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Article

## Sustainable Supply Chain Engagement in a Retail Environment

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**Abstract:** Sustainability is a key requirement for business success and is often regarded a competitive advantage if strategically managed. Sustainability-mature organisations look to their value chains where the retailer-supplier collaboration becomes critical in embedding sustainability. With this in mind, it is important to monitor retailer-supplier collaboration to determine whether it is effective. To facilitate this monitoring, the *UN Global Compact Supply Chain Sustainability: A Guide for Continuous Improvement* was consulted. The research question aimed to determine the progress of a prominent South African retailer regarding their sustainable supply chain management (SSCM) and collaboration with suppliers. Therefore, this study attempts to apply the *Supplier Engagement Continuum*, extracted from the *UN Global Compact Supply Chain Sustainability: A Guide for Continuous Improvement*, in order to determine how the retailer is progressing in sustainable supply chain management. The qualitative and exploratory nature of the study necessitated a case study research design, while the technique of purposive sampling was used to select the sample of three suppliers. Data was collected by means of semi-structured interviews facilitated by an interview guide, and data analysis was conducted with Atlas.ti software. It was found that the retailer's sustainable supply chain management can only be located on level one of the continuum. Supply chain sustainability in organisations lack the theoretical foundation of what sustainability really is. Therefore, the model was amended and an additional level was added to incorporate the education of sustainability.

**Keywords:** corporate social responsibility (CSR); sustainability; suppliers; collaboration; shared value creation; supply chain sustainability; corporate sustainability; sustainable supply chain management

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## 1. Introduction

Organisations regard corporate social responsibility (CSR) as a vital part of their activities and they are placing more emphasis on CSR's long-term role in society, instead of only focusing on short-term profits (Foot, Gaffney and Evans, 2010) [1]. According to Ferrell, Thorne and Ferrell (2011) [2], CSR is "the adoption of a strategic focus for fulfilling the economic, legal, ethical and philanthropic responsibilities expected of it by its stakeholders". However, there are still some drawbacks to the actual implementation of CSR with regard to these responsibilities. Over the years, sustainability and corporate sustainability have evolved as a result of CSR and have also become more important to managers (Baumgartner and Ebner, 2010) [3]. However, according to Lueg, Pedersen, and Clemmensen (2013) [4], corporate sustainability does not add measurable value to an organization. Its vitality, rather, lies in its ability to promote shareholder value and motivate suppliers and employees to realize the urgency of certain critical issues such as sustainability. This importance of sustainability in organisations becomes evident in stakeholder theory. According to Lawrence and Weber (2011) [5], stakeholder theory portrays that organisations are required to act in the interest of the society they are operating in, as well as the greater environment that is affected by their business processes. In recent times, stakeholders, including suppliers, have become more aware of social and environmental issues. According to Prajogo, Chowdhury, Yeung and Cheng (2012) [6], the importance of managing suppliers as part of an organisation's operations can be seen throughout the literature on supply chain management (SCM). Suppliers have a crucial role to fulfill in a collaborative supply chain and the management of these collaborations with suppliers is just as important for the successful implementation and execution of an organisation's business operations (Duffy, Fearn, Hornibrook, Hutchinson and Reid, 2013) [7]. These operations include sustainable supply chain management and supply chain sustainability activities and are, therefore, central to this study. Furthermore, sustainable supply chain management can be a strong driver of value and success. Therefore, building shared value requires long-term partnerships and collaboration with suppliers (Porter and Kramer, 2011) [8]. Additionally, it is important to track the collaboration between an organisation and their suppliers in order to view progress and identify drawbacks. For the purpose of this study, the focus will be on a prominent South African retailer and their collaboration with suppliers regarding supply chain sustainability. This retailer is a signatory of the *United Nations (UN) Global Compact* and can thus be regarded as a sustainability-mature organisation. Additionally, they have also taken the first steps to implement sustainable supply chain management (SSCM). Therefore, the research question for this study aims to determine how the retailer is progressing regarding the implementation of sustainable supply chain activities. For this purpose, the *UN Global Compact Supply Chain Sustainability: A Guide for Continuous Improvement* was consulted. This guideline provides the researcher with tools that can assist organisations in tracking their progress with regard to sustainable supply chain management.

The remainder of this paper is structured as follows. A review of the relevant literature is discussed to contribute to building the argument of the article. The literature includes the theory behind corporate social responsibility (CSR), sustainability, supply chain sustainability and collaboration. The methodology section includes specific details regarding the research design which was a qualitative case study approach. Furthermore, the sampling technique of purposive sampling is discussed, as well as the selection of the sampling units that forms an important part of the data collection. The data was collected by means of an interview guide and semi-structured interviews. Finally, the results and conclusions are discussed with regards to the research question and possible avenues for future research are identified.

## 2. Literature Review

The focus of this study is to track the progress of a prominent South African retailer with regard to their sustainable supply chain management. Against this background, the researcher applied the model in the context of a South African retailer to determine their level of engagement with suppliers regarding sustainability. However, sustainability cannot be discussed without considering the overall concept of corporate social responsibility (CSR). D'Amato, Hendersen and Florence (2009) [9] state that all organisations are called to be more responsible in their ways of doing business. Organisations should be aware of how their actions influence the society around them, as well as the natural environment. They are further expected to apply sustainability principles in the way they conduct business operations (Van Marrewijk and Werre, 2003) [10]. According to D'Amato *et al.* (2009) [9], it is no longer acceptable for an organisation to have economic success while it is isolated from their surroundings and the society which is influenced by their actions. The following section will look at the concept of CSR and sustainability and relevant literature will help formulate the foundations of this study. Additionally, the role of stakeholders will also be put into perspective. Sustainability cannot be considered a standalone concept and, thus, it influences different partners in a value chain. This steers the discussion to how this involvement of stakeholders can be measured to determine how effective it really is.

### 2.1. Defining Corporate Social Responsibility (CSR) and the Evolution of Sustainability

For managers of organisations to know exactly what they face in terms of CSR, they need to have a sound understanding of what the concept truly entails. Over the years, there have been many different definitions suggested regarding CSR. Lantos (2001) [11] defined CSR as "... a social contract between corporations and society, based on long-term social demands and expectations" (p. 9). Additionally, Keller (1998) [12] defines CSR as different from the profit-making side of an organisation and that CSR is differentiated due to its focus on social welfare and the society as a whole. Both Keller (1998) [12] and Lantos (2001) [11] portray CSR within the restrictions of social welfare and social demands. However, Ferrel *et al.* (2011) [2] define CSR with a more strategic approach to the business environment and they perceive CSR as "the adoption of a strategic focus for fulfilling the economic, legal, ethical and philanthropic responsibilities expected of it by its stakeholders" (p. 7). This definition has a strategic focus and the inclusion of economic, legal, ethical, as well as philanthropic aspects makes it best suited for this research study.

Since the 1960s, the public has raised their social expectations with regard to business practices and more attention and thought have been given to how organisations operate and how they conduct these

operations in relation to the environment (Ferrel and Fraedrich, 1997) [13]. However, in recent years, CSR has become even more prominent than it was before (Smith, 2003) [14]. This prominence becomes evident through the work of Boyd, Spekman, Kamauff and Werhane (2007) [15]. These authors argue that there has been an increasing concern among both consumers and shareholders regarding CSR and the influence that organisations may exert on their immediate surroundings and the society in which they operate. Therefore, CSR has become significant in today's society.

According to Gupta and Sharma (2009) [16], the topic of CSR has become a concern for many organisations and governments, the reasons being global warming pressures put on organisations and their output, the division of wealth and the preferences of customers with regard to ethical business practices. In today's global world, CSR has become a response and a possible solution to economic, political and social problems. In support of Gupta and Sharma (2009) [16], Porter and Kramer (2006) [17] argue that not only do people from surrounding society hold organisations accountable for their actions, but so do the media, governments and activists as well. In response, several private and public policies have been established to improve the social welfare of organisations and to force organisations to adopt a more socially-responsible approach to doing business (Retolaza, Ruiz and San-Joe, 2009) [18]. Therefore, organisations are being regulated and audited to determine how socially responsible their actions and business practices really are. If organisations are audited as a non-compliant of socially-responsible practices, then there are certain public policies that can force them to reassess their practices and improve their standards (Gupta and Sharma, 2009) [16].

Due to these external pressures on organisations, a certain degree of dishonesty and deception has emerged. As a result, some organisations would publish environmental and health reports to create the idea of being socially responsible, but, in reality, it is only pretending and they do not address the entire problem of social and environmental issues. This behaviour is referred to as "green-washing" (Lydenberg, 2002; Laufer, 2003) [19,20]. Other organisations use the United Nations and their membership of the UN as a way to deceive people to believe that they are socially responsible. This is called "blue-washing" (Laufer, 2003) [20]. However, Deegan (2002) [21] expresses his surprise about this concern because of the growing presence of environmental accounting research and auditing. These methods have been designed to identify public deception and to determine which organisations are dishonest about their socially-responsible initiatives (Beder, 1997) [22]. According to Bruno (1997) [23], organisations engage in green-washing to repair their reputation among the public, and to further shape their public image. This can lead to confusion and difficulty for stakeholders to identify those organisations that are truly socially responsible. This confusion then encourages green-washing and, as a result, CSR efforts become less effective (Parguel, Benoit-Moreau and Larceneux, 2011) [24]. Furthermore, unverified CSR initiatives are equal to public relations activities, namely to manage public image and responding to public pressure, and, therefore, it does not address the actual social and environmental problems that society is facing.

In support of moving forward and transforming, Mirvis and Googins (2006) [25] introduced a basic framework that will assist organisations as they progress towards the so-called "triple bottom line" (TBL) which consists of social, environmental and economic measures (Hubbard, 2009) [26]. The framework of Mirvis and Googins (2006) [25] comprises five basic stages that an organisation will experience in its efforts to achieve the TBL, namely (1) elementary; (2) engaged; (3) innovative; (4) integrated; and (5) transforming. The main idea, according to the authors, is for organisations to

implement the TBL process one step at a time, to ensure that it is effective and sustainable for the future of the business. CSR should thus be more than merely a concept and a generic strategy; it should be part of the organisation's overall organisational strategy.

However, according to Porter and Kramer (2006) [17], this approach has unfortunately not been the case. Many organisations do not make CSR and TBL concerns part of their main organisational strategies. Most organisations only realise its value after pertinent CSR issues (economic, social, and environmental) came to the fore that have previously not been a problem. This leads to organisations not knowing exactly how to deal with the situation. The proper solution or steps forward are unclear. However, instead of responding with an appropriate strategy or operational solution like Mirvis and Googins (2006) [25] suggest, organisations adopt a more cosmetic approach, namely by using media and public relations campaigns (Porter and Kramer, 2006) [17]. According to these authors, organisations only publish annual CSR reports that state all the environmental and social actions they have implemented throughout the year. It provides no framework of a strategy for CSR practices' simply uncoordinated initiatives to demonstrate their social sensitivity towards society.

Porter and Kramer (2006) [17] argue that organisations should understand the interrelationship between business and society and include this relationship in their strategies. Gupta and Sharma (2009) [16] argue that if an organisation were to analyse CSR with the same framework they used for core business functions, then they would realise that CSR could be seen as a competitive advantage. Cost savings, reducing risk, building a solid reputation, and developing human capital are only a few of the benefits that Gupta and Sharma (2009) [16] believe will result when organisations incorporate CSR into their corporate strategies and frameworks. It becomes evident that CSR is regarded as a vital part of any organisation's operations and an increased focus has been placed on its long-term role in society (Foot, *et al.*, 2010) [1]. However, it is not a standalone concept and one vital part of CSR is sustainability and sustainable development. The Brundtland Commission's report defines sustainable development as development that meets the current generation's needs without endangering future generations' needs. This concept of sustainable development supports economic and social development and, at the same time, emphasises the importance of protecting and preserving natural resources and the environment. Therefore, economic and social development cannot be continued if, at the same time, it destroys the natural environment in such a way that future generations will suffer because of it.

According to statistics from KPMG (2005) [27], sixty-eight percent of the Global 250 businesses generated a separate annual sustainability report in 2004 in which they considered environmental, social, and economic issues. Their most recent survey, completed in 2011, showed that the number of companies reporting on corporate responsibility continued to rise since their previous survey in 2008 (KPMG, 2013) [28]. This proves that organisations are taking sustainability more seriously than in previous years and some organisations are even incorporating additional stakeholders like suppliers in their efforts (Prajogo *et al.*, 2012) [6]. In support, Carter and Rogers (2008) [29] argue that sustainability has also become more important to managers and the term "sustainability" is appearing more often in the literature of business disciplines such as supply chain management and operations, and organisations are beginning to rapidly adopt sustainability as a strategic focus. The supply chain management and supply chain sustainability of the retailer's suppliers and the collaboration between them regarding effective supplier sustainability are central to this study. Over the past 10 to 20 years, the term "supply chain management" (SCM) has become more prominent in doing business than before (Cooper,

Lambert, and Pagh, 1997) [30]. The available literature regarding SCM has also increased over the years (Ross, 1998; Murphy and Wood, 2011) [31,32]. Globalisation may be one reason for this increased interest in SCM, as well as the fact that organisations are contemplating more effective ways to coordinate the flow of materials. Carter and Rogers (2008) [29] introduced the concept of sustainable supply chain management (SSCM), defining it as follows:

...the strategic, transparent integration and achievement of an organization's social, environmental, and economic goals in the systemic coordination of key inter-organizational business processes for improving the long-term economic performance of the individual company and its supply chains (p. 368).

According to Stock, Boyer and Harmon (2010) [33], the SCM definition has evolved over the years. Initially it only included the flow of materials, but, over the years, it started to include both internal and external networks and relationships that are part of the supply chain process. More recently, in 2010, Christopher [34] described supply chain management as the management of upstream and downstream interactions with customers and other suppliers in order to deliver the value to the customer at a lower cost. According to Christopher (2010) [34], supply chain management is the coordination of relationships in order to gain a more profitable outcome. For the purpose of this study, the definition of sustainable supply chain management as discussed by Carter and Rogers (2008) [29] is adopted.

Furthermore, there has been a growing interest in sustainable supply chains (Corbett and Kleindorfer, 2003) [35]. In particular, more consideration has been given to the conjunction of sustainability and supply chains (Linton, Klassen, and Jayaraman, 2007) [36]. Since the introduction of the concepts of sustainability and sustainable development by the Brundtland Commission in 1987, organisations have been implementing sustainable practices in their organisational structures and processes (Redclift, 2005) [37]. According to Linton *et al.* (2007) [36], managers apply these sustainable practices in different areas in an organisation including product development, and the production process. It has, however, become apparent that it is vital for organisations to move forward and address not only sustainability issues internally (within the organisation), but externally as well. Supply chains are regarded as the next logical step and the focus has, therefore, shifted to the entire supply chain—from the production of the product to the usage and disposal of it by the end-consumer.

## 2.2. The Role of Stakeholders and Supplier Engagement

Stakeholders are the persons or groups that can affect or are affected by decisions and actions made by an organisation (Freeman, 1984; Lawrence and Weber, 2011) [5,38]. According to Lawrence and Weber (2011) [5], stakeholders include employees, customers, stockholders, the media and government organisations. These groups can be further divided into market stakeholders (customers, suppliers, creditors, and employees), and non-market stakeholders (media, governments, communities, and the general public). Additionally, these stakeholders have a relationship with the organisation and engagement with stakeholders can help organisations to manage a wide variety of issues more effectively like sustainability issues. In recent times, organisations have increasingly realised that the issue of sustainability has moved higher up in the value chain. More specifically, organisations have been placing more pressure on their suppliers to improve their business processes and create more value for the

customers. Porter and Kramer (2011) [8] refer to this shared value creation between two business partners. As a result of shared value creation attempts, organisations are also urging their suppliers to exploit new technologies and try to reduce the costs of product development (Handfield and Nichols, 2002) [39]. In doing so, organisations are encouraging their suppliers to become more sustainable and decrease their environmental impact during product design and delivery. Because of this, organisations are realising that the only way to encourage the suppliers effectively is to manage their stakeholder relationships better. Therefore, suppliers have a crucial role to fulfill when collaborating with organisations, and the management of these collaborations with suppliers is just as important for the successful implementation and execution of an organisation's business operations (Duffy *et al.*, 2013) [7].

Increasingly, more organisations are extending their commitment to responsible business practices to their supply chains. Organisations do so not only because of the inherent social and environmental risks the supply chain poses, but also because of the many rewards supply chain sustainability can deliver. Additionally, it is also important to track these collaborations, because it will allow organisations to identify draw backs and other problems on which they can improve for the future. The prominent South African retailer that inspired this study is a signatory of the *UN Global Compact*. Therefore, the retailer can be seen as a sustainability-mature organisation and they have taken the first steps for implementing sustainable supply chain management. For this study the researcher therefore consulted the *UN Global Compact Supply Chain Sustainability: A Practical Guide for Continuous Improvement*. This practical guide provides managers with certain steps for achieving supply chain sustainability. Figure 1, the *Supplier Engagement Continuum*, was therefore extracted from the practical guide, in order to serve as a tool for managers to track their supply chain sustainability. This continuum can be utilised to track the level of collaboration between organisations and their suppliers regarding supply chain sustainability from broad engagement to deep engagement. Furthermore, it also provides managers with practical steps and advice which they can use to enhance their sustainable supply chain management.

Alternatively, the ISO 14001 could also have been used as a benchmark. The ISO 14001 is an internationally accepted standard for implementing an environmental management system (bsigroup, 2015) [40]. However, the focus of this study is supply chain sustainability. The ISO 14001 mainly focuses on environmental management, whereas sustainability incorporates three main pillars namely economic, social, and environmental. Therefore, the *UN Global Compact Supplier Engagement Continuum* was deemed more appropriate for this particular study.

### 3. Methodology

The literature provides a thorough overview of the different constructs of the study. However, it does not answer the research question of how the retailer is progressing with their sustainable supply chain initiatives and collaborations. Therefore, additional primary research is required above and beyond the secondary research in order to efficiently answer the research question.

#### 3.1. Primary Research

The study followed an exploratory approach and qualitative data were collected in order to address the research question and was conducted in the form of a single-embedded interpretive case study (Eisenhardt, 1989; Yin, 2009) [41,42]. Due to the qualitative nature of this study, reliability and validity

is an important consideration. The reliability and validity will then, in turn, influence the results and the recommendations of the study. Data were also collected from multiple sources such as interviews with suppliers and additional documentation provided by the retailer. As noted by Eisenhardt and Graebner (2007) [43], case studies can accommodate “a rich variety of data sources, including interviews, archival data, survey data, ethnographies, and observations”. If a researcher can prove data triangulation, the validity and reliability of the study will increase (Blumberg, Cooper and Schindler, 2011) [44].

### 3.2. Sampling Process

The fundamental research question aims to determine how the retailer is progressing with regards to sustainable supply chain management and collaborations. To answer this research question, the *Supplier Engagement Continuum* was applied.

The retailer focuses on food, clothing, and household items. The target population was one of the key stakeholders, namely its suppliers. The researcher had the opportunity to liaison with the retailer’s head of sustainability. This individual also made the decision as to which suppliers to include in the study. Therefore, the non-probability technique of purposive sampling was used to select the sample of suppliers (Patton, 2002; Suri, 2011) [45,46]. The sample was narrowed down to three of the retailer’s key food suppliers. They were specifically chosen, because they were already in the process of collaborating with the retailer on sustainability. According to Crouch and McKenzie (2006) [47], a small sample size is better when investigating personal experience and utilising semi-structured interviews. Therefore, the quality of the data will compensate for the absence of the quantity of data.

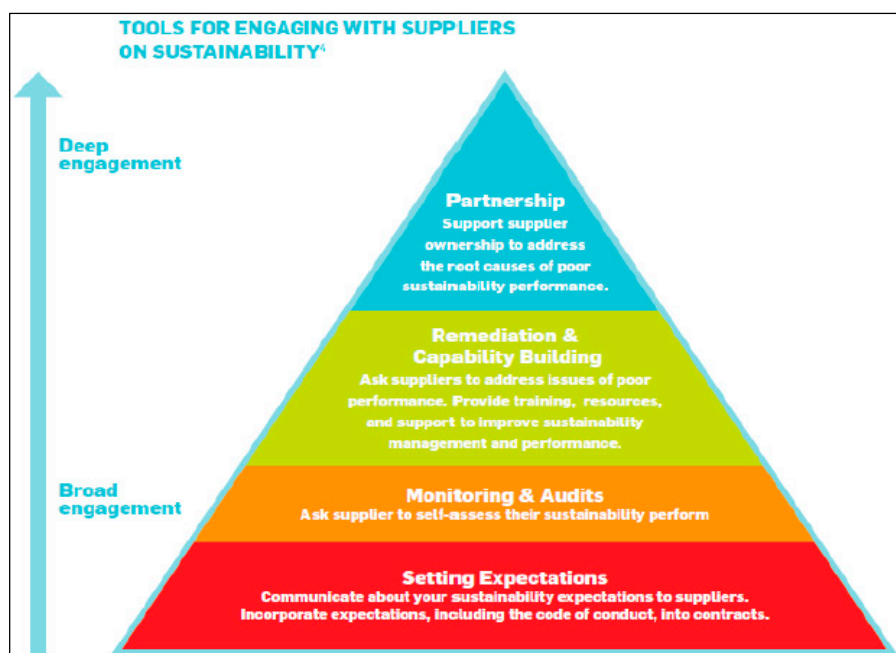
### 3.3. Measuring Instrument

An interview guide for a semi-structured interview was utilised for the study. The interview guide was designed with the research question in mind and grounded in the four levels of the *Supplier Engagement Continuum*.

The opening section of the interview guide provided the respondent with more information on the purpose of the study and confidentiality of the information. The respondent was asked for permission to record the interview and the interview then continued upon permission granted.

The questions were grouped under the main headings in the *Supplier Engagement Continuum*, as presented in Figure 1. The collected data was able to yield results that correspond with this tool to determine the position on the model of the relationship between the retailer and its suppliers. The questions were, therefore, designed according to the different levels to determine at which level the retailer and their suppliers’ relationship in terms of sustainability lies—broad engagement or deep engagement. Additionally, the questions were open-ended and attempted to gain insight and initiate discussions regarding each level of the model.





**Figure 1.** United Nations Global Compact Supplier Engagement Continuum. Source: United Nations Global Compact (2010) [48].

Because the interview guide was developed by the researcher based on the *Supplier Engagement Continuum*, it was necessary to do a pilot test (Blumberg *et al.*, 2011) [44]. However, the small sample size limited the possibility of an official pilot test. As a result, an interview with a head management figure of the retailer was arranged. During this interview, the interview guide was presented to him to obtain his insight as to whether the questions and probing techniques were sufficient and suited for further interviews with the suppliers.

### 3.4. Data Collection and Analysis

One of the key data collection methods applied in this study, were semi-structured interviews with sustainability managers from each of the three suppliers as indicated in the sampling process. Two respondents were interviewed face-to-face by the researcher, while the third interview was conducted using a conference call. The interviews took place on the premises of the suppliers between Monday and Friday and during working hours and each interview was recorded.

Another method of data collection that was utilised was documentation analysis. This documentation included sustainability progress reports (completed scorecards) of suppliers, as well as the scorecard used by the retailer to track suppliers' sustainability compliance.

For the purpose of this study, the data were analysed by means of content analysis. The tool that was used for this analysis was a computer programme called Atlas.ti. It helps researchers analyse unstructured data like text. The programme also provides tools that assist the researcher to locate, code and explain findings (Atlas.ti, 2013) [49].

First, data collected from interviews were transcribed. The researcher listened to the recordings while transcribing them in a Word document. Two interviews were conducted in Afrikaans, the preferred language of the interviewees, and one was conducted in English. After the interviews were transcribed

in Afrikaans, they were translated into English. This method allowed the researcher to stay in control of the data and not lose anything during the translation process (Bryman and Bell, 2007) [50].

After the interviews were transcribed and the analyses of the data could commence, the data was coded and further analysed for reoccurring themes and patterns. Coding of the transcribed data, a technique to reduce data, was used to reduce the large number of individual responses to a few general categories and themes of answers (Zikmund and Babin, 2010) [51], which made the data more manageable. Once key words or themes were identified in the textual material, the frequency of the themes mentioned could be summarised. After segmenting the data and identifying themes and patterns, the data were reassembled in order to draw appropriate conclusions and recommendations (Boeije, 2012) [52]. The *Supplier Engagement Continuum* was revisited during this process in order to determine how the theme that surfaced from the data corresponded with the themes of the levels on the continuum. By identifying the themes, the researcher could determine the level of engagement between the retailer and its suppliers. The end-result of this process was an integrative explanation that served as a detailed view of the phenomenon of the collaboration between the retailer and their suppliers that was studied.

Another form of analysis that was conducted was documentation analysis. The study analysed various documents provided by the retailer. This analysis allowed the researcher to compare the documentation with the findings of the study in order to identify associations or discrepancies. The findings of the documentation supported the overall research findings of the study. The document for this analysis included the balance scorecards as completed by suppliers and as developed by the retailer. This analysis was conducted in order to obtain more information on the retailer's sustainability initiatives, as well as the progress in this respect of its suppliers. The researcher was able to compare the information from the documents with the information collected by the interviews, and was able to see whether both sources concurred. This method of documentation analysis is also called triangulation which increases the validity and reliability of the results if multiple sources all come to the same conclusions (Yin, 2009) [42].

#### 4. Findings

For the purpose of this study the retailer's supplier engagement was plotted on the *Supplier Engagement Continuum* to identify on which level the relationship is located. Findings provide an indication as to how the retailer is progressing with regard to supply chain sustainability. The *Supplier Engagement Continuum* consists of four levels, namely (1) Setting expectations (2) Monitoring audits (3) Remediation and supplier capability building; and (4) Partnerships/Engaging with sub-tier suppliers. Against this background, the interview guide was compiled according to these levels and the data was collected in terms of each specific level. Therefore, the results will also be discussed in terms of the four levels to keep the structure for making relevant conclusions.

- Level 1: Setting expectations

The first step to improve sustainability in supply chains is to create awareness among suppliers regarding the organisation's expectations of sustainability (United Nations Global Compact, 2010; Learning for Sustainability, 2015; UNESCO, S.a.) [52–54]. *United Nations Global Compact* (2010) [48] suggests that organisations should use existing communication methods, as well as forums to convey the information. Therefore, the key is to create awareness of sustainability, and to include the different facets, not only

water, waste and energy (UNESCO, 2014) [55]. Thus far, the retailer is only setting expectations by means of their scorecard—no other method of communication is being utilised.

According to the *United Nations Global Compact* (2010) [48] and UNESCO (S.a.) [54], it is important for organisations to communicate their expectations to suppliers in such a way that the latter are not only aware of these expectations, but that they also develop a shared mind-set regarding sustainability. In accordance, the results from both the interviews and document analysis revealed that the retailer was indeed setting expectations for its suppliers in terms of three aspects of environmental sustainability: water, waste, and energy, and that the suppliers were aware of these expectations and encouraged to incorporate it into their operations.

However, it does become apparent that the retailer only addresses the environmental (water, waste, and energy) aspect of sustainability. The scorecard initiative neglects the other aspects of sustainability. The literature discusses the triple bottom line (TBL), which includes social, environmental and economic measures (Hubbard, 2009) [26]. It would seem that the retailer is currently only focusing on environmental aspects:

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

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

In addition to creating awareness, the *United Nations Global Compact* (2010) [48] emphasises the importance to keep awareness alive. Organisations have to use different communication methods to convey relevant and updated information on sustainability. The results from the interviews indicated that the retailer was not yet applying additional communication methods and other media to inform their suppliers:

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

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

“No, just the scorecard.”

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

- Level 2: Monitoring and audits

After achieving level one by creating sufficient awareness of sustainability and sustainable practices, the model suggests that organisations progress to the second level, namely that of monitoring and audits

(United Nations Global Compact, 2010) [48]. In support, PricewaterhouseCoopers (PwC) (2015) [56] also emphasises the crucial importance of monitoring and audits for organisations that are committed to sustainability initiatives and practices. According to PwC (2015) [56], it contributes to the efficiency of how an organisation can respond to certain situations regarding sustainable development and corporate sustainability. This level aims at monitoring the sustainability progress of suppliers, as well as keeping track of how suppliers respond to the expectations that were set for them at level one. It is the organisation's responsibility to monitor suppliers' progress to determine where additional assistance or encouragement is needed.

Against this background, it was firstly necessary to determine whether the retailer had any monitoring systems in place to track the suppliers' sustainability progress. Therefore, results showed that the suppliers were aware of the scorecard focusing on water, waste, and energy, and that they called for an integrated approach to sustainability:

“[The retailer] does have another scorecard, but it's more a commercial and technical thing.”

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

- Level 3: Remediation and supplier capability building

The third level focuses on remediation and capability building. If a supplier does not comply with the expectations of the organisation's sustainability principles, the organisation should support the suppliers to improve and build their capabilities, instead of merely seeking business with them (United Nations Global Compact, 2010; PwC, 2015) [48,56]. Remediation tactics include corrective action plans, regular communication and encouragement, and defining a roadmap for suppliers on how to proceed with a non-compliance situation. Supplier capability tactics include workshops, training, and related support mechanisms.

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

Therefore, the question was posed whether the suppliers were aware of any additional assistance, support, and training available to them should they need it for capability building. The suppliers indicated that the retailer indeed provided additional assistance and resources to its suppliers:

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

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

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

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

The last level of the continuum focuses on forming partnerships and engaging with sub-tier suppliers. This level indicates how organisations could engage with suppliers further down the supply chain, namely sub-tier suppliers. No indication of any engagement beyond the level of the suppliers was provided.

After analysing the data and portraying the results to come to the necessary conclusions, the research has indicated that the *Supplier Engagement Continuum* may need an additional grassroots level. For the South African context, not enough attention is given to educating organisations and suppliers on what sustainability actually is. The results showed that the focus was only on the environmental aspect of sustainability. It did not include the social and economic aspects as set out in the TBL (Hubbard, 2009) [26]. Therefore, the following amended model is suggested. The amended model includes a new grassroots level that focuses on the education of sustainability.

## 5. Discussion

After analysing the data and portraying the results to come to the necessary conclusions, the research has indicated that the retailer is currently only partially at level one of the *Supplier Engagement Continuum*. Additionally, it becomes apparent that the continuum could incorporate an additional grassroots level. The results showed that the retailer only focused on the environmental aspect of sustainability. It did not include the social and economic aspects as set out in the TBL (Hubbard, 2009) [26]. This could indicate a lack of clear knowledge as to what sustainability truly entails. Therefore, an amended model is suggested in order to educate retailers and other organisations regarding the importance of educating themselves and suppliers about what sustainability really entails—environmental aspects, as well as social and economic aspects as well. The amended model includes a new grassroots level that focusses on the education of sustainability. According to the *United Nations* (2004) [57], “*education is an indispensable element for achieving sustainable development*”.

However, the question is how do you educate suppliers and other stakeholders about sustainability? In support of the new level regarding education, UNESCO (2014) [55] has an entire section devoted to the education of sustainable development and sustainability. Education is crucial to sustainable development. Current knowledge does not contain the solutions to global environmental, social and economic problems. Sustainability in any field is built on communication, learning, and sharing knowledge (Learning for Sustainability, 2015) [53]. Therefore, education regarding sustainability is crucial in order for present and future organisations, leaders and citizens to create solutions and find new paths to a better future. UNESCO (S.a.) [54] addresses four methods of sustainability education. The first two are improving access to basic quality information and reorienting existing education. This indicates the importance of providing basic information and learning in order to create a sound foundation of what sustainability entails. Thirdly, organisations have to create public awareness. While building a desirable image, the idea is also to indirectly educate the public. This will carry the education element one step further towards your consumers, and not only stakeholders in your value chain. Lastly, organisations should provide training for their staff and other stakeholders such as suppliers. This will ensure a sound awareness of what sustainability entails, as well as ease the process of implementing sustainability initiatives in the future.

Over the years organisations have realised the importance of incorporating sustainability into their organisational strategies. As of late, it has also become an important strategy to move sustainability further up in an organisation's value chain. For this study, the focus was placed specifically on suppliers and how the retailer is pursuing supply chain sustainability. The theoretical contribution of this study includes the abovementioned amended *Supplier Engagement Continuum*. It became apparent that the implementation of the original *Supplier Engagement Continuum* was flawed. Mainly, the retailer did not address all three crucial pillars of sustainability as discussed in the literature. The retailer only focused on the environmental aspect of sustainability. This had a direct influence on the entire continuum's implementation. Therefore, the amended *Supplier Engagement Continuum* is an important contribution to theory. This amended continuum can assist future researchers and inform academics of the possible setbacks when implementing the original continuum.

The second important contribution of this research is the contribution to practice. From a management perspective, this amended continuum allows organisations to first lay down a good foundation for supplier collaboration on sustainability before moving forward with additional sustainable supply chain management. Firstly, organisations can strengthen their relationship with their suppliers by means of more communication and collaboration. Strategic sessions, forums, and workshops can be arranged where different suppliers can discuss sustainability issues-both positive and negative- and find a possible solution together. Collaboration, direct interaction and effective communication will enhance sustainability processes and problem solving. In turn, suppliers will feel more included and the retailer will strengthen its relationship, as well as gain more loyalty and trust. The results also confirmed that the suppliers seek this kind of collaboration. Organisations can create and facilitate information databases or information hubs that could be effective platforms to share current and new ideas, to seek solutions to problems and ways to implement best practices. Workshops can be instrumental to create a network for suppliers. These workshops can be facilitated by the organisation, or suppliers could take ownership themselves and reach out to share and learn from other suppliers. If suppliers started to co-operate in this way, organisations could be released from the additional pressure associated with this responsibility. Therefore, the research contributes to the literature in providing an amended model that can be used in future academic research, as well as in practice.

Additionally, based on the outcomes of the research, the following limitation was identified: The limitation was due to the rollout and timing of the scorecard. The researcher only had access to the three suppliers who had already interacted with the scorecard. Therefore, no more than three suppliers could be included in the study.

With regard to future research, the limitations mentioned earlier pave the way for the following future research studies: Firstly, this particular study was conducted in the retail sector. However, the study can be replicated in other business sectors with the same primary objective in mind. Secondly, this study can also be replicated in other countries. The research study can take a longitudinal form with regard to how sustainability initiatives have developed, will grow, and will improve. Finally, the amended continuum can be tested in the South African context in order to determine whether it is effective or not.

Additionally, against this background, the following propositions are suggested for future quantitative studies. Firstly, future researchers can determine whether there is a relationship between the nature (positive or negative) of retailer-supplier engagement, and the size of the supplier. Secondly, researchers can determine whether large organisations (suppliers) are less inclined to build strong and healthy

stakeholder relationships with small retailers. Lastly, researchers can determine whether small organisations (suppliers) are more inclined to build strong and healthy stakeholder relationships with large retailers. These possible future research propositions can aid in future sustainable supply chain management dilemmas.

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### Author Contributions

Chanel Venter was the main lead of the study and contributed immensely by helping develop the research as it continued. Anika Berning did the fieldwork, data processing and data analysis for the study. The study was read and approved by both authors.

### Conflicts of Interest

The authors declare no conflict of interest.

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