007	Buying a Better World: Sustainable public procurement
MVO Nederland	MVI Stappenplan
New Zealand Business Council for Sustainable Development, 2003	Business Guide to a Sustainable Supply Chain
SenterNovem	Handreiking Duurzaam Inkopen en Aanbesteden
WRAP, I&DEA, SOLACE, 2003	Sustainable Procurement: Making it happen

Appendix D: Overview events visited

Event	Kansrijk 2008, hét evenement van duurzaamheid en innovatie	
Organisation	SenterNovem	
Date & Place	Thursday June 5, 2008, NBC Nieuwegein	
Workshop	MVO en duurzaam inkopen bij overheid en bedrijven	**Mark Lepelaar** NPSP composieten BV **Kees Clement** Directie VROM Duurzaam Inkopen **Paul Lammers** Gemeente Hilversum **Jan Paul van Soest** Kennisnetwerk Duurzame Productketens
Workshop	Ketenaanpak: Samen winst boeken in de keten	**Annemarie Bor** SenterNovem **Rien Otto** Dutch Spirit

Event	NEVI Inkoopdag 2008: The hottest procurement trends in one day	
Organisation	NEVI	
Date & Place	Tuesday June, 10, 2008, Congrescentrum De Reehorst in Ede	
Plenary meeting	Inkoopprofessionalisering: De top-3-inkooptrends	**Erik de Bruine** Directeur Concern Inkoop Rabobank, CPO van het jaar 2007
Workshop	Duurzaamheid: De sleutel tot duurzame waardecreatie	**Arie Sonneveld** Spend Area Director DSM Sourcing BV, (Bio)Chemicals

Event	Symposium Duurzaam Ketenbeheer in de opkomende economieën	
Organisation	AkzoNobel	
Date & Place	Wednesday June 11, 2008, Koninklijk Instituut voor de Tropen Amsterdam	
Plenary meeting	Kansen en risico's van globalisering voor het bedrijfsleven	**Ton Geurts** Corporate Procurement Officer AkzoNobel **André Veneman** Director Sustainability AkzoNobel
Plenary meeting	Globalisering, milieu aspecten	**Willem Ferwerda** Directeur Nederland IUCN
Plenary meeting	Globalisering, mensenrechten en ontwikkelingsaspecten	**Nico Roozen** Algemeen Directeur Solidaridad
Workshop	Social Responsible Purchasing at Philips (electronica)	**Jan Roodenburg** Senior Vice President Philips Supply Management **Lucianne Verweij** Senior Director Philips Business Ethics Office
Plenary meeting	Regeringsvisie op duurzaam ketenbeheer in opkomende economieën	**Frank Heemskerk** Staatssecretaris Economische Zaken

Appendix E: Examples of Sustainability Objectives

- Protecting human health
- Promoting fair working conditions
- Promoting social enterprise and improving local skills
- Promoting local employment and economy
- Reducing soil, water & air pollution
- Reducing energy consumption & climate change
- Reducing water consumption
- Reducing materials, packaging & waste
- Protecting habitats and biodiversity

(Adopted from the Forum of the Future, 2007)

Appendix F: Interview Protocol & Overview Interviewees

Interview Protocol

Introduction (5 minutes):
Introduce ourselves.
Tell the interviewee about the project and SRP.
Tell the interviewee about the purpose of this interview and the procedure.

Questions (50 minutes):
1. Tell me what your role is in the procurement process. (Prompts: Directly or indirectly involved, procurer or internal client).

2. What do you think about CSR and SRP? (Prompts: Do you think it is important for the Rabobank to do or not, are you personally motivated?)

3. Has the Rabobank a clear CSR and/or SRP strategy? (Prompts: What do you think about it?)

4. Have you or the department set SRP related goals? (Prompts: Short term, long term, how to measure, can you given an example, do you think it is important to set goals?)

5. Do you or the organisation have an SRP action plan? (Prompts: like what projects to do first, or which SRP principles to focus on, e.g. environment, human rights? Do you know what the next step is?)

6. Have you or the organisations set SRP specifications? (Prompts: are these minimum standards, or specs without obligations; compared to other specifications, how much do they weigh?)

7. Do you or the organisation work with other organisations on SRP? (Prompts: e.g. government, other financial institutions or NGO's)

8. What is the role of suppliers in SRP? (Prompts: how do you manage/develop suppliers SRP performance?)

9. Do you or the organisation monitor and evaluate SRP? (Prompts: How? Do you also give feedback to suppliers and others?)

10. What do you think are the main drivers and/or barriers of SRP? (Prompts: Organisational design, Top Management Support, Capacity of Employees, Budgeting mechanisms)

11. Finally, if you have a look at this framework, where would you place the Rabobank now and what would be the ideal situation? (Prompts: why?)

Ending (5 minutes):
Thank the interviewee for his time and effort.
Discuss whether and how you should give feedback or not.

Overview Interviewees

Date	Function
Hans Quick	Category Manager
Ivo Hens	Manager RCI support
Bart Vloet	Category Manager
Evert Bloemendal	CSR coordinator IT
David Verberne	Purchase consultant
Wim de Jong	IT Department
Ad Kuus	Legal Department
Hans Togtema	Purchase consultant
Jeroen Hulsman	Purchase consultant
Wim Lange	CSR Department

Appendix G: Example of SRP Cooperation

PERSBERICHT
Weert, september 2008
Moonen Packaging ontwikkelt met NatureWorks innovatieve bio verzendfolie voor Rabobank

Uit een gezamenlijk initiatief van Moonen Packaging, NatureWorks, en Rabobank Nederland is een bijzondere, volledig composteerbare verzendfolie ontstaan. De folie biedt dusdanige (milieu-)voordelen dat Rabobank onlangs heeft besloten om haar leden- en klantenmagazines 'Dichterbij' en 'Wijzer' voortaan niet meer te verpakken in kunststof LDPE-folie, maar in 100% bio composteerbare Ingeo-folie. Rabobank onderstreept hiermee haar MVO-beleid en duurzaamheidsdoelstellingen. Het is het eerste bedrijf in Europa dat gebruik maakt van deze glasheldere verzendfolie.

Sinds 2006 was Rabobank al op zoek naar transparante bio-verzendfolie. Het lukte niet om een passend alternatief te vinden, omdat de melkwitte bioverzendfolie niet voldeed aan de gebruikseisen van Rabobank. Communicatiemanagers willen bijvoorbeeld een volledige transparante verzendfolie, om het blad goed tot uiting te laten komen.

Moonen Packaging heeft samen met NatureWorks, de leverancier van de grondstof (Ingeo), naar een passend alternatief gezocht voor de ruim 15.000 kilo verzendfolie die Rabobank per jaar gebruikte. De glasheldere verzendfolie is een folie op basis van melkzuur van plantaardige suikers en biedt een aantal voordelen: de transparantie is vele malen groter dan die van de gebruikelijke kunststof LDPE-folie en alternatieve bio-folies op basis van zetmeel. De grondstof is hernieuwbaar, op basis van plantaardig materiaal en hierdoor onuitputtelijk. Deze onuitputtelijkheid past volledig in de Cradle to Cradle filosofie. Met de productie van Ingeo wordt 86% CO-2 en 65% 'grijze' energie bespaard ten opzichte van het zelfde gewicht kunststof LDPEgrondstof (bron: NatureWorks LLC ecoprofile).

De folie is intensief getest en voldoet aan de Europese composteringsnorm EN-13432. Hierdoor is de folie geschikt als GFT-afval. De folie is herkenbaar door de bedrukking van het kiemplantlogo. De folie voldoet aan het biomassa rapport van de commissie Cramer (juli 2006). Rabobank verwacht dat de introductie van de nieuwe verzendverpakking ook andere bedrijven zal overtuigen van de (milieu-) voordelen van deze nieuwe bioverzendfolie.

Noot voor de redactie: Voor meer informatie betreffende Moonen Packaging kunt u terecht op: www.moonenpackaging.com

Appendix H: The Rabobank Sourcing Methodology

1| Start and Initiation

- 1-1 Start Project
- 1-2 Project Initiation

2 | Analysis and Strategy

- 2-1 Preperation category analysis
- 2-2 Internal analysis
- 2-3 Markt analysis
- 2-4 Supplier analysis
- 2-5 Category strategy development

3 | Supplier selection and Implementation preperation

- 3-1 Supplier pre-seledtion (RFI)
- 3-2 Request for proposal (RFP)
- 3-3 Supplier assessment
- 3-4 Preperation of implementatoin transition
- 3-5 Preparation negotiations

4 | Contract

- 4-1 Negotiation contract
- 4-3 Approval negotiation result
- 4-2 Implementation/transition plan
- 4-4 Siging and archiving the contract

5 | Ending

- 5-1 Evaluation and reporting

6 | Implementation and Transistion

- 6-1 Implementation and transition