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Developing guidelines for socially sustainable indirect procurement

A qualitative case study based on key sustainability theories

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TIIVISTELMÄ:

Kestävää kehitystä on tutkittu laajasti viime vuosina, mutta sen yhteyttä hankintaan on alettu korostaa vasta viime vuosina. Suorien hankintojen kestävyyttä on tutkittu laajasti, mutta epäsuorien hankintojen kestävyyteen on kiinnitetty vähemmän huomiota. Kestävyyden kolmesta ulottuvuudesta ympäristöulottuvuutta on tutkittu laajasti, mukaan lukien vihreät hankinnat, mutta sosiaalinen ulottuvuus on saanut vähemmän huomiota. Tässä tutkimuksessa tarkastellaan sosiaalisesti kestävän hankinnan avaintekijöitä, haasteita ja käytäntöjä sekä tutkitaan parannusstrategioita. Tutkimuksen tavoitteena on kehittää kehys sosiaalisen vastuun integroimiseksi hankintapäätöksiin ja kaventaa hankintojen ja sosiaalisen kestävyyden välistä tutkimuksen aukkoa. Vaikka tutkimuksessa tunnustetaan kestävyyden ympäristö- ja talousulottuvuudet, painopiste on ensisijaisesti sosiaalisessa ulottuvuudessa.

Tutkimus toteutetaan kvalitatiivisena tapaustutkimuksena. Tutkimuksessa käytettiin kahta eri tiedonkeruumenetelmää. Ensin haastateltiin seitsemää hankinta-alan ammattilaista, minkä jälkeen haastattelujen tuloksia tuettiin sisäisillä ja ulkoisilla materiaaleilla. Tätä kutsutaan datan triangulaatioksi. Tutkimuksessa kerätyt tiedot analysoidaan kvalitatiivisen sisällönanalyysin avulla. Vastaukset on jaoteltu temaattisiin luokkiin, jotka vastaavat tutkimuskysymysten pääulottuvuuksia, eli nykytilannetta, haasteita ja mahdollisuuksia. Luokat on luotu tutkimuskysymysten perusteella, ja tavoitteena on löytää niihin vastauksia. Tulokset-osiossa esitetään kunkin teeman tulokset. Tutkimuksen luotettavuuden varmistamiseksi ja arvioimiseksi on tehty työtä.

Tulosten perusteella kestävän hankinnan edistämiseen vaikuttavat merkittävästi johdon sitoutuminen, hankintaorganisaation asiantuntemus, yhteistyö toimittajien kanssa sekä indikaattoreiden ja seurantamenetelmien käytettävyys. Haasteina korostuvat vastuullisuustavoitteiden toteuttaminen käytännön tasolla, epäsuoran hankinnan hajanaisuus sekä riittävien tietojen ja resurssien puute. Tutkimuksessa annetaan suosituksia hankintojen kehittämiseksi strategisempaan ja vastuullisempaan suuntaan. Käytännössä tämä tarkoittaa selkeämpiä ohjeita, enemmän koulutusta, parempaa tiedonhallintaa ja tiiviimpää yhteistyötä sisäisten ja ulkoisten sidosryhmien kanssa. Tulokset tukevat organisaatioita niiden pyrkimyksissä integroida hankintatoiminta ja kestävän kehityksen tavoitteet kattavasti ja järjestelmällisesti.

AVAINSANAT: kestävä hankinta, sosiaalisesti kestävä hankinta, epäsuora hankinta, kestävä kehitys

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ABSTRACT:

Sustainable development has been extensively studied in recent years, but its connection to procurement has only begun to be emphasized in recent years. The sustainability of direct procurement has been studied extensively, but less attention has been paid to the sustainability of indirect procurement. Of the three dimensions of sustainability, the environmental dimension has been studied extensively, including green procurement, but the social dimension has received less attention. This study examines the key factors, challenges, and practices of socially sustainable procurement, while exploring strategies for improvement. Its aim is to develop a framework for integrating social responsibility into procurement decisions and to bridge the research gap between procurement and social sustainability. While acknowledging the environmental and economic dimensions of sustainability, the focus remains primarily on the social aspect.

The study is conducted as a qualitative case study. The study uses two different data collection methods. First, seven procurement professionals are interviewed, after which internal and external materials are used to support the findings from the interviews. This is referred to as data triangulation. The data collected in the study is analyzed using qualitative content analysis. The responses are divided into thematic categories that correspond to the main dimensions of the research questions, i.e., the current situation, challenges, and opportunities. The categories have been created based on the research questions, and the aim is to find answers to them. The findings section aims to present the results for each theme. Efforts have been made to verify and evaluate the reliability of the study.

Based on the results, the promotion of sustainable procurement is significantly influenced by management commitment, the expertise of the procurement organization, cooperation with suppliers, and the usability of indicators and monitoring methods. The challenges highlighted include the implementation of responsibility targets at the practical level, the fragmentation of indirect procurement, and a lack of sufficient information and resources. The study offers recommendations for developing procurement in a more strategic and responsible direction. In practical terms, this means clearer guidelines, more training, better information management, and stronger cooperation with internal and external stakeholders. The results support organizations in their efforts to integrate procurement activities and sustainable development goals in a comprehensive and systematic manner.

KEYWORDS: sustainable procurement, socially sustainable procurement, indirect procurement, sustainable development

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Abbreviations

AI	Artifical Intelligence
CE	Circular Economy
CSP	Corporate Social Performance
CSR	Corporate Social Responsibility
ESG	Environmental, Social and Governance
EU	European Union
ICT	Information and Communication Technology
IoT	Internet of Things
IP	Indirect Procurement
MRO	Maintenance, Repair and Operating
NGOs	Non-Governmental Organisation
SCM	Supply Chain Management
SP	Sustainable Procurement
SSCM	Sustainable Supply Chain Management
SDGs	Sustainable Development Goals
TBL	Triple Bottom Line
UN	United Nations
VMS	Vendor Management System

1 Introduction

Sustainable procurement has become a key part of companies' sustainable development strategies, as it has an impact on the environment, society, and the economy (Silva & Nunes, 2022). They go on to explain that organisations are increasingly expected to integrate sustainability principles into their procurement processes to meet global sustainability goals, regulatory requirements and stakeholder expectations. There has also been a growing global focus on sustainability since the United Nations (UN) published the Sustainable Development Goals (SDGs) in 2015. At its heart is the idea of providing a shared plan for peace and prosperity for people and planet now and in the future. Therefore, attention must also be paid to the sustainability of the procurement parctices. However, implementing sustainable procurement faces a range of challenges, particularly in indirect procurement where supplier networks are complex and diverse (see Miandar et al., 2024, p. 505; Akhavan & Beckmann, 2017, p. 137).

This thesis examines the factors that influence sustainable procurement at the case company, focusing on indirect procurement (IP). The study examines current practices, challenges and opportunities to increase sustainability in procurement processes, focusing on the social sustainability aspect. By applying qualitative research methods, such as interviews and sustainability reports, the study aims to provide practical insights and guidance to promote socially responsible and ethical sourcing. The findings will contribute to the sustainability efforts of the case company and provide wider implications for companies seeking to improve their procurement strategies in line with corporate sustainability objectives.

1.1 Background

Sustainable procurement has become an integral part of corporate responsibility and strategic sourcing as organisations seek to reduce their environmental, social and economic impacts (Walker et al., 2012, p. 201). The increasing global emphasis on

sustainability, driven by regulatory requirements, stakeholder expectations, and ethical considerations, has encouraged companies to integrate sustainability principles into their procurement processes (see Silva & Nunes, 2022; Boruchowitch & Fritz, 2022). The commitment of each member country to the UN's Sustainable Development Goals also raises the profile of the importance of sustainability, especially the parameters of social sustainability such as equality and working conditions (United Nations, n.d.). Sustainable procurement covers several of these dimensions, including environmental protection, ethical labour practices, resource efficiency and long-term economic viability (Etse et al., 2023, p. 525). According to to Israel and Curkovic (2020) in indirect procurement, sustainable development offers unique challenges and opportunities. Unlike direct procurement, which focuses on raw materials and key inputs, indirect procurement purchases goods and services that support an organisation's operations, such as IT services. Indirect procurement often involves complex supply chains with varying degrees of sustainability implications. It is therefore important to develop clear guidelines and methods to assess and validate sustainability efforts.

The case company leads the world in cutting-edge technologies and lifecycle solutions for the maritime and energy sectors. They make investments in innovative services and sustainable technology to support their clients' ongoing efforts to enhance their financial and environmental performance. The organisation also has, for example, significant decarbonisation targets for 2030, demonstrating its desire to evolve in terms of sustainability. However, implementing sustainable principles in procurement requires structured guidelines, effective monitoring, and collaboration with suppliers to achieve successful progress. The starting point for this study is the need to understand sustainability and social responsibility, and to incorporate them into corporate culture. The study focuses on indirect procurement and will look in more detail at the contribution of information and communication technology (ICT) procurement to this. As a rule, the interviews will be conducted among people working in ICT sourcing and indirect procurement. Currently, the case company has no clear methods of measuring or verifying the sustainability and responsible behaviour of its suppliers. The aim is to

find tools and comparable parameters to achieve more sustainable procurement. Although the research is conducted in a specific area of indirect procurement, the aim is that the findings of the research can be applied to other areas of indirect procurement as well.

1.2 Research gap, objectives, and research questions

The aim of this study is to design sustainable procurement guidelines, with a focus on the social aspect, tailored to the needs of the indirect procurement activities of the case company. By identifying the key factors and challenges affecting socially sustainable procurement, analysing current practices and exploring strategies for improvement, this study will contribute to the development of a comprehensive framework for integrating social responsibility into procurement decision-making. The goal is to bridge the current research gap between procurement and social sustainability. Since sustainable development is traditionally defined in social, environmental and economic terms, this study also considers these aspects as a whole, and understands how they interact. However, the aim is to focus mainly on social sustainability.

Recent research has focused mainly on environmental aspects, such as green procurement and green purchasing, which involves buying environmentally friendly products or services (Ryu & Sueyoshi, 2021). The integration of social issues into supply chain management has not yet been sufficiently analysed and is therefore an important research gap (see Rentizelas et al., 2020; Yawar & Seuring, 2017; Winter & Lasch, 2016). For example, supplier development is a way to address social risks in supply chains. Sustainable procurement is therefore of paramount importance. The aim of this thesis is to extend this perspective to social sustainability. In addition, research in sustainable procurement is often focused on the dyadic buyer-supplier relationships (Li et al., 2022; Ghadimi et al., 2015). This study also focuses on the fundamental question of what the case company can improve in its own procurement processes. However, this should also take into account suppliers to some extent, as they are part of the procurement process.

Nevertheless, the starting point is to focus on the activities of the case company and their perspective on the issue.

The study focuses on the social sustainability policies in a specific company in the field of procurement, such as social responsible procurement and ethical sourcing. The aim is to create a sustainable supply chain in which the role of procurement is examined in more detail. The case company has a desire to become increasingly sustainability oriented and therefore it can be assumed that the executive management is dedicated to this objective. Thus, the case company's procurement practices need to be reassessed in order to achieve a sustainable supply chain. The purpose of this thesis is to examine the procurement practices of a case company and suggest changes to their processes to make them more socially sustainable. As a result, it is also important to establish the current state of procurement practices. This will be accomplished by performing a thorough literature analysis with the goal of finding elements and ideas that support sustainability by analysing existing research in the fields of sustainability, sustainable supply chain, and sustainable procurement. Following the literature review, semi-structured interviews will be conducted to investigate the case study company's position.

The objectives of this study are to:

1. Identify current practices and areas for improvement in socially responsible procurement operations, including supplier ethics, labour conditions, and diversity.
2. Analyse the challenges that prevent the integration of social sustainability principles into company procurement processes, such as supply chain transparency and fair labor practices.
3. Provide recommendations for enhancing procurement practices to align with social sustainability and corporate social responsibility goals, ensuring ethical sourcing, fair supplier treatment, and long-term positive social impact.

These objectives are addressed by answering the following research questions. The research questions have been formulated to guide the direction of the thesis, and they are as follows:

RQ1: What are the current practices and initiatives related to socially sustainable procurement?
RQ2: What factors and challenges influence the implementation of social sustainability principles in the case company's procurement practices?
RQ3: How can procurement practices be improved to better align with social sustainability and responsibility goals?

1.3 Structure of the research

This thesis has been carried out as a qualitative study. The thesis contains six main chapters. The purpose of the first chapter is to serve as an introduction to the study. It presents the background to the study, defines its scope, and presents the research questions and objectives. The second main chapter, which includes a literature review, focuses on developing the thesis' theoretical framework. This section of the thesis discusses the concepts of sustainable development, supply chain management, and sustainable procurement. The purpose of the chapter is to present the main theories and current trends in sustainable procurement. The third chapter presents in depth the research methodology, with a focus on the research philosophy and approach, the research strategy and methodology, and the data collection and analysis. This chapter also discusses research rigour. The purpose of chapter four is to focus on presenting the data collected and the observations made. This chapter is important because it presents the results of the study. The fifth chapter combines the results with the theoretical framework of the study, and presents the recommendations found through the study. Finally, the sixth chapter draws conclusions from the study as a whole.

2 Literature review

This chapter of the study aims to establish a theoretical background for the empirical research by conducting a literature review. The main priority is to create a framework for sustainable procurement (SP), with a focus on social sustainability. The chapter presents a literature review of the main theories and current trends in the area of sustainable procurement. This chapter provides a solid basis for the empirical part of the study. First, this chapter discusses what sustainability is and its relevance to the supply chain and procurement in particular. Next, the main theories related to the topic are discussed. The factors influencing sustainable procurement will be examined and an effort will be made to present the limiting and enabling factors. Finally, current trends related to SP and their impact will be presented.

2.1 Key concepts for the study

To understand what sustainable procurement is, it is necessary to understand the basic concepts of sustainability and how procurement fits into it. As a result, this sub-chapter introduces the main concepts for this thesis. The section explains what sustainable development is, the basic concept of the supply chain, and how procurement relates to it is also introduced. Sustainability is also linked to these concepts in order to support the objectives of this thesis.

2.1.1 Sustainable development

According to Kreye (2023, p. 4) sustainable development is defined as development that fulfills present demands while not risking future generations' ability to meet their own. Kreye emphasizes two parts of the definition: requirements and restrictions based on technology, social organisation, and environmental capability. These notions correspond to the ecological footprint measures described above, but they address broader issues

such as poverty and starvation. Expanding this concept to a worldwide scale yields the following definition of global sustainability: ensuring that all people on the planet have access to the resources and environment they need to exist and prosper, now and in the future. Ahmad et al. (2023, p. 43068) add that as the manufacturing industry is energy, water, material and resource intensive, it has a significant impact on the environmental, economic and social dimensions of sustainability. Therefore, the case company should also focus on sustainable development.

In recent years, international attention has increasingly focused on sustainability. In 2015, the United Nations (UN) published the Sustainable Development Goals (SDGs), which are designed for the period 2015–2030. The 2030 Agenda for Sustainable Development, approved by all UN member states in 2015, lays out a shared vision for peace and prosperity for people and the planet today and in the future. At the center of the program are 17 sustainable development targets. (Image 1).

Image 1. The United Nations sustainable development goals (United Nations, n.d.).

The United Nations (n.d.) goals recognize that tackling poverty and other deprivations must be combined with policies for improving health and education, reducing inequities, and promoting economic growth, as well as battling climate change and safeguarding seas and forests. Among the SDGs, particularly goal 12 relates to ensure sustainable consumption and production patterns. It considers that every stage of production or manufacturing, including procurement, offers the opportunity to reduce the use of resources and fossil fuels, save energy, reduce emissions, promote the circular economy and foster innovation. For example, target 12.5 aims to significantly reduce waste generation by 2030 through prevention, reduction, recycling and reuse. These goals also consider social sustainability, such as poverty eradication, gender equality and quality education. These United Nations SDGs are a good starting point for sustainable development and how to achieve it.

2.1.2 Sustainability in the supply chain

Winter and Knemeyer (2013, pp. 19–20) explain that the that the supply chain's goal is to provide value to customers in the form of products and services. Supply chains are not linear structures, but rather complex networks of relationships. A supply chain, according to this network-centric viewpoint, is a network of organisations that are linked together through upstream and downstream linkages in numerous processes and activities that provide value to the final customer in the form of products and services. Supply chains play an important part in achieving sustainability, focusing on supply networks is one step towards a broader embrace of sustainability (see Boruchowitch & Fritz, 2022; Miandar et al., 2024). According to Kreye (2023, p. 85) supply chain management (SCM) is an important part of the transition to sustainability. Planning and management related to sourcing and procurement, transformation and logistics management tasks are included in supply chain management. SCM is defined as the integration of key business processes from the end user through the original suppliers, resulting in products, services and information that add value to customers and other stakeholders (Winter & Knemeyer, 2013, p. 20).

According to Miandar et al. (2024, p. 505) one of the most challenging supply chain concerns facing businesses today is how to promote sustainability not only among first-tier suppliers, but also across their supply network. Sustainability cannot be achieved by companies alone, as they are heavily dependent on supply networks to develop, produce and deliver goods and services to consumers. Kreye (2023, p. 86) explains that sustainable supply chain management (SSCM) means incorporating social, environmental, and economic sustainability goals into a business's supply chain operations. This outcome is attained by incorporating sustainability considerations into the organisation's core business systems, which are made to effectively and efficiently manage financial, information, and material flows throughout the supply chain to satisfy stakeholder needs and enhance the organisation's resilience, profitability, and competitiveness in the short and long terms. For many organisations, the starting point for discussing sustainable supply chain management is to identify the stakeholders in sustainable development (Figure 1).

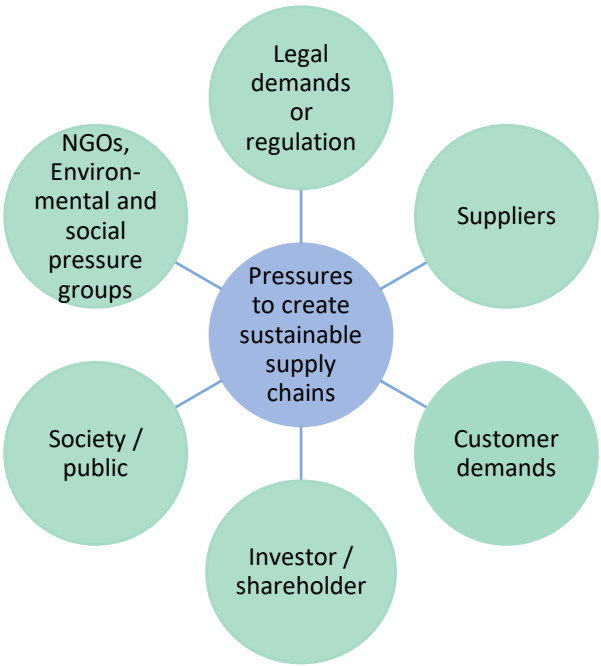

Figure 1. Sources of sustainability pressure in supply chains (Kreye, 2023, p. 86).

Boruchowitch and Fritz (2022) state that stakeholders are most often the drivers of SSCM. They add that it is important to find ways to satisfy stakeholders. Stakeholders are to be

understood according to Freeman, (1984, p. 46) as “Any group of individuals that can affect or is affected by the achievement of an organisation’s objective”. They can hold companies accountable for their social and environmental performance and thus influence corporate decisions. This is discussed further in the stakeholder theory section of this thesis.

Kreye (2023, p. 87) points out that the customer or end user of the product is a key source of pressure, as these actors act as catalysts for all supply chain activities that affect demand. Consumer demand for more ecologically friendly products or business models can drive long-term change. On the other hand, meeting this demand can provide a competitive edge. Investor and shareholder demands might serve as a counterbalance to the need for short-term financial gains and risk avoidance. Non-governmental organisations (NGOs) can also exert pressure to improve supply chain sustainability and serve as valuable partners, frequently performing relevant research and maintaining critical logistics networks for underserved communities. Legal rules or regulations are frequently one of the primary sources of pressure since they establish a mandatory framework for accomplishing the SDGs. For example, the European Green Deal. According to European Commission (2020) the Green Deal, the European Commission’s green development programme, is a comprehensive and ambitious package of measures. Through it, the European Union (EU) aims to make Europe climate neutral by 2050. The aims are to significally reduce emissions, invest in top research and innovation and preserve Europe’s natural environment.

For the purposes of this study, it is important to understand that the supply chain is a complex whole, of which procurement is one part. To make procurement sustainable, different aspects along the supply chain need to be taken into account. It is not enough to look at just one part, for example logistics, but the problem needs to be examined as a wider whole. For example, it is also important to understand and be aware of stakeholder pressure and how it affects a company's business.

2.1.3 Sustainable procurement

Kaur and Singh (2019, p. 310) state that procurement is one of the most challenging activities in a company's supply chain because it involves ordering the right amount from the right supplier at the right time and at the right price. The role of procurement is to reduce costs, proactively manage risks and create value by supporting product innovation or customer satisfaction (Boruchowitch & Fritz, 2022). Walker and Brammer (2012, pp. 526–527) define SP as the pursue of sustainability targets through the purchasing and supply chain process. Sustainable procurement supports social and environmental well-being by implementing a variety of socially responsible activities. In addition to providing sustainability benefits to wider society, SP is also highly beneficial to organisations and their supply chains. For example, SP assists organisations in avoiding ethical scandals and other activities that might harm a company's image, as well as other benefits such as greater competitive advantage, improved environmental performance, cost savings, and long-term economic viability.

Sustainable procurement has developed as an essential method for addressing environmental and social issues while encouraging ethical sourcing and buying practices (Okonta, 2023). According to Etse et al. (2023, p. 525) SP has emerged as a very important strategy to address a range of ethical and social responsibility concerns for companies, such as sweatshop and child labour, occupational safety, human rights violations, diversity and equal opportunities, and environmental responsibility. Sustainable procurement is the most crucial step towards a sustainable supply chain for companies (Kaur & Singh, 2019, p. 309). According to Okonta (2023) SP refers to applying the ideals of the sustainable development goals to procurement procedures in order to build a safer and viable planet that enhances people’s quality of life, taking into account an organisation’s production and consumption practices. Sustainable procurement involves the procurement of goods and services in a way that maximises the benefits to the organisation while minimising the adverse impacts on the environment, society and the economy. Okonta continues by saying that organisation is only as sustainable as their supply chain.

As there has been a growing interest in developing sustainability and procurement, this is also reflected in various official guidelines. The United Nations Development Programme (UNDP) has developed a seperate UNDP procurement for sustainable development strategy 2022–2025 (UNPD, n.d.) which defines sustainable procurement as key enabler in sustainability. According to this, procurement is also a key driver of international development and procurement staff are professionals who can make a significant contribution to the design of viable development projects. Other guideline is ISO 20400:2017 standard which provides guidance to organisations on how to integrate sustainability into procurement. It indicates that SP takes into account the sustainability of goods or services as well as suppliers in the supply chain. These, for example, prove that sustainable procurement is an important issue and something that organisations need to focus on in the coming years.

According to Israel and Curkovic (2020, pp. 776-777), the strategic relevance of procurement has increased in recent years, with it frequently serving as a source of competitive advantage for businesses. There are two types of procurement: direct and indirect. Direct procurement is defined as any spending that creates revenue or is directly related to the product or service being sold. In brief, indirect purchases are non-income-generating charges or expenses that are unrelated to the product or service offered. Indirect procurement, as defined by Israel and Curkovic, includes maintenance, repair, and operating supplies (MRO), capital equipment, and services. Indirect procurement may include IT services and equipment, human resource services, or travel expenses. This thesis focuses mostly on sustainable indirect procurement, particularly ICT procurement, which makes it important to observe the distinction between direct and indirect procurement.

2.1.4 Socially responsible sourcing

According to Rentizelas et al. (2020, p. 281) globalisation has increased the need for organisations to outsource, which has increased the importance of the upstream

network in the supply chain. As a result, the choice of suppliers is a key strategic decision that has a greater impact on the competitiveness of organisations. Traditionally, supplier selection has been based on economic factors to minimise procurement costs. Other factors related to the economic dimension, such as quality, service, time, reliability and flexibility, have also been taken into account. Sustainability considerations have only recently been introduced.

Organisations are interested in monitoring their suppliers' environmental and social sustainability performance, as they have often been directly affected by big scandals caused by their suppliers' unethical behaviour (see Miemczyk et al. 2012; Vachon & Mao, 2008). Among other things, to minimise such risks, the consideration of supplier sustainability has become a crucial factor in minimising procurement risk, as both public opinion and legislation hold organisations accountable for the behaviour of their suppliers. However, consideration of sustainability in the supplier selection process has been limited mainly to the inclusion of environmental criteria alongside traditional economic criteria, while social aspects have been largely ignored (see Rentizelas et al., 2020, p. 282: Azadnia et al., 2015; Dai & Blackhurst, 2012). The literature shows some examples of social sustainability criteria, collected in the table below (Table 1). In the table 1 the social sustainability criteria is divided into two main categories. The internal social criteria category refers to an organisation's behaviour towards its employees as workers and as people, focusing on employment practices and employee health and safety. The external social criteria category, on the other hand, focuses on the organisation's responsibilities towards external stakeholders such as local communities, subcontractors and other stakeholders.

Table 1. Social sustainability criteria (Rentizelas et al., 2020; Winter & Lasch, 2016).

Category	Sub-category	Criteria
Internal social criteria	Employment practices	- Disciplinary and safety practices - Workforce equality - Diversity - Discrimination - Employment contracts - Flexible working arrangements - Employment opportunities - Employment benefits - Research and development - Career progression - Working hours - Child labour - Freedom of association
	Health and safety	- Health and safety deviations - Health and safety practices - Deviation/accident data - Hazard and assessment data - Compensation related to injuries - Occupational health and safety management system (OHSAS, 18001)
External social criteria	The influence of local communities	- Health - Housing - Education - Service infrastructure - Mobility infrastructure - Regulatory and public services - Supporting educational institutions - Sensory stimuli

		- Security - Economic well-being and growth - Cultural heritage - Social cohesion - Social problems - Grants and donations - Supporting community projects - Corruption - Fines and penalties for violations of laws and regulations
	Influence of the contracting parties	- Procurement standard - Partnership screening and standards - Consumers education
	Other stakeholder influence	- Potential to influence decisions - Stakeholder empowerment - Collective audience - Selected audience - Stakeholder engagement - Disclosure of information

Table 1 is included to illustrate the comprehensive set of social criteria relevant to the concept of socially responsible procurement. It covers both internal and external social dimensions - such as employment practices, health and safety standards, community impact and stakeholder engagement, which are crucial in assessing the ethical and social impacts of procurement decisions. By systematically taking these criteria into account, organisations can better ensure that their procurement processes comply with the principles of social responsibility, human rights and sustainable development.

2.2 Key theories for sustainable procurement

There are many different concepts and theories related to sustainable procurement. They help to understand the various aspects of sustainability and how to implement procurement in a more sustainable way. Theories such as trible bottom line, stakeholder theory, corporate social responsibility, and environmental, social and governance performance are discussed below. These theories are intended to provide a framework for research and guidelines for sustainable procurement criteria. The drivers and deterrents to sustainable procurement are also discussed, and finally, the role of digitalisation and transparency in procurement is presented.

2.2.1 Trible bottom line

John Elkington first introduced the Triple Bottom Line (TBL) in 1994. Sustainable development is a larger concept than just environmental considerations, and in TBL it is summarized by 3Ps: profit, planet, and people. (Figure 2). It aims to measure the economic, social and environmental performance of a company over a period of time (see Kreye, 2023, p. 4; Çankaya & Sezen, 2019).

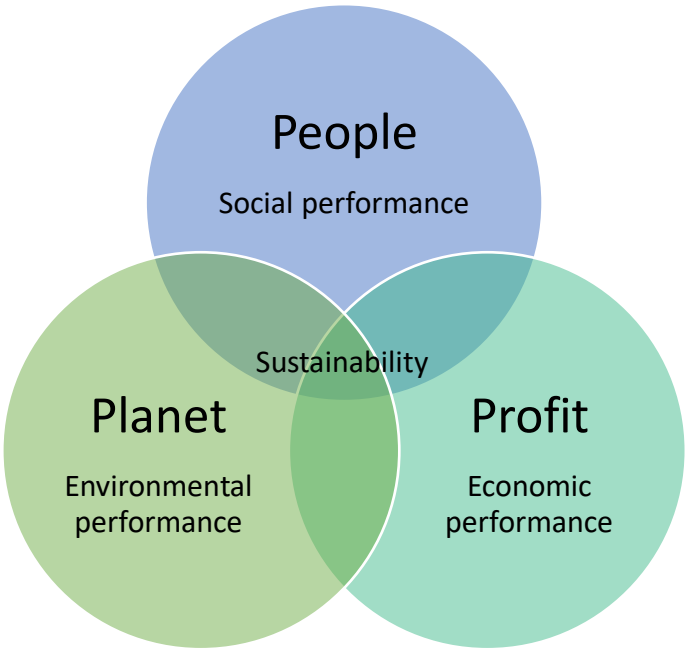

Figure 2. Triple Bottom Line (Elkington, 1994).

According to Kreye (2023, p. 5) the first and most conventionally dimension of sustainability is profit. This dimension describes how initiatives and actions can only be sustainable in the long run if they are profitable or do not cause losses. Performance must be linked to economic and financial sustainability in the medium and long term. Financial sustainability is often assessed based on profitability, cost reductions, and return on investment. Çankaya and Sezen (2019) adds that economic performance refers to the ability of a manufacturing operation to reduce the costs of components, raw materials, water and energy use and waste emissions. However, it is clear that firms need to invest in the transition to sustainability. Creating a sustainable model without sacrificing economic viability is always a challenge for companies (Kuo et al., 2023, p. 2507). This is something to be understood when pursuing a sustainable model.

In simple terms, the second element of environmental performance is the ability of a company to reduce waste, pollution, chemicals and emissions (Çankaya & Sezen, 2019). Kreye (2023, p. 5) argues that the environmental performance of business initiatives and activities is frequently evaluated in terms of greenhouse gas emissions. Greenhouse gas emissions in the EU are governed by the Greenhouse Gas Protocol, which enables

organisations to report on their climate using predefined metrics and evaluation procedures. The Greenhouse Gas Protocol was first introduced in 2001. It classifies emissions into three categories (Figure 3). Scope 1 covers direct emissions from the organisation's own activities, including company vehicles and facilities. Scope 2 covers indirect emissions resulting from the organisation's energy consumption, including electricity and heating. And lastly, Scope 3 covers all other indirect emissions across the value chain, including upstream activities such as purchased goods and transportation, as well as downstream activities such as the use of sold products and the disposal of end-of-life products.

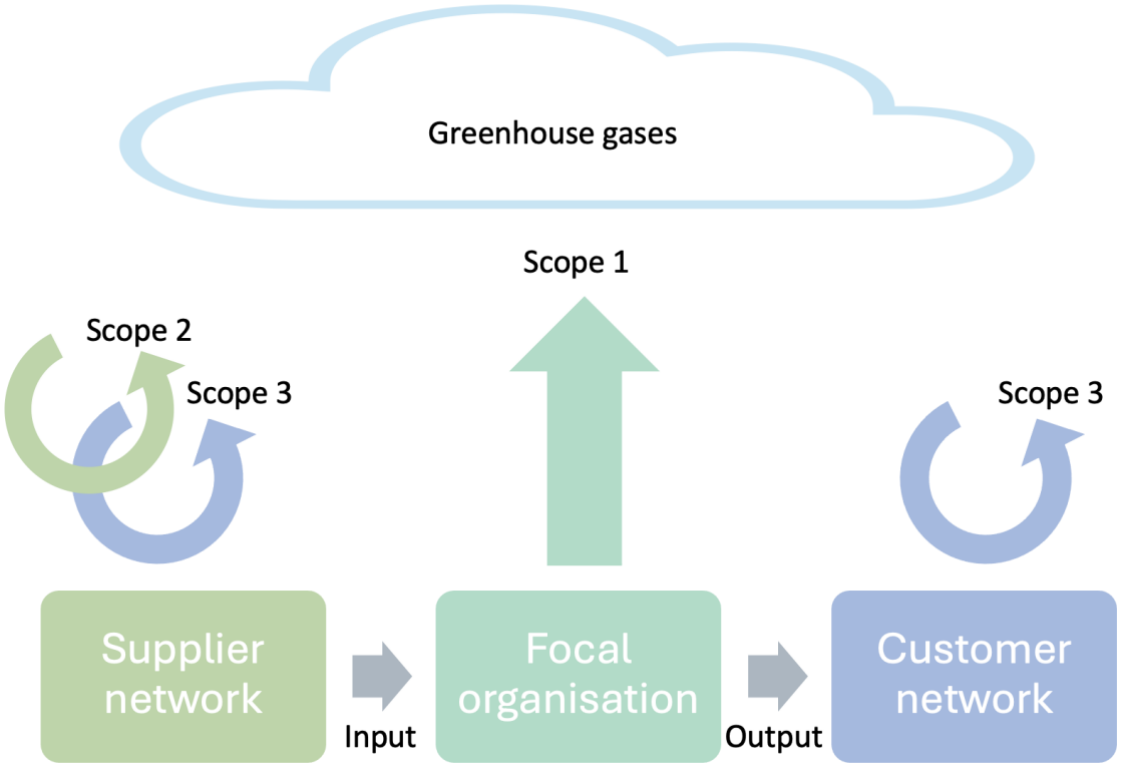

Figure 3. Greenhouse Gas Protocol (Kreye, 2023, p. 5).

The third element of TBL is people. It examines the social impacts of business activities in terms of equality and cohesion, as well as the protection and promotion of fundamental rights (Kreye, 2023, p. 6). Çankaya and Sezen (2019) tells that social performance is the ability of organisations to reduce public risks and promote the safety and health of workers. To be socially sustainable, activities must satisfy all stakeholders.

Social sustainability is often linked to ethical issues relating to human rights, working conditions and the development of minorities. However, it is often unclear how aspects of social sustainability are defined and assessed.

In summary, while the principles of sustainable development provide a crucial basis for supply chain management, their practical implementation is fraught with challenges and contradictions. Understanding the tensions between economic, environmental and social objectives is essential to promote sustainability in global supply chains. This is also crucial for this study to understand. The triple bottom line is an important tool for this study, as the thesis aims to explore sustainable procurement from holistic perspective, as stated in the research gap. In the previous literature, the topic has generally been addressed from only one perspective. Therefore, it is important to examine the topic from all angles and to combine them.

2.2.2 Stakeholder theory

Freeman introduced the stakeholder theory in 1984, which introduced the idea that a company is part of a network of groups with different interests in its activities. He believed that companies exist for more than just making profits and paying dividends to shareholders. Instead, they work best and contribute to the greater good when their activities benefit all stakeholders, including employees, suppliers, the community, partners and, of course, shareholders. Rehman et al. (2023, pp. 71383-71384) define stakeholder theory in terms of sustainability as the idea that different stakeholders have a strong influence on the willingness and motivation of organisations to adopt certain ecological practices to improve sustainability. Stakeholders are a group or individual who have the power to influence the achievement of an organisation's purpose (see Rehman et al., 2023; Shahzad et al., 2024). Just as earlier in this thesis we discussed the different sources of pressure for sustainability, Rehman et al. divide them into primary and secondary stakeholders. Primary stakeholders are those who generally have control over

resources, while secondary stakeholders have no direct influence but must take collective action to influence companies (Nora et al., 2022, p. 676).

Stakeholders' views and opinions on environmental issues have broadened considerably in recent years (see Rehman et al., 2023, p. 71384; Silva et al., 2019). Rehman et al. go on to argue that regulatory pressures affect companies' motivations and decisions, especially where these stakeholders can potentially affect the survival of the company. There is now a strong need to move towards a sustainable development and future. Many companies are striving to do so, and at the same time to create a competitive advantage for themselves (Mahajan et al., 2023). According to Rehman et al. any stakeholders are putting pressure on organisations to develop strategies, policies and practices that are consistent with the SDGs. Sustainable procurement practices integrate environmental, social and economic factors into the organisation's approach to procurement processes and procedures, as well as standard pricing, delivery and quality considerations. To make the whole procurement process sustainable, companies need to prioritise environmentally friendly items, while adopting a legal and forward-looking approach to green management, rather than relying solely on economic performance. Mahajan et al. found that stakeholders play a key role in the implementation and adoption of sustainable practices in organisations.

According to Weidner et al. (2020), the inclusion of this theory in the study reflects the fact that companies keep multiple stakeholders in mind when implementing sustainable development. This perspective includes understanding and responding to the needs of different groups, such as employees, customers, authorities and the general public, and identifying potential trade-offs while moving forward to meet competing demands. Incorporating this perspective into research can be expected to contribute to sustainable procurement and triple bottom line results. Schaltegger et al. (2019) note that the sustainability perspective within stakeholder theory focuses on tackling sustainability concerns in a way that benefits all stakeholders. These difficulties are frequently shared

by stakeholders, making it critical to incorporate sustainability into stakeholder management strategies.

2.2.3 Corporate social responsibility

Sustainable procurement has emerged as a crucial strategy for addressing a variety of corporate ethical and social responsibility concerns, such as child labor and sweatshops, workplace safety, human rights abuses, diversity and equal opportunity, and environmental responsibility (Etse et al., 2023). Frederick (2018, p. 4) reports that corporate social responsibility (CSR) is the deliberate and intentional action taken by a business to enhance the social welfare of those whose lives are impacted by its operations. CSR seeks to establish an organic connection between business and society by tying economic activity to the institutions and social structures of the human community. The aim is to achieve a balance between the economic activities of a company and the aspirations and demands of society. Beal (2014) note that the idea of CSR dates back to the 1950s, when Howard R. Bowen published his book: Social responsibilities of the businessman. However, it is only in recent years that more attention has been paid to ethics and human rights. Nevertheless, the same questions that motivated Bowen are still relevant. He wondered what responsibility companies have to contribute positively to society and what the benefits could be if companies took on these responsibilities more enthusiastically.

Leena et al. (2024, pp. 409–410) explain that CSR focuses on the ethical and responsible behaviour of companies towards society an the environment. It includes a range of initiatives and practices that create a positive outlook among stakeholders. According to Herkenhoff et al. (2024) the challenges of global supply chains are often seen as problems for low- and middle-income countries. Concerns about the negative social and environmental impacts of supply chains in these countries are widespread and consumers have responded to these concerns by demanding ethical standards throughout a company's supply chain. Given that a large proportion of today's supply

chains are located in emerging and developing economies, which are characterised by a high degree of tolerance of environmental or labour law compliance, this requires companies to invest in corporate social responsibility. The fact that a large proportion of the suppliers of the case company covered by this thesis are located in such countries adds to the importance of this study.

Kim and Chae (2022, p. 887) explain that companies are nowadays very interested in ensuring social responsibility in supply chains. Failure to address social responsibility can damage a company's reputation and shareholder value. To ensure this, the researchers have presented ethical sourcing as a means of strengthening suppliers' social responsibility. These corporate actions are often considered a strategic necesity, enabling companies to communicate their CSR initiatives to stakeholders and get a competitive advantage over their competitors. Kim et al. (2018, pp. 1033–1034) state that ethical sourcing refers to the management of all the processes by which a company obtains the materials and services it needs from suppliers in an ethically and socially responsible manner. The term is commonly used in conjunction with socially responsible purchasing or socially responsible procurement. The basic concept of all terms is similar in that they describe the involvement of companies in procurement decisions covering ethical, social and economic issues. Therefore, ethical sourcing is a good sub-concept for CSR for this study.

2.2.4 Environmental, social and governance performance

ESG stands for Environment, Social and Governance, which is a key metric used by national communities to assess the sustainable and green growth of businesses. It is also an expansion and enhancement of the idea of green and responsible investment (Li & Cao, 2023). According to Martiny et al. (2024) ESG performance is the most common framework for measuring corporate sustainability performance. ESG criteria, usually related to ethical or socially responsible investment, have become key indicators of management competence, risk management and non-financial performance. Moreover,

unlike the concepts of corporate social performance (CSP) or corporate social responsibility (CSR), ESG explicitly covers a wide range of issues related to the environment, such as climate change, energy, carbon emissions; social responsibility, such as human rights, product safety, employee welfare; and governance, such as board independence, corruption, shareholder protection (see De Falco et al., 2021, p. 1528; Martiny et al., 2024).

ESG has risen to the forefront of the corporate strategic agenda in recent years (see De Falco et al., 2021, p. 1535; Epstein, 2022, pp. 49–50; Li & Cao, 2023). Epstein continues that it is in fact such a popular government-level target, appearing in almost every annual report, that the debate is less about why it should be done and more about how it should be done. As organisations aim to sell to more socially conscious populations, companies need to focus on how they manufacture products, reduce their environmental impact and create significant social change. The problem with procurement is that many suppliers are located in or near areas of volatile political upheaval. Many of the case company's ICT suppliers are also located in such areas. It is therefore important to take into account ESG performance indicators.

According to Epstein (2022, p. 50), as shown in Figure 4, procurement is ideally positioned to lead corporate ESG efforts because it works with external suppliers and entities at the intersection of corporate environmental, social justice, consumer safety, human rights, diversity, equality and inclusion policies. Procurement can influence and in some cases even require suppliers to use sustainable materials, fair labour practices and respect for fundamental human rights, among other things. But procurement can go even further by looking at the composition of suppliers' workforces, the diversity of ownership or the ESG expectations that suppliers must meet. In other words, using ESG across the entire procurement base has the potential to deliver exponential benefits. De Falco et al. (2021, p. 1528) further state that organisations can gain competitive advantage by applying ESG principles. These benefits can include consumers paying more for the environmentally friendly products offered by the company, increased

labour productivity through better motivation of workers, personal satisfaction and public recognition for managers, and higher legitimacy and reputation for the company as a whole in the marketplace. Thus, ESG is increasingly seen as a crucial factor driving business investment in line with a recognised approach to environmental and social issues.

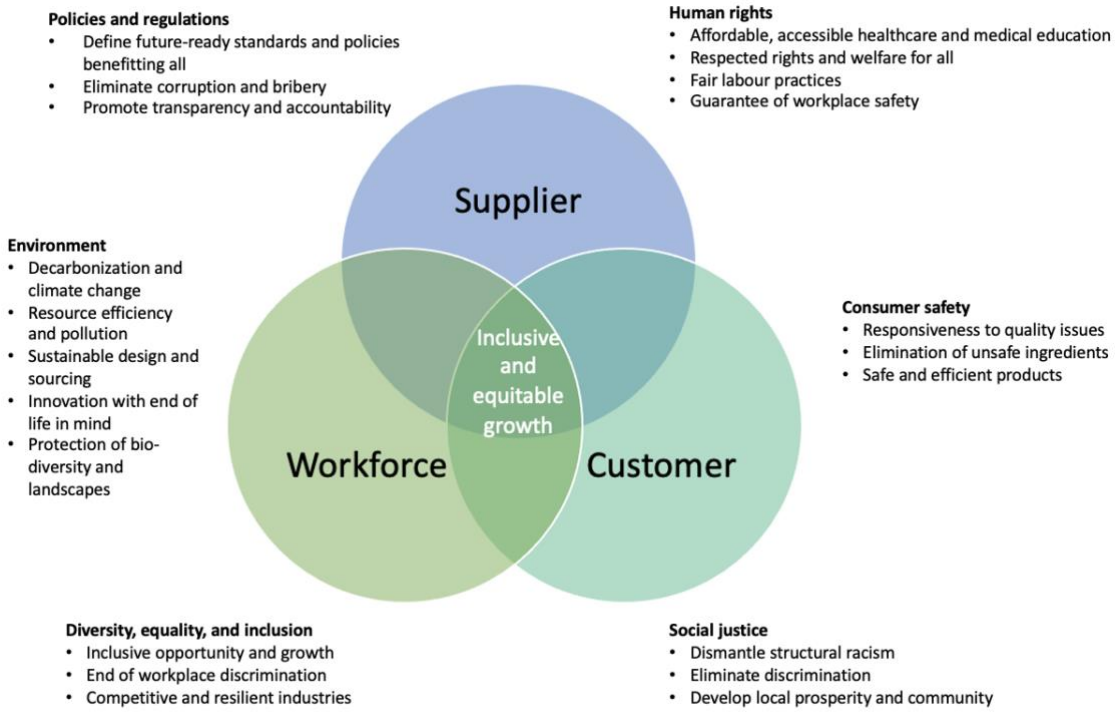

Figure 4. The ESG venn diagram (Epstein, 2022, p. 50).

2.3 Factors influencing sustainable procurement

Various drivers and barriers to sustainable procurement have been acknowledged. It is important to recognize the factors that influence an organisation's ability to implement sustainable procurement practices. By identifying these factors, it is possible to implement sustainable procurement activities within an organisation. These drivers and barriers, as well as sustainable procurement practices, are discussed below.

2.3.1 Drivers and deterrents of sustainable procurement

Understanding the drivers and deterrents within an organisation is important for implementing sustainable procurement. The company needs to understand which factors limit the success of SP and which ones can encourage its success. According to Shaikh and Channa (2022, p. 292), studies have been conducted on the drivers of successful implementation of sustainable development. Drivers can vary by country, sector and industry (see Kannan, 2021; Shaikh & Channa, 2022). Kannan's (2021) study divides the drivers into seven main sections and includes subsections. This list provides a holistic view of the drivers for the success of sustainable procurement in a company. These drivers are presented in table 2.

Table 2. Drivers for SP (Kannan, 2011).

	Main drivers	**Sub-drivers**
1.	Knowledge & training	- Training programs related to sustainability - Raising awareness and increase knowledge
2.	Economic	- Achieving business benefits - Competitive advantage
3.	Social & Environmental	- Environmentally friendly and positive attitude towards sustainable/green products - Values - Building trust in suppliers - Suppliers' sustainable initiatives - Environmental commitment - Ecological motivations
4.	Organisational	- Active Top Management - Target company's focus on SP/sustainable development goals - Upstream supply chain risk management - Sustainable Organisational culture

		- Support from middle management - Compliance with agreements, organisational requirements & international standards - Availability of product supplier - Quality suppliers
5.	Regulation	- Government regulation and legislation
6.	Capability	- Monitoring ability - Cooperation ability - Innovation ability
7.	Pressure	- Customer pressure/demand - Competitor pressure

Of course, in addition to drivers, there are also deterrents. Shaikh and Channa (2022, pp. 292–293) report that deterrents are usually undeveloped or unexploited factors. Barriers can slow down or completely prevent the implementation of sustainable procurement in an organisation. On the other hand, some deterrents can also act as drivers. For example, government regulation can act as both a deterrent and a driver. Similarly, cooperation between stakeholders and awareness of multiple environmental values can all turn from deterrents to drivers. Therefore, the definition of a deterrent is not so precise. Shaikh et al. (2024, pp. 4207–4208) divide SP barriers into four main sections and further into subsections. These barriers are presented in table 3.

Table 3. Barriers for SP (Shaikh et al., 2024).

	Main barriers	**Sub-barriers**
1.	Governmental /Regulatory	- Lack of environmental laws/ regulations - Lack of government support/ rewards/incentive plans - Deficient law enforcement agencies
2.	Market-oriented	- Lack of suppliers' availability - Lack of suppliers' capacity and willingness

		- Lack of understanding of consumer preferences/ pressures - Lack of availability of green products/ materials - Lack of a multi-stakeholder focus - Lack of cooperation between supply chain actors
3.	Strategic	- Lack of commitment from management - Refusal to accept change - Lack of motivation and reward - Lack of research funding - Lack of educational programs - Lack of green practices/green policies - Organizational priorities (price vs. quality) (price vs. sustainability)
4.	Operational	- Lack of economic support - Lack of employee competence - Perceived higher price of green products - Perceived futility of green products - Lack of information and awareness - Lack of concern for sustainability / long-term vision

In addition to these drivers and barriers, companies may have their own challenges or opportunities that are not listed in these tables. But these drivers and barriers are the most common ones that organisations face when moving towards sustainable procurement. Therefore, the tables can be seen as comprehensive.

2.3.2 Sustainable procurement practices

Shahzad et al. (2024) emphasise the concept of sustainable procurement practices. They argue that its implementation depends strongly on the decisions of the organisation and the underlying motivations. Sustainable procurement is becoming more widespread

because of its economic, environmental and social benefits; many organisations already recognise the benefits of a green supply chain. The concept of sustainable and green procurement in the supply chain has emerged as a motivator for firms to reduce costs, gain a competitive edge, and improve financial performance while enhancing efficiency. Conversely, worries about environmental safety, business transparency, security challenges and employee well-being require companies to change their sourcing methods accordingly. According to Islam et al. (2017), organisations must embrace socially and ecologically responsible procurement methods. They influence all areas of the supply chain, including suppliers, employees, and consumers, and work to lessen the environmental and social implications of their own and their suppliers' activities, goods, and services.

Shahzad et al. (2024) go on to argue that adopting environmentally conscious procurement practices, such as prioritising renewable energy, improving product innovation and managing supplier relationships effectively, contributes to environmental sustainability by promoting practices such as recycling and reclamation. In addition, these practices also generate socio-economic benefits. They go on to argue that sustainable procurement techniques can provide numerous benefits, including reduced waste costs and increased competitive advantage. Other benefits include reducing the risk of health and environmental responsibilities and avoiding penalties for environmental violations. In addition, as consumers become more environmentally aware, green products made from materials provided by green suppliers can be unique selling points that enhance the sustainable competitiveness of organisations. In addition, Ambekar et al. (2019) recognised several practices related to sustainable procurement practices. These practices include key firm pressure, monitoring, supplier relationship management, cooperation, certification, supplier risk reduction, multi-procurement, lean supply and carbon tax. The practices are based mainly on the fundamental theory of sustainable development.

Miandar et al. (2024, p. 512) present sustainable procurement practices. They divide the practices into seven different categories. There are many different sustainability practices and organisations need to identify which practices are best suited for them. Some of these practices are extensions of SP drivers. Table 4 summarises these sustainability practices.

Table 4. Practices for the promotion of sustainable development in supply networks (Miandar et al., 2024, p. 512).

Practice categories	**Practices**
Internal integration	- Organizational policies/ guidelines/ certifications/ life-cycle assessment - Top management commitment - Internal training - Rewards and incentives for employees - Internal environmental actions/remanufacturing/ recycling/waste reduction - Sustainability KPIs and target setting - Cross-functional collaboration - Internal communication - Position of sustainability, e.g. sustainability manager/ industry experts - Centralized sustainability department/function - Learning from external best practices
Sourcing	- Guidelines & codes of (sourcing) conduct - Certificates & standards; sustainability reports/ supplier policies - Supplier risk assessment - Selection and evaluation criteria for sustainable supplier
Supplier monitoring	- Supplier audits - Verification of compliance issues

	- Supplier self-assessment questionnaires - Vendor/supplier rating - Product testing & sampling - Communication of monitored results
Supplier development	- Collaboration & sharing of best practices - Supplier training - Incentives & rewards—Sanctions & filtering - Extending relationships - Plan for follow-up & corrective actions - Profit or asset sharing with suppliers
Joint development and co-creation	- Joint product design/green packaging/eco-design/green design development - Joint green manufacturing development - Joint green logistics improvement
Stakeholder management	- Collaboration with NGOs & non-business players - Facing governmental policies/standards/regulations/ legislation - Engagement in stakeholder initiatives - Philanthropic practices - Joint or industry or cross-industry activities and actions to address sustainability

Shahzad et al. (2024) note that the benefits of sustainable procurement practices are significant, but at the same time there are challenges to their adoption. One of the main challenges is that emphasizing SP may reduce the number of qualified suppliers, as the required environmental quality standards are more stringent than before. For example, the introduction of pre-conditions such as pre-selection of suppliers based on certification requirements will increase the requirements for suppliers. Additional challenges may also be posed by employees' resistance to new procurement practices, as changes may disrupt their well-established purchasing habits. Getting shareholders to

agree to a decision to sacrifice part of their current capital in exchange for future benefits is also a significant challenge, even though the decision to implement sustainable sourcing will contribute to corporate social responsibility and green innovation.

2.4 Digitalisation and transparency in procurement

In recent years, new trends in procurement have emerged. Digitalisation has made significant progress, and innovative tools and methods are constantly being developed to improve the efficiency of procurement processes and decision-making (Handfield et al., 2019). According to Liu and Chiu (2021) there is also a growing focus on ethics and human rights, and consumers are demanding transparency from companies on this issue. Organisations are expected to ensure that their supply chains are free from unethical practices such as forced labour or environmental exploitation.

Digital procurement is an emerging topic associated with the digital transformation of supply chains (see Handfield et al., 2019; Srai & Lorentz, 2019; Seyedghorban et al., 2020). According to Harju et al. (2023, p. 62) the use of digital technologies essentially means that supply chains and procurement are becoming smarter by integrating ever larger amounts of data, complex interconnected technological systems and new data-related capabilities. The ability to collect and analyse vast amounts of data on the procurement process will help to understand supply chain sustainability issues such as the origin of raw materials, the environmental and social responsibility of suppliers, and the assessment of carbon footprints and other environmental impacts. Digital solutions such as artifical intelligence (AI) and internet of things (IoT) can optimise resource use, reduce waste and improve logistical efficiency. Harju et al. continue that on of the biggest problem in procurement is supply chain disruption. Lack of supply chain flexibility increases companies' vulnerability and reduces their resilience to disruptions. The increased use of advanced technologies in supply chains means that decision-making can become more data-driven and technology-enabled. As a result, potential risks and disruptions become more visible and manageable.

Srai and Lorentz (2019, p. 79) note that the concept of digitalisation in manufacturing and supply chains is closely related to the concept of Industry 4.0. Industry 4.0 focuses on digitalisation and new emerging technologies such as blockchains, smart contracts and IoT. Blockchain technology will make the supply chain more transparent, helping to ensure that products and services meet sustainability standards Srai and Lorentz add that the blockchain will enable the flexible interconnection of autonomous purchasing systems and the interaction between machines, for example through smart contracts. It can also facilitate data transparency by enabling visibility of product history in terms of origin, processing and routes taken.

Parida et al. (2019) discuss the implementation of digitalisation and the challenges it poses to organisations. However, engaging in digitalisation initiatives combined with business innovation can yield significant benefits in terms of TBL. The goal is to create a sustainable industry for the organisation, the success of which depends on the long-term alignment of economic, sustainability and social benefits. Process efficiency can be improved by analysing operational data to help identify bottlenecks and reduce costs through more efficient use of resources. Predictive analysis reduces quality defects and operational problems, while reducing reject rates and lead times. Environmental benefits can be achieved by improving operational efficiency and developing radical solutions such as better product design, predictive maintenance and product monitoring. Improving manufacturing efficiency reduces the environmental footprint, for example by reducing waste and equipment wear through operational data. Parida et al. also note that the social benefits of digitalisation are multiple. Process autonomy increases safety by reducing human error and accidents, for example through sensors and autonomous machines. Workers can focus on more knowledge-intensive and rewarding tasks, such as predictive maintenance, which increases job satisfaction and reduces injuries and staff turnover.

2.5 Theoretical framework

The theoretical framework of this study brings together key theories and concepts related to sustainable procurement. The framework aims to illustrate the relationship between theories of sustainable development, key procurement concepts, influencing factors and the role of digitalisation in increasing transparency and accountability in supply chains. At the top of the framework are the underlying theoretical foundations, such as the triple bottom line, stakeholder theory, corporate social responsibility and environmental, social and governance performance. These theories form the lens through which sustainable procurement is understood, emphasising the balance between environmental, social and economic dimensions. These theories inform and shape the key concepts used in this study, such as sustainable development, sustainability in supply chains, sustainable procurement and socially responsible procurement. These concepts define the scope and terminology of the study.

Based on these, the framework identifies factors that influence sustainable procurement, such as drivers and barriers, and sustainable procurement practices. These elements explain the conditions under which organisations either adopt or resist sustainable procurement strategies. In addition, digitalisation and transparency are presented as cross-cutting factors that enable or promote sustainable procurement. Technologies such as digital procurement platforms, data analytics and blockchains are seen as tools to increase visibility, compliance and stakeholder trust across the supply chain. Finally, the framework converges with the research objective of exploring how organisations implement and manage sustainable procurement practices in their operations. The visual model summarises these relationships and provides a structural basis for the empirical part of the study (Figure 5).

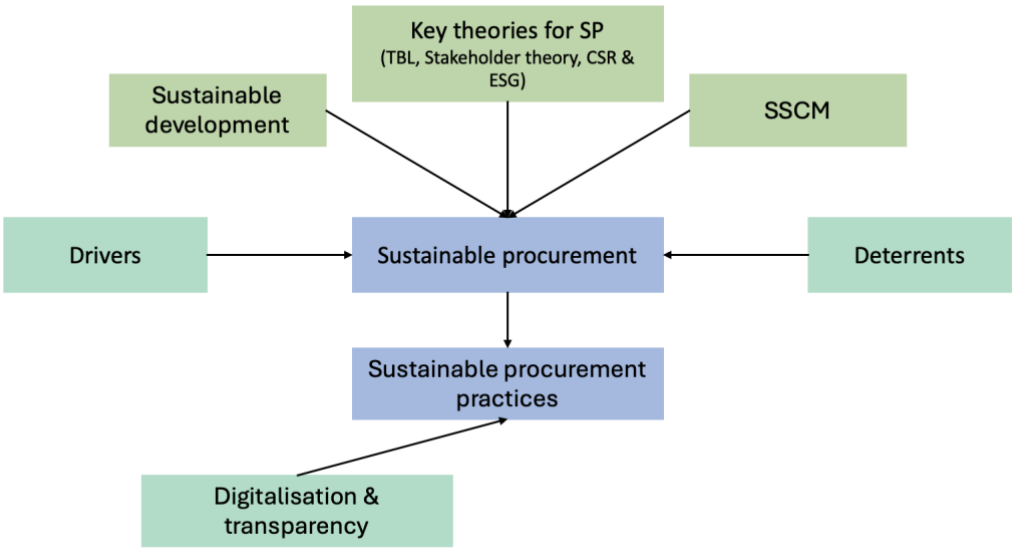

Figure 5. Theoretical framework of the study.

3 Methodology

The purpose of this chapter is to give the reader a comprehensive understanding of the chosen research methodology and data collection. The chapter describes the chosen research methods, followed by a description of how the sample was taken, how the participants were selected for the study and how the interviews were conducted. This section also seeks to justify why some of these methods were chosen for the study. Finally, the quality criteria, the reliability and validity of the study, will be discussed.

3.1 Research approach

The approach chosen for this study is a qualitative case study. According to Juhila (2021), typically, qualitative research seeks to answer the questions "what" and "how" in order to characterise the problem and solution, and its inductive nature emphasises the significance of the data gathered. In qualitative research, theory refers to the applicability of the theory for the scope of the study, existing literature and research on the topic under consideration, and the theory underlying the methodologies used. According to Alasuutari (2012), qualitative research seeks to connect the outcomes of data analysis by identifying common traits or trends. Once the facts have been reduced to their basics, an interpretation of the phenomenon under inquiry is developed. The interpretation seeks to explain and interpret the phenomenon under examination in an accessible manner, using references to studies and theories. The aim of qualitative research is not to make statistical generalisations, but to describe a phenomenon or event in order to comprehend a particular activity or to provide a theoretically relevant interpretation of a phenomenon (Tuomi & Sarajärvi, 2018, p. 74). Since the aim of this study is to evaluate and develop a specific phenomenon in a limited context, it was decided to use a qualitative research method.

3.2 Data collection

This research uses two different data collection methods. The primary data for this study is collected using semi-structured interviews. According to Kallio et al. (2016) semi-structured interviews are versitile and flexible, so they are widely used in data collection. Semi-structured interview have a pre-defined structure, but in an interview situation they allow room for follow-up questions or clarifications. This method was used to achieve an in-depth understanding of the subject under study. Secondary data was collected from internal and external materials and documents used in the case company, including the procurement process. The aim was to learn about existing ways of measuring social sustainability in an organisation and to see how it is applied in practice. Data triangulation means combining more than one source of data (Flick, 2017). In this study, data triangulation was carried out by combining secondary and primary data from different sources, as described earlier.

The semi-structured interview was created based on the identified research gaps, the research questions and the theoretical framework. The interview questionnaire contains 18 questions, all of which are open-ended. The questions are divided into five categories to help structure the interview. First, background information about the interviewee is collected, followed by three sections created by research questions. The first section aims to gather information on current practices, the second section deals with the challenges faced by the case company in terms of social sustainability and the last section deals with opportunities. The interview concludes with an open-ended question to collect additional information that may not have been covered during the interview. The aim of the interviews was to obtain answers from the interviewees based on their own perceptions, which is why most of the questions were formulated in such a way that they could be answered on the basis of the interviewees' own experiences and thoughts.

The interviewees were selected together with the supervisor of the case company and were first contacted by email. Most of those invited agreed to be interviewed, but two of them did not want to participate because they felt they did not have enough

knowledge or that their category did not have as many challenges in the area of sustainability. Both recommended another interviewee, which was then chosen. In the end, seven interviews were conducted. A questionnaire and information about the study were sent to the interviewees in advance so that they could prepare for the interview if they wished. Some of them also asked questions related to the interview, so they were answered in advance. All interviews took place in March 2025 and were conducted via Microsoft teams and recorded with permission. Some interviews were conducted in Finnish and some in English, according to the interviewees' own preferences. The interviews were then transcribed. The Finnish interviews were translated into English for this thesis. The translation process was assisted by a translation program DeepL, after which the text was carefully checked and edited by hand to ensure that the translation matched the original response. Table (5) below lists the dates, duration and number of interviews. The titles of the interviewees have been changed to a more general form to protect anonymity. The exact titles are also not relevant information for this study.

Table 5. Interview details.

Interviewee	Role / Area of operations	Duration
1	Sourcing manager / Indirect procurement	24 min
2	Sourcing manager / Indirect procurement	31 min
3	Sourcing manager / Indirect procurement	18 min
4	Sourcing manager / Indirect procurement	35 min
5	Category manager / Indirect procurement	35 min
6	Development manager / Indirect procurement	58 min
7	Sourcing manager / Indirect procurement	22 min

Internal and external materials and documents were selected to support the findings from the interviews. In many interviews, interviewees also mentioned these documents to support their answers. The documents were selected based on what the interviewees mentioned and used in their own work. Some of the documents are internal, so they will

be handled with caution as the research progresses. Not all information is shared as it is in these documents, as they are not public, but the main point is clearly stated. On the other hand, external materials are also used with caution as the case company is not mentioned in this thesis and the aim is that it cannot be identified from external materials either. Table (6) below lists all documents used for this study.

Table 6. Summary of the documentary material.

Document	Name	Description
1	Supplier assessment questionnaire	A questionnaire for new suppliers, which aims to map their performance, including in terms of quality and sustainability.
2	Supplier compliance assurance	This procedure describes the supply management activities required to ensure the compliance of external suppliers to the case company. Supplier compliance is a sub-process of the supplier on-boarding and supplier requirements and performance management processes.
3	Supplier requirements	The case company has established a set of necessary rules that its suppliers must adhere to. These requirements consist of the case company's supplier requirements, code of conduct and quality, environmental, health and safety policies.
4	Code of Conduct	The Code of Conduct provides employees with guidelines and common rules regarding responsible business practices.
5	Indirect procurement strategy	The strategy has been created for the period 2025-2027 and sets out the objectives, including sustainability.

Finally, the thesis is built on a combination of literature review and research findings using primary and secondary data.

3.3 Data analysis

The data analysis in this study is based on qualitative method which facilitate the overall interpretation of the data collected and enable the research questions to be answered. More specifically, this study uses qualitative content analysis to examine the data collected. Bengtsson (2016) explains that the purpose of content analysis is to organise the data collected, make sense of it and draw conclusions. She goes on to say that content analysis is one of the most applicable methods of analysing data because it can be applied to all written material, regardless of the source. According to Schreier (2012) content analysis is a method for explaining the meaning of qualitative data in a systematic manner. Content analysis can be applied to a wide range of material, such as interviews, documents, textbooks and contracts. For these reasons, this study uses qualitative content analysis. The qualitative content analysis started by reviewing the interview responses and familiarising with the collected data. The responses were then divided into thematic categories corresponding to the main dimensions of the research questions, i.e. the current situation, challenges and opportunities. For each theme, the findings and interviewees' responses were collected from the data and structured into a whole. The results were presented and conclusions drawn using the previously established theoretical framework.

3.4 Reliability and validity

The concepts of scientific credibility are reliability and validity (see Ahmed, 2024; Hirsijärvi et al., 2009). Reliability describes the consistency of the findings and the fact that the research and its results are reproducible (Litwin, 1995). Validity describes whether the findings are accurate and whether the explanations and interpretations used to describe the research steps and results are compatible (see Litwin, 1995; Hirsijärvi et al., 2009). Ensuring credibility in qualitative research increases transparency and critical evaluation, which are important features of successful research (Ahmed, 2024).

In qualitative research, it is important to report on the steps taken at each stage, as this adds credibility. According to Ruusuvuori et al. (2023) the researcher should describe how the research was carried out and how the data was collected and analysed. In this thesis, these steps are clearly described in order to maintain transparency. In qualitative research, different researchers may not come to the same conclusion because of varying personal experiences and knowledge. However, this does not imply that the research cannot be credible, but the researcher should report how they have reached at their findings. Data triangulation is also one way of ensuring credibility (see Flick, 2017: Ahmed, 2024). It can be used to validate and verify data in the study. Ahmed (2024) adds that using different data collection methods can reduce the impact of potential biases in one method or data source. In this study, primary and secondary data have been used, and this data has been compared to the most recent study. This has been done to ensure the credibility of the study.

During the data collection, participants were informed that their responses would be treated confidentially and anonymously. This was to ensure transparency and that they would have the courage to answer honestly. In order to increase the reliability of the study and minimise respondent error, the main themes of the study were presented to all interviewees before the interview. On the other hand, the reliability of the study is reduced by the small amount of data and the lack of interviews. More interviewees would certainly have increased the substantive value of the study. The reliability of the data collection is also undermined by the fact that the interviews were one-offs. If there had been more rounds of interviews, it would have been possible to check and expand on the issues. According to Flick (2017) to increase credibility, the study also clearly lists all sources, documents and interview materials used. Efforts have been made to use recently published, peer-reviewed scientific sources to ensure that the information is up-to-date.

4 Findings

This chapter presents the empirical findings of the research. The section is divided into four main chapters that emerged in data collection: the current state of the case company in sustainable procurement, the challenges of SP, opportunities for improvement and secondary data, i.e. internal and external materials. The fifth chapter draws together these findings. The aim is to discuss the findings of the qualitative research, i.e. primary and secondary data, and compare them with the results of previous studies, supported by the theoretical framework developed for this study.

4.1 Current state

The first part of the interview covered the current practices and operations of the case company. The aim was to find answers to the first research question and to understand the current situation. Sustainability was also addressed as a whole, but the greatest emphasis was placed on the current state of social sustainability in the organisation. The related findings are presented below.

All interviewees agreed that sustainable procurement is an important issue and that solutions need to be found to integrate sustainability into procurement in the case company. The role of indirect procurement in sustainability was also understood, with almost all interviewees stating that more research has been done on the direct side, so it is important to look at indirect procurement and find solutions in this category also.

> *"It's very important that we raise discussion about this topic. It's important that we have people like you, for example, who are making theses and asking these kinds of tough questions from people. I very much appreciate that we have these discussions and questions for people and that we develop them together." Interviewee 6*

"In sustainable procurement, there are certainly quite big differences between direct procurement and, for example, these emissions issues and logistics. Then again, if you think about indirect procurement, it is different." Interviewee 2

"I think some kind of sustainability programme should be put in place. I know something already exists, but directly for indirect procurement it should be a priority." Interviewee 3

An important finding was that some interviewees felt that the case company did not have sustainability objectives in procurement, while others were aware of them. However, interviewees who were aware of sustainability objectives said that they were at a very high level in the organisation or that they were somewhat unclear. This reflects the fact that there are clearly different levels of knowledge within the organisation and that there is not yet clear communication on the subject. Interviewee 4 felt that the responsibility for sustainability in indirect procurement was left to the employees. On the other hand, some felt that the objectives are there, and that work is being done to achieve them.

"Difficult to say do we have sustainability objectives in our organization. I don't know that we would have some hard targets in our policies, for example." Interviewee 3

"I have not seen any guidance on this. Of course it should be taken into account, but how come it's been left to us." Interviewee 4

"Yes, this is a bit of a complex issue, and we have work to do. In terms of procurement, we have work to do and a backlog. The company has clearly communicated its own internal sustainability goals, but in the supply chain and especially from the perspective of indirect procurement, this work is just beginning, and we are just getting our employees organised around this issue." Interviewee 5

"Those currently are quite on the higher level, whereas we could come closer to the actual category and then the subcategories to really find and understand the risks and opportunities that exist for ICT indirect procurement specific." Interviewee 6

As some interviewees felt that the organisation did not have sustainability objectives, it was not surprising to find that the case company did not currently have specific sustainability guidelines for employees to follow when making procurement decisions. Some responses indicated that there are no guidelines, but that this would be desirable.

> *"Unfortunately, the answer is no." Interviewee 7*

> *"Not at the moment, unfortunately." Interviewee 3*

> *"We don't have any formal guidance at the moment, that work has started but it's not finished." Interviewee 5*

Two interviewees mentioned that there are no formal guidelines, but they believe that only reliable and proven suppliers are used. They described such suppliers as often large international companies whose reputation has not been damaged. Often the relationship with the supplier was also long. They felt that perhaps this is why the guidelines are not so important to them, because they only deal with reliable suppliers and in their experience new suppliers are not chosen so often. On the other hand, they both also recognised in the next question phase that it is difficult to verify and measure the real performance of suppliers.

> *"I don't know if we have any actual process for that, but the main thing is to use our existing, known and proven suppliers." Interviewee 4*

> *"It's about working with reliable and credible suppliers." Interviewee 1*

In contrast to other responses, one interviewee answered that there are guidelines. In the interviewee's view, sustainable development should be integrated into existing policies, not just added on top of them. It should be an integral part of the procurement process.

> *"But we do have guidelines. Sustainability is more embedded into the guidelines and into the policies that we have, and that's of course also the academical but also empirical recommendation that sustainability is not something that you have separately guidelines on. But it's rather embedded into the existing policy so that helps the mindset of understanding it's part of everything that we do. It's not something that you should do in advance or in addition or on top of, but it should come naturally." Interviewee 6*

When asked about procurement practices or tools related to sustainable development, and in particular social sustainability, the answers were mixed. It is clear that the case company has some sustainable procurement practices, but the answers about them were not consistent. Five of the interviewees mentioned the supplier assessment questionnaire, which is used to evaluate new suppliers.

> *"These questionnaires for suppliers. They have to answer the relevant questions themselves. But then how true they are, that's harder to find out." Interviewee 4*

> *"I think in sourcing, at least in ICT sourcing, is it mostly related to our vendor vetting. Meaning when we are setting up a new supplier to our system or when we are negotiating with new supplier, we have some questions to our supplier." Interviewee 3*

> *"If you have a look at our supplier assessment questionnaire. So there, that's a questionnaire that any of the suppliers that are new to us must fill in themselves. That's quite a long questionnaire. There you do have the social aspects. We do ask from the supplier what kind of social sustainability practices do they have. For example, certification. If they do have a code of conduct, I think we also ask from them." Interviewee 6*

A few mentioned that after this questionnaire, suppliers will be given a vendor management system (VMS) rating. This is linked to the evaluation of suppliers. But one interviewee admitted that there was not always time for this.

> *"There we ask supplier some questions and based on that we should do VMS rating. But unfortunately, the reality is that we don't always have time for that. But that set includes questions about sustainability." Interviewee 3*

"We have a questionnaire, at the point when we take a supplier to us, which then takes these things into account. We do an evaluation of the suppliers after that questionnaire." Interviewee 2

"We do have for example supplier assessment questionnaire, and we do have VMS rating. Things to assessing and rating the suppliers. And those are these official processes and tools." Interviewee 6

Some interviewees also mentioned as practice the different types of certificates they might look at. The good point was that certificates, or lack of them, do not necessarily indicate whether a supplier is operating in a sustainable way.

"At the procurement and contracting stage, their certificates and policies are reviewed." Interviewee 1

"So yes, so then we do have these ratings and processes. In those ratings you have examples of certifications that you could ask from the supplier, but then again there might be suppliers who don't have these exact certificates and in that case, you should of course ask if they have any other certification or if they are planning to develop any certification or a management system for if they have some other practices in place that match. So basically, how they secure it." Interviewee 6

"Because I mean, you can have sustainable practices even already without having a certain certification, for example." Interviewee 6

In addition, interviewees responded that it is difficult to assess sustainability because there is no clear benchmark against which to compare it. Therefore, they rely on the information that is reported and documented by suppliers. That is why they ask for documents and use them to assess the sustainability of suppliers. However, they also noted that going through such material is difficult and there is usually no factual basis to support the claims. As a result, going through such documentation may seem unnecessary.

"Very few, to be honest. When we do anything in sourcing, we are not looking at sustainability measurements because we don't have anything to measure them against. So, it's really what we rely on, is the information suppliers submit to us. We go through it and then read what they do. But we don't have way of measuring

or making any decision, because we can't compare it to any standards." Interviewee 7

"We have had sustainability as a criterion in some of our larger procurement projects, but for the reason I mentioned, it's at the on/off criterion level because we can't systematically assess it. Because if, for example, supplier x has an EcoVadis value of 80 and supplier y has an EcoVadis value of 75, then what is our requirement. Do we require a value of 90. Therefore, we have to take the documents and assess their sustainability based on that." Interviewee 5

"Suppliers may have their own ESG policies, which are read through. If there is one, that's a good thing and it's unlikely that anything alarming is usually put in there, like we use child labour and discriminate." Interviewee 1

Only one interviewee also mentioned the possibility of conducting on-the-spot surveys of suppliers. On the other hand, the same interviewee mentioned that they are very rare, so perhaps other respondents do not count them as practices if they are never actually done.

"If necessary, we can interview suppliers or make an on-site visit if there is a need to suspect something. But this is very rare." Interviewee 4

Three interviewees also mentioned something about agreements. However, case company contracts do not generally have an annex, for example a code of conduct for suppliers. On the other hand, there was talk of this possibly becoming an annex to the contract. These interviews showed that social sustainability was mentioned on the ICT procurement side only in the context of consultancy purchase agreements. In general, social sustainability is therefore not mentioned in any contract.

"In purchase agreements for consulting we have parts mentioning human rights et. cetera." Interviewee 3

"Then there is also a code of conduct, which is actually probably made for our internal use, but in some agreements, we also refer to those principles." Interviewee 1

"Many companies typically have a supplier code of conduct attached to the contract. So, the case company commits to, say, the UN global compact and what you mentioned there. The same requirements are also imposed on the supplier. Unfortunately, we don't have that as a separate annex to the contract at the moment. We do have those requirements, but it sort of comes through that supplier assessment query system that I just mentioned. So, when the supplier registers with us, then they will have accepted our code of conduct. Our code of conduct has recently been revised." Interviewee 5

Finally, some interviewees recognised that there is still a long way to go in terms of sustainable indirect procurement before practices are at the required level. Some interviewees did not say this directly, but their answers also indicated that there is work to be done on this issue. However, they considered this work to be important and valuable.

"But I do think that we should develop a more harmonized way of applying ESG criteria in supplier selection and then also reviewing it through and engaging the supplier into the discussion. Also transparently discussing with them, why is that we value these certain aspects, not only social sustainability, but also environmental and governance aspects and how we take those into consideration in our supplier selection." Interviewee 6

"I do think that we have quite some works to do to still make it more specific and as well as I said in the beginning that our current tools and processes are designed to apply for both direct and indirect, and those are quite different amongst each other. If we think about the services and products that our suppliers provide. So, if you're selling, for example crankshaft, or if you're selling ICT consultancy services, you don't really measure the same type of social and environmental practices, so they really need to find you the evaluation of the supplier. Here to really make sure that it targets the subcategory in which the supplier is for us." Interviewee 6

"Our company has clearly communicated its own internal sustainability objectives. Our products and services also enable customers to achieve these. But in the supply chain, and especially from an indirect procurement perspective, this work is just beginning, and we are only just getting our people organised around this." Interviewee 5

"This is something we desperately would need" Interviewee 7

4.2 Challenges in sustainable procurement

The second part of the interview covered the challenges in sustainable procurement in the case company. The aim was to recognise the main challenges and to answer the second research question. The purpose was also to identify internal and external factors and how they affect procurement practices. Potential challenges and how these factors affect them were also discussed. The challenges were approached through the interviewees' own experiences of implementing sustainable procurement.

The interviews revealed that when asked about sustainable procurement in general, one of the main challenges was that the case company did not have a clear target level. The lack of standards was also seen as a challenge. It was felt that in principle there is an idea of what should be done to achieve sustainability, but as there is no process for this, it is difficult to implement in day-to-day work. Interviewee one said that because there is currently no requirement to monitor suppliers, for example, it is not done. Many interviewees saw the problem that there is no clear guidance and drive from above to do things. Many interviewees felt that the problem is that there is no clear direction and impetus from the top to get things done, so sustainability practices are not addressed at lower levels either.

> *"Of course, it also depends on the level of ambition, because if you want to actively monitor whether someone is changing or whether suppliers are implementing the requirements and whether someone changes during the life of the contract, it is a little difficult to monitor. But as far as I understand, there is currently no such requirement that these are actively monitored, or if there is, I don't know about it." Interviewee 1*

> *"I think the challenge at the moment is to determine at the top level what the minimum required level is for the organisation and how to translate that into the procurement process. But this is something we are trying to find solutions for." Interviewee 5*

> *"I think that currently is a bit non-existing. To get this started there should be some mutual agreements of working or sustainability policy. It should be something that*

would be integrated to whole indirect procurement category. Because if that's not in place, is very difficult to bring it to individual cases." Interviewee 3

The second major theme in terms of challenges was the lack of monitoring and measurement. And an understanding of how this monitoring could be done. This was accompanied by many stating that it is very difficult to see what the real situation of suppliers is and how to monitor it. This related specifically to existing suppliers, as the responses highlighted that preventive work is already in place at the screening stage for a new supplier. During the screening phase, some form of assessment is carried out to ensure that the values are compatible and that suppliers take sustainability into account in their operations. But after that, there is no real follow-up.

"I think the lack of monitoring and how to measure sustainability. It is very difficult to see the real situation of suppliers." Interviewee 4

"But maybe the kind of challenge that I don't see as a big problem in the procurement phase is monitoring. We certainly have some kind of monitoring on the direct side, for example related to the carbon footprint. But on the indirect side, especially when you buy individual consultants, how do we do the monitoring. What could be done to know whether suppliers are living up to what they've reported. But I haven't seen anything on the indirect side and IT purchasing that's more hands on, or instructions to monitor these things." Interviewee 2

Another challenge was the lack of existing tools. The response showed that the case company has tools and existing technology, but that these could be better used for sustainability. For example, it was mentioned that there are currently no templates or forms to automatically ask suppliers about their sustainability activities. Also, for example, the case company does not have a developed set of criteria that indirect procurement managers could use when considering and brainstorming supplier selection criteria.

"Is that our tools currently do not support enough the guidance of sustainability. So, what I mean with that is that we do have tools and technology is in place that we could use. But we are not necessarily utilizing their capabilities to the full extent to make sustainability part of it. So, what I mean with us for example, is that we

> *don't currently yet have, for example, templates and forms that would immediately automatically ask from supplier about their sustainability, and we don't have a very sophisticated criteria tree which the ICT managers could use when they consider and brainstorm selection criteria for suppliers, for example with their stakeholders." Interviewee 6*

When asked about how to ensure social sustainability and responsibility and the challenges involved it, the answers were partly similar to those given for challenges related to sustainability in general. Again, monitoring and follow-up was a major challenge. Similar points about guidance and practices from above also emerged. However, a few new challenges emerged when reference was made to social sustainability in particular. The lack of transparency emerged as a challenge, especially when discussing social sustainability and responsibility. Supply chains are often complex on the indirect side and can also be very long. Especially when going below Tier 1 level, it is difficult to get information about suppliers' own subcontractors. Transparency is also linked to concerns about social sustainability challenges such as pay equity, worker welfare and safety. On the other hand, interviewees mentioned that aspects of social sustainability can also often be secret and not shared between organisations. So, access to this information is challenging. It is therefore important that there is transparent communication between the parties and that they are very open about what they are doing.

> *"We can't know if there is, for example, equal pay, we can only trust that they are responding truthfully." Interviewee 4*

> *"Supply chain transparency is perhaps a bit of a challenge, i.e. going backwards in the supply chain. You have a supplier and a supplier's subcontractor and a subcontractor's subcontractor, so then the visibility is reduced when you go backwards. Some information about the subcontractors is available when especially talking about data so subcontractors they must list. But it is mainly at the level that they said that they are responsible for their subcontractors as their own performance." Interviewee 1*

The difficulty of carrying out audits or on-the-spot checks was also raised. Lack of capacity also emerged as a problem, precisely in relation to social sustainability. There

are often a lot of documents on social sustainability, and it is difficult to go through them. There may not be time to do this, as it places an additional burden on the worker, in addition to other work tasks. Therefore, on-the-spot checks, for example, are also very rare.

> *"So how do we measure these giant tech partners that we have? That they actually treat their employers respectfully in that sense, we need to have measurements because these companies provide us with 100 pages of sustainability information, and we cannot in any way go through it and say that is correct or not. Or is it helping or not? So, there's kind of two different worlds that we need to do, but we don't have any right now. We don't have too much capability to do that." Interviewee 7*

> *"Exactly. So, we don't have mechanisms at the moment to verify what the suppliers say. We don't have transparency or the ability to audit." Interviewee 5*

A good single point about social sustainability was that, although it is difficult to assess the supplier's performance, if the supplier's organisation has a high departure rate, this may indicate, among other things, a strong pay gap, poor working conditions or other staff-related concerns and a lack of employee satisfaction.

> *"For example, it is difficult to see the internal salary structure. On the other hand, if the departure rate is high, it usually correlates with the fact that the staff is unhappy and there is usually an underlying cause." Interviewee 2*

When asked whether there are trade-offs between sustainability and other procurement priorities, the answers were similar. In the procurement process, sustainability was seen as at least some kind of trade-off between, for example, price and delivery time. On the other hand, many were also keen to point out that they had not come across a case where, price had taken precedence over everything else. Meaning that if they found some serious sustainability violations in their selection of a supplier, they would not choose that supplier. However, many stated that the most important criterion in procurement is price.

“In every procurement discussion, price is always one of the topics. Whereas sustainability issues are not in every discussion. There is a danger of focusing only on price.” Interviewee 4

“I haven't seen that the cheapest supplier with sustainability issues is chosen. However, price is an important factor.” Interviewee 5

“For sure. I think that to be honest we are long way from the fact that sustainability question would go above cost or lead time. But it depends what kind of sustainability we are talking about. If we’re talking about social sustainability, I would say that if supplier has difficulties to follow human rights, it wouldn’t be our supplier. The cost is not the main thing but is the big driver. I think if the cost is very low and sustainability is not great, we would still choose that supplier, unless there are criminal activities. Depends on where you draw the line.” Interviewee 3

“I think that's quite common for many companies and that leads to what I just said about procurement traditionally is seen as a function that deliver savings, and the holy triangle is delivery time, cost, and quality. And for me, sustainability is part of quality, so I don't see it as something additional. But I know that's not necessarily the common way of seeing it. But in general, I feel that many people consider that sustainability is a trade-off that you can't, for example have cost efficiency and sustainability at the same time. Which is often not true. It's very product specific. It's very company specific. Because, for example, there exist companies already who have made their product offering, for example, sustainable yet very competitive. So, they have been able to reduce their sustainability product selection prices by years of development so that it's very competitive in comparison to non-sustainable or products, so to say.” Interviewee 6

Only one respondent felt that there was no trade-off at all between sustainability and other procurement priorities. And another respondent felt that at least they had good suppliers and did not feel that they had to compromise on sustainability. On the other hand, interviewee also identified the phenomenon that for many, price may be the biggest influencing factor.

“No, it is not.” Interviewee 1

“I have not experienced that there was anything bigger. We got good suppliers, and it didn't happen that someone was good in all other criteria and then somehow

> *terribly bad in terms of sustainability. I didn't feel that we had to make any kind of compromise, at least not because of that." Interviewee 2*

Next, the interviews focused on the impact and challenges of internal and external factors. In this context, internal factors refer to the case company's own practices, such as training, management support and company policies. External factors refer to factors external to the organisation, such as supplier availability, market trends and industry regulation. Each respondent spoke about their own experience. Firstly, each respondent understood that these factors play a major role, and that individual opinion alone is not sufficient to take sustainability into account. Some felt that internal factors had a greater influence on decision-making in relation to sustainable procurement than external factors. Many felt that internal factors were the most influential in getting people in the organisation to focus more and more on sustainability and its importance. The most important factor here was company policy. It was felt to be part of the strategy and also set a target level for employees to strive for.

> *"The target level or ambition comes from corporate policy and senior management. Of course, decarbonization and other issues are a key part of our strategy, and of course it comes from there and has an impact, that we must be in line with what we preach. We cannot be indifferent to these things." Interviewee 1*

> *"It seems that this issue is being kept on the agenda. Our company wants to be a pioneer, for example in decarbonization, so yes, it has an impact." Interviewee 2*

> *"We're a big company, so we have a policy for almost everything. But if you don't have a policy, nothing happens. At the moment, we are waiting for a clear policy to come in and then it will take root." Interviewee 5*

Management support and training were also seen as major factors in better integrating sustainability into procurement activities. Management support was key, because without it, it is difficult to embed sustainability in the organisational culture. Training was seen as a tool to make people aware of sustainability and what can be required of suppliers, for example. In this case, the company's employees were perceived to have a

lot of enthusiasm and commitment but lacked know-how. Training in this area was therefore considered very important.

> *"A lot. I think that's the key, we must had company policies, management support and training. Without those the sustainable procurement doesn't happen." Interviewee 3*

> *"I mean top management support has been cited in the academia; it has been cited as the most important factor influencing this. So yes." Interviewee 6*

> *"I think there is a quite big agreement that this is a factor that we need to do. So, when we start to do, we will have a quite easy way to take them in as long as we know what we need to do. I think there's management support is important." Interviewee 7*

> *"Training does affect a lot because training makes people aware of what sustainability is and especially what sustainability is in our company context. How do we want to perceive it? And we do have targets that are also tied to sustainability and tied to environment, social and governance aspects. So those are very visible for us. And I mean, we do have a code of conduct that influences our behaviour. But when we talk about adoption of sustainable procurement practices. There, I do know that we lack the engagement basically lack the adoption of those practices. And to my knowledge, currently the reason and the background behind of that is really that people don't have the know-how. People do understand why it's important, and I think that we have a lot of interest. We have a lot of excitement. We have a commitment which is very important. So, we do have that mindset that sustainability is important and that's something that our company represents and that's something that is in our company culture as well. But then there is a knowing doing gap in putting into practice that understanding and that willingness and that's where really training comes into place and company policies as well, but mostly really training." Interviewee 6*

The external factors that emerged from the interviews were the availability and situation of suppliers, the market, industry regulation and stakeholder pressure. The ability of suppliers was the main topic of discussion. Among other things, the availability of suppliers was an external factor, because often the case company wants something specific, so if a supplier has it, it is difficult to refuse the product if social sustainability is poor. On the other hand, two interviewees also mentioned that suppliers who were already doing a good job in sustainability were not necessarily getting recognition for it.

Also, if something suspicious about a supplier becomes public knowledge, then it will also affect the case company.

> *"But supplier capability is big factor, usually we want something specific. So, if some supplier has what we need, it's very difficult to say no even though their social sustainability is not in good place." Interviewee 3*

> *"More and more, and it should be. And as I said, I don't think the environment outside will allow us to continue in the way we do now. We need to start taking into account the sustainable factors in sourcing. I think it's unfair for our suppliers that actually do a good job that they don't get recognition, and they don't get the benefit when working with us." Interviewee 7*

> *"I think that effects a lot because we have some suppliers who are really developed already in in terms of sustainability. So, they already have very sustainable practices, and they already have very good organizational practices, but also, they are very well aware of their supply chain requirements and how their supply chain looks like. Which is quite important for us in in IP because often we don't only do business. I mean, we are quite much in contact with our tier one and Tier 2 suppliers, even maybe Tier 3. So, this is an important factor for us to understand as well. So yes, the external factors influence a lot." Interviewee 6*

> *"That's where it makes a difference if a supplier becomes public knowledge that they are not doing the right thing. That's when it affects us, and we start to investigate further." Interviewee 4*

The market situation was also seen as a factor. The current market trend is sustainability, and this has a major impact on the way organisations operate. Sustainability can also be seen as a permanent feature of the market. The industrial sector and its regulations were also seen as a contributing factor. The ICT sector was considered to be highly developed and competitive. So, in this sector, sustainability measures are highlighted because they are of great competitive advantage to companies. On the other hand, industry regulations also have a big impact and force companies to act in a certain way.

> "There is a big impact. The market is already having an impact, for example on our company's decarbonisation theme, and it is natural that procurement will follow suit. A big theme also in the market is sustainability and that is a permanent

> element. But the strongest one is regulation, so when it comes into force, we will also see projects accelerate.” Interviewee 5

> “The market well not market trend, maybe the mega trends, they do affect, but even more I would say really the country itself and the region itself. And as well as the industry, because, for example, ICT industry as such is highly developed, I'd say. And it's quite competitive as well in in my understanding. So, I think that there, for example, it might be easier to spot these types of factors and most likely the supplier is also bringing this up themselves in their answers to us, and their solutions offerings to us, as a competitive advantage because they know that this is an important factor that they should promote.” Interviewee 6

Two interviewees were unable to answer questions about external factors and believed that internal factors had the greatest impact. However, they also said that external factors were certainly significant, but they simply could not think of any.

4.3 Opportunities for improvement

The last part of the interview focused on the opportunities and interviewees' thoughts on possible areas for improvement. The aim was to identify the main areas for improvement and to understand what support is available or should be developed to achieve them.

When interviewees were asked what areas, they thought should be improved to make procurement more sustainable in the case company. Many respondents answered similar issues to those in the challenge part. Again, measurement and monitoring emerged as areas for development. It was perceived as a challenge in the previous questions and therefore, there is a desire to develop it. Setting targets also emerged as a major area for development. For many interviewees, this is currently lacking and would be important to develop. It would also help to understand what is required of the individual. In this context, the need to decide what to measure and what criteria to use, for example, when choosing a supplier, was also mentioned. In other words, the creation of clear common approaches was seen as an important area for improvement.

"First of all, we need to decide what we're going to measure. And then when we agree which supplier we should choose, there should be metrics that if someone does sustainability better than others, they should be rewarded for it. Or on the other hand, if someone doesn't care about it, they should be excluded. So, clear steps on how to make that. That should be done in the same way throughout sourcing." Interviewee 7

"The requirements at the top level and their implementation in the procurement process need to be defined." Interviewee 5

"Communicating the level of ambition could help." Interviewee 1

Training was also highlighted as an area for development. It was felt that the case company needs sustainability training, with a specific focus on sustainable development. The training should address issues such as what sustainability is and how to increase it in practice. Interviewees felt that there is currently not enough training for this. Training was felt to be important so that employees are aware of what is required and how to improve sustainability.

"We need a company specific like case company corporate level sustainability training that specifically targets sustainability in our company" Interviewee 6

"I think some sort of sustainability program would need to be implemented. I know there that there is already something but directly to indirect procurement would need to be a sort of made as a priority" Interviewee 3

Contractual bases also emerged as a topic for discussion. Three interviewees mentioned that the contract bases should be brought in line with the requirements of the case company. This was seen as an important area for development as it would commit the supplier to sustainability objectives in the form of a contract. At the moment, the contracts were not at the desired level.

"We need to bring the contract phase into line with those requirements so that it is part of the contracts." Interviewee 5

> *"More attention in the contracts so that the supplier commits to our requirements." Interviewee 4*

The lack of a culture of sustainability also emerged from the interviews in general. The interviews revealed a lack of discussion around sustainability themes. There were also shortcomings in the attitudes and skills of the employees. Many interviewees said they did not know how to increase responsibility in their own work. The lack of training and clear objectives mentioned earlier was seen as a problem in the organisation's sustainability culture. On the other hand, the clear willingness to make progress on this issue was seen as a good thing. The support of management and their clear willingness to make progress was also seen as a good thing. Perhaps the problem at the moment is the lack of knowledge on how to increase sustainability and responsibility in indirect procurement.

> *"We lack sustainability culture in this part of the company (IP), we lack the mindset, we lack the ways of working." We lack management support and with this I want to specify that our management is very aware and eager. And very ready to make it so we're absolutely not against it. I mean, we have great support from our management to advance sustainability. But again, we have a knowing doing gap." Interviewee 6*

Some interviewees felt that the case company does not currently have enough sophisticated technology and tools to support sustainability practices. It was felt that more support could be gained from technology at the moment, making it easier to make decisions and monitor suppliers, among other things. Interviews revealed that technology would facilitate sustainable procurement.

> *"Technology should be guiding the user, so instead of us demanding over 100 people in the IP to apply sustainability, the technology should guide them" Interviewee 6*

> *"Also, in relation to monitoring, it could come through the system. That is, the system would have a sustainability section and the required certificates. Then, according to the cycle, suppliers could be forced to provide their latest documentation, which could make monitoring a bit easier." Interviewee 5*

All interviewees saw advanced technologies in a positive light. Artificial intelligence and its potential emerged as the most prominent. The AI was seen as a good opportunity but was also met with some reservations. Some acknowledged that it would be useful but could not say how, while others identified areas where it could be used. In general, it was seen as a way of reducing workload and as a way of helping to work through large amounts of data. The downsides of AI, such as data security, were also highlighted.

> *"AI could search for data or monitor, read and report on it." Interviewee 2*

> *"As a basic example, we have our own supplier code of conduct, which is sent to suppliers for approval. In most cases it is accepted, but sometimes a supplier sends its own version. Then the need arises to compare whether it is at the same or required level. So, this comparison could be done by AI. Because this comparison takes a lot of the employee's time. If only the AI knows the desired level, then it will read the data and tell the result." Interviewee 5*

> *"I mean, you could have, for example, a sourcing case that you first of all conduct online. We have good tools in place for that already. In my dream world, we would have an AI that is that basically you can send a prompt to it and say that okay I have this and this type of user case or sourcing case. What type of criteria should I apply and then it immediately calculates to you or gives to you the criteria and then it explains the ratio of how you should emphasize it. And what is probable in the industry, in the country and from that size of a company? What can you demand? But of course, there's a downside to that, because AI is not environmentally sustainable, and it has also data protection issues. So, there's downsides to that as well." Interviewee 6*

When interviewees were asked what kind of support they would like to receive in order to improve sustainable procurement, their answers were along the same lines as the perceived areas for development. Education around this issue was seen as important, and it also emerged as a major area for development. Technology assistance was also seen as important and the fact that technology supports sustainability in particular. The need for support to have clear instructions on what to do also emerged from many of the interviews. So that it would not be up to the individual to decide these things. Many felt that sustainability is an important issue and value for them, but that more support and guidance is needed.

“Clear guidance from the top and downwards. So, we have clear guidance available on how to go about it. For example, that this is unacceptable or acceptable. Now it is left to our own discretion.” Interviewee 4

“Clear guidance and then process on what we ask from supplier.” Interviewee 7

“A whole and a framework that does not exist in a systematic form. So, it is left to the discretion of the individual, so it will look different each time.” Interviewee 5

Finally, supplier relations were also discussed during the interviews in order to improve social sustainability. This topic was addressed because procurement is also strongly linked to suppliers, although the focus of this study is on in-house processes. The biggest topic of discussion among interviewees was the convergence of supplier cooperation, which meant, for example, discussing social sustainability in supplier meetings. Increasing communication and transparency on the issue with suppliers. Cooperation and dissemination of information on both sides was seen as important to improve collaboration around the issue.

“Cooperation and knowledge sharing. What we do and what we know, and vice versa.” Interviewee 2

“This could be put more firmly on the agenda of management meetings.” Interviewee 1

“First of all is to take up this topic because I'm not that sure that we take it, might be wrong again and I hope that I am wrong. But I don't think that we take it up as a discussion. So, that's the first step to mention it to open discussion, to show that you are interested in, to show that this is important for you, that you want more information, you want to develop this topic. That's the first thing.” Interviewee 6

Two interviewees also mentioned the importance of training in this context. In their opinion, you must understand what you want and what social sustainability is before you can improve it with suppliers.

“More training and information for our own people. Because we have suppliers in more than 70 countries, and not everywhere thinks the same way as in Europe. So,

it would be good if our own people were aware of the requirements towards the supplier. That is, to train your own staff continuously and to sharpen things in that direction." Interviewee 4

"The broader we understand this ourselves, the better position we are in as part of this supplier cooperation, because we know how to say more precisely what we want and need." Interviewee 5

4.4 Internal and external materials

After the interviews, the study uses internal and external materials from the case company as secondary data. The aim is to understand what kind of guidelines and procedures are already in place and how they could be improved. The documents are treated in a general way in order to preserve the anonymity of the case company. However, in such a way that the main points of the documents are highlighted.

Firstly, the study will look at document one, which is the supplier assessment questionnaire. It is a questionnaite for the new suppliers, which aims to map their performance, including in terms of quality and sustainability. Many interviewees mentioned that they use this questionnaire as a tool when selecting new suppliers. However, some did not mention the questionnaire at all, leaving it unclear whether they do not use it at all or are not aware of it. Looking at the supplier assessment questionnaire, it is very comprehensive. The questionnaire starts by asking for basic information, such as quality criteria and industry. The questionnaire also has three sections that focus more on social sustainability, occupational health and safety, social responsibility management and information security management. Questions include: how long your company has operated without fatal accidents, whether you have a code of conduct or code of ethics, and whether you have set standards for your suppliers on ethical business practices and sustainability, for example. The questionnaire seems broad and good, but the problem here, as the interviews revealed, is the reliability of the data. The problem arises that if the supplier does not have, for example, a certificate of some kind, how can the information be verified. On the other hand, it is good that

such information is collected, so that it also shakes suppliers to reflect on their own practices. This questionnaire also serves as a basis for risk assessment.

Document two is supplier's compliance assurance procedure. It is intended for internal use and describes the process of selecting a new supplier. It explains that the process starts with the supplier assessment questionnaire, followed by a risk assessment and a VMS rating (Figure 6). It illustrates how, if using the supplier assessment questionnaire mentioned earlier, you automatically get a systemic risk evaluation value. After that the VMS rating is received, which is designed to identify the strengths and weaknesses of suppliers in order to support the selection of potential suppliers and develop an active supplier base. So there is clearly support and guidance available for supplier selection within the case company. The process is highly automated, making it easier to use for the individual procurement professional. However, the interviews showed that some were not aware of this process or did not see that there was time for it.

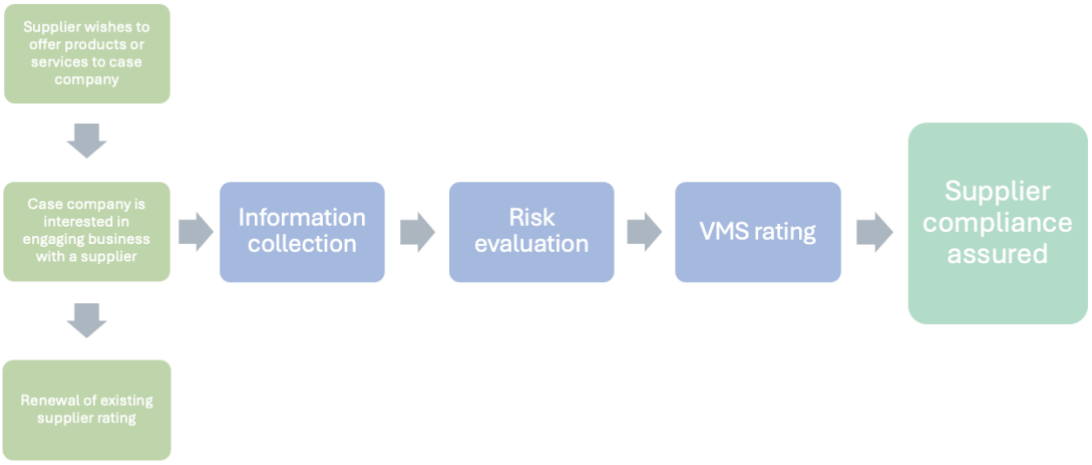

Figure 6. Supplier compliance assurance process.

Then document three describes the requirements of suppliers. The purpose of this document is to explain in more detail the legal, ethical, environmental, and employee related standards, as well as case company's own expectations from suppliers. The document is public, so it can be used by employees of the case company as well as

potential suppliers if they want to check the requirements that exist. The document contains sections on occupational health and safety, human rights, freedom from discrimination, freedom of association and collective bargaining, compensation, forced labour and child labour. The document states, among other things, that the supplier must comply with UN human rights guidelines. The document also states that suppliers must not use forced labour of any kind. However, the documentary remains quite general. It contains only the most blatant aspects of social sustainability, such as respect for human rights.

Document four is code of conduct of the case company. Again at a general level, human rights, labour rights, health, safety and wellbeing and fair employment are mentioned. There are also section for environment and society, describing climate change and environment. The purpose of the Code of Conduct is to provide guidance and common rules for employees on the case company's approach to responsible business practices. However, the existence of such a document means that the organisation has thought about sustainability and wants to communicate it to different stakeholders.

The fifht document under review is indirect procurement strategic priorities for 2025–2027. It has different parts, but the most important for this study is the sustainability strategy. The strategy sets targets for 2025 and focuses primarily on establishing a baseline for sustainable indirect procurement to promote the integration of sustainable development into all indirect procurement activities. This is another reason why the case company wants research on this topic so that they can gain more knowledge. The objectives are to define, communicate and have suppliers sign up to sustainable procurement standards. There is also a desire to classify and evaluate the suppliers and to introduce an external platform of providers for effective evaluation. The one objective was also to identify the sustainability strategies of ten most relevant indirect procurement suppliers per category and agree common development action plan for sustainability. Last objective was define and implement performance indicators for sustainable procurement.

4.5 Summary of the key findings

The interviews and documents provided valuable information. The main findings are collected in this section. In general, the attitude towards sustainable procurement was positive and all interviewees recognised the importance of SP. There was a common recognition that indirect procurement has received less attention than direct procurement and that more attention needs to be paid to it in the future. Interviewees noted that the case company is in the early stages of integrating SP into indirect procurement. However, the motivation to improve is strong.

The lack of awareness and communication within the case company was seen as a major challenge. The interviewees had a mixed understanding of the SDGs in the organisation, some were aware of the high-level targets, others were not. The objectives were perceived as vague or poorly communicated. There was also a lack of clear internal communication and training on SP objectives and practices. The lack of formal guidelines was also perceived as a problem. Most interviewees confirmed that there are no formal SP guidelines for employees, especially for indirect procurement. One interviewee stressed that sustainable development should be integrated into existing procurement policies and not treated as a separate process. This has led to many interviewees not understanding what sustainability means in their roles and how the principles could be applied. The interviews also revealed a mismatch between management's ambitions and interviewees' delivery, a gap between knowledge and action. Thus, sustainability is not yet embedded in the culture of indirect procurement in the case company.

Weaknesses were found in the evaluation practices of the suppliers. The case company has a supplier assessment form which also asked about social sustainability. This was also used as a basis for the supplier compliance verification process. However, this was not consistently applied due to time and resource constraints. Supplier certificates and documents are used as evidence of sustainable practices, but interviewees noted that it is difficult to verify accuracy. Sustainability was often perceived as an on/off criterion only, as there are no measurable standards. Based on the interviews, supplier

inspections or on-site audits are rare. Contracts usually lack annexes or specific SP clauses, such as codes of conduct for suppliers. There were exceptions in some contracts. It was generally noted that there is no dialogue with suppliers on social sustainability. The need for more communication, cooperation and joint development activities emerged from the interviews.

The development of digitalisation, and in particular artificial intelligence, was welcomed as an opportunity to reduce workload, deal with complex comparisons and improve monitoring. However, concerns remained about data security and the environmental impact. It was also seen as an opportunity and a wish to increase monitoring in order to obtain more accurate information on the status of suppliers. Many also hoped for clearer communication of the target level, so that employees would know what to aim for. Training of employees on the subject was also requested. Finally, there is also a desire to focus on supplier contracts and to find points on sustainability and improving supplier cooperation.

Based on the data collected, it can be said that there are systemic and operational challenges to sustainable procurement in the case company, mainly due to following reasons (Table 7).

Table 7. Summary of the main challenges faced by the case company.

The main challenges of the case company
Absence of clear leadership and policies
Lack of monitoring tools and practices
Difficulty verifying social sustainability claims
Cost pressure overriding sustainability concerns
Internal rediness (interest and mindset) exist, but needs supprtive structures, training, and tools to turn intent into practice

5 Discussion and recommendations

The purpose of this chapter is to discuss the results of the study and to answer the research questions posed at the beginning of the thesis. In addition to answering the research questions, this chapter discusses the conclusions drawn from the research findings. The discussion is based on the information from the literature review and the data collected in the qualitative study. The final part of the discussion will address possible limitations of the thesis and the research process and make suggestions for future research.

RQ1: *What are the current practices and initiatives related to socially sustainable procurement?*

The literature review section of the thesis identified many practices that promote sustainable procurement. The findings of this study indicate that the case company has already iplemented several socially sustainable procurement practices, which largely align with those identified in prior research. The case company's main practice was vendor vetting, and specifically the screening and risk analysis of new suppliers. It was also raised as a practice that after this analysis, known and reliable suppliers are used for procurement. However, the sustainability of trusted and well-known suppliers should also be assessed over a period of time. The interviews did not reveal that this was generally the case. Monitoring suppliers was surprisingly strong pillar of socially sustainable procurement in the case company, even though many interviewees raised it as a concern. However, the concern was mainly about the reliability of suppliers and whether their word could be trusted. Supplier auditing was weak, and increasing it could bring the desired reliability.

The case company also used various documents explaining what is required in terms of social sustainability from both suppliers and the company itself, but the documents only address major issues such as human rights. Suppliers were also asked to provide sustainability certificates. They also review documents in which suppliers describe their

own sustainability activities. However, reviewing documents is laborious work, which means that it is not necessarily completed. A small number of agreements also include an appendix that addresses social sustainability and obliges the supplier to take responsibility for it. The supplier must, of course, accept the case company's code of conduct, and as mentioned earlier, a risk analysis is also carried out before a new supplier is approved. However, the appendix to the agreement specifies the importance of social sustainability and the fact that it must be taken into account in the supplier's organisation. However, as the findings and literature review reveal, such official documents are not the best way to approach sustainability and incorporate it into procurement.

The case company's internal integration is strong, although there are some shortcomings. Top management commitment and motivation are strong, and many interviewees highlighted this. The literature also highlighted the role of sustainable development, for example, as a sustainable development manager or industry expert. During this year, the case company has hired experts in this field, specifically in indirect procurement, which emphasizes the organisation's desire to develop in the area of sustainability. Shortcomings in internal integration were identified in relation to training, target setting, and internal communication. Clarifying these areas would bring the organisation's goals closer together.

Overall, the practices of the case company demonstrate that socially sustainable procurment is being addressed mainly through supplier selection, documentation and inyernal actions. However, compared with the broader set of practices identified in the literature, areas such as supplier development, joint development, and wider stakeholder engagement are less developed in the case company. This confirms earlier findings that companies often adopt foundational social sustainability practices first, while more collaborative and integrative approaches remain underutilized.

RQ2: *What factors and challenges influence the implementation of social sustainability principles in the case company's procurement practices?*

Currently, the case company identified a number of different challenges that limit the integration of social sustainability into the procurement process. The challenges were similar to the barriers to sustainable procurement identified earlier in the literature. Govermental barriers in the case company are lack of sustaianbility regulations. The lack of knowledge and awareness was a major challenge. Clearly the case company had some guidance on the issue, but it did not reach all procurement professionals. The information should be easily accessible so that it does not take too much time to find it. It would also be important for everyone to have access to the same information. This can be achieved through training.

One clear strategic barrier is that the case company was hampered, for example, by the fact that the organisation prioritised price over sustainability. Sustainability was widely seen as a trade-off in the case company. However, this is partly a false assumption, because sustainability does not always mean higher prices. Nowadays, ingenious inventions can even reduce the prices of sustainable products or services. Many also highlighted the challenge of lack of time, which means that they do not spend their own time on sustainability assessment. Sustainability measures should be so well integrated into processes that it becomes an automatic part of the procurement process.

One challenge for the case company is the lack of a sustainability culture and the fact that sustainability has only begun to be taken into account in indirect procurement in recent years. It is understood that sustainability also covers aspects other than those related to the environment. Social sustainability is an important factor that must be taken into account in procurement decisions. It increases competitiveness and prevents major disasters that could result in significant damage to a company's reputation. Market-oriented barriers, on the other hand, did not emerge in the results. As mentioned earlier, the ICT sector is a highly developed field, including in terms of

sustainability. It can therefore be assumed that there are many suppliers in this sector who are willing and able to deliver sustainable solutions. Consumer pressure is also pushing strongly in this direction, and solutions must be found.

Overall, although the case company identified a few obstacles to socially sustainable procurement practices, there are also many opportunities, and the challenges were not insurmountable. One important factor is the shared interest and desire of both management and employees to increase sustainability. Other drivers include awareness creation and knowledge accumulation, which is promoted, for example, by supporting the production of such studies. Monitoring capabilities and innovation capabilities are also important drivers, in which the case company has shown significant investment.

RQ3: *How can procurement practices be improved to better align with social sustainability and responsibility goals?*

The results and the theoretical framework can be used to suggest new actions to better integrate sustainability into the operations of the case company. The findings from the primary and secondary data suggest a clear path forward, for example through policy development, improved communication, tailored tools, and deeper supplier collaboration. The development starts from the fact that the case company's actions are in order, because then it is know what can be demanded from suppliers and how to measure and monitor what is required.

Firstly, procurement practices should include systematic social responsibility criteria that take into account, among other things, working conditions, human rights, and ethical business practices. When these factors are placed on the same level as price and quality, social responsibility does not remain an isolated goal, but guides decision-making throughout the procurement process. Strategic planning will also play an important role in integrating social sustainability into indirect procurement. Case company should clearly define their sustainability objectives and broadly define sustainability

benchmarks and align them with the procurement strategy. The creation of clear policies that integrate sustainability criteria into procurement decisions is also of paramount importance. When selecting and evaluating suppliers, it is important to take sustainability criteria into account and use questionnaires and possible sustainability scores to rank suppliers according to the triple bottom line.

It is also important to engage suppliers and foster long-term relationships with suppliers who are committed to sustainability and continuous improvement. Supplier relationships should be viewed as development partnerships, not merely as a means of meeting requirements. This means that procurement department should work closely with suppliers, for example through training, joint development programs, and audits, to support suppliers in their transition to more responsible practices. Cooperation also enables the early identification and management of social risks.

The procurement process can be streamlined from a sustainability perspective, for example by including sustainability clauses in contracts to ensure compliance with environmental and safety standards. The use of technology can also streamline the process by introducing tools and software to effectively monitor and manage sustainable procurement practices. Technology can be used to automate and facilitate certain steps, making it easier to address sustainability issues. For example, AI can internalise large amounts of data and find answers quickly. On the other hand, staff training is essential. Case company should provide training on sustainable development principles and practices to their procurement staff to enable them to effectively implement sustainable procurement. The value of individual opinions is also reduced when procurement professionals are trained on the same principles and all have access to the same information. It is also important to work with stakeholders such as suppliers, customers and regulatory bodies to promote and support sustainable procurement initiatives.

Monitoring and reporting emerged as a concern in the interviews. This should be brought to the forefront of operations, with a focus on performance measurement and

continuous improvement. Regular evaluation of procurement activities for sustainability performance using established metrics and benchmarks. For this the case company should define their own metrics and benchmarks that they want to use and that they require from suppliers. The organisation should also use the feedback and performance data they receive to improve sustainable procurement practices.

The results show that improving procurement practices in the direction of social sustainability requires a comprehensive approach that goes beyond compliance and includes ethical, social, and human rights considerations into organisational decision-making. Social sustainability can only be effectively integrated into procurement if it is considered a core part of an organization's strategic objectives, which in turn requires strong commitment from management, ssystematic process development, and continuous cooperation with both suppliers and internal stakeholders.

5.1 Managerial implications

When looking at what can be gained from the results of this thesis from a management perspective, the main benefit is to find out what constraints and problems the case company currently faces and what direction they could take to improve their operations in terms of sustainable procurement. The enthusiasm for sustainability is high, but paradoxically some of the interviewees did not include sustainability in their procurement criteria. The main problems identified related to lack of leadership and policies, lack of monitoring tools and practices, cost pressures that crowd out sustainability and lack of support structures and training.

This study calls for a focus on strategic planning and the integration of sustainability into everything that is done. Sustainability should not be an isolated element or a value-added piece, but a fundamental part of the whole process. Managers should note that sustainability is not just about complying with regulations, but also a competitive factor. This means that responsibility must be incorporated into the procurement strategy on

the same level as price, quality, and delivery reliability. By strategically emphasizing sustainability, an organisation can strengthen its brand image, meet the expectations of customers and investors, and prevent future risks. This is something management can focus on and embed sustainability in the organisational culture. Practical actions are also important, such as providing training, support for appropriate technology and guidelines.

The study also revealed that it is important for procurement managers to establish consistent practices that systematically incorporate sustainability criteria into procurement decisions. This could mean, for example, establishing supplier responsibility assessments and audits, incorporating environmental and social impact indicators into supplier monitoring, or utilizing digitalization in data collection and reporting. Adding these to operations requires expertise that is not always available in the procurement team. Managers should invest in training and ensure that procurement teams understand the dimensions of responsibility not only from an environmental perspective, but also from the perspectives of ethical conduct and social responsibility. This supports better decision-making in daily work.

Stakeholder cooperation is also important, and management should actively build long-term cooperation with suppliers and internal stakeholders. Instead of evaluating suppliers solely on the basis of their compliance with requirements, joint development programs can be created to support suppliers in transitioning to more sustainable practices. In the future, procurement managers should be prepared for further tightening of regulations and customer requirements. This requires a proactive attitude and the ability to leverage new technologies, such as data analytics and digitalization, to verify sustainability. Proactive preparation reduces risks and provides a competitive advantage.

5.2 Limitations and suggestions for future research

The aim of the study is to increase understanding of socially sustainable procurement, highlight the challenges it faces in the case company and suggest areas for improvement. However, the study has some limitations. Firstly, this study is short-term, and this should be taken into account in the results. A longer-term study can be expected to yield more extensive and accurate results, as more interviews can be conducted over a longer period of time and in many rounds, and longer-term changes can be examined. Time is a constraint for both the interviewees and the researcher. If more time had been available, more interviewees could have been found and, on the other hand, there would have been a longer time span to complete the data collection.

Second, the study was conducted for a listed multinational company in the energy and technology sector. The size of the organisation, the form of ownership and the industry sector are expected to influence the possibility of applying the results found to other organisations. Larger companies have advantages, but they often react more slowly to change. On the other hand, large companies often have more resources to make changes. Small and medium-sized companies, in turn, are agile and make decisions more quickly. Thirdly, the focus of this study is on Finland as each interviewee worked in Finland and had strong ties to Finland. Thus, the results may be more representative of the situation in Finland, the Nordic countries, or Europe than in other regions. Furthermore, given the present emphasis on sustainability in the Nordic countries, this geographical dimension may influence the outcomes.

A further research proposal is to study the topic in a different sector than energy and technology. There is still relatively little research on the link between indirect procurement and sustainability, so it would be interesting to see how the results change in a study in a different industry. In addition, this study focused on data collected from only the case company. It would be interesting to collect data from the suppliers' side as well and create a joint study on these, taking into account not only the needs and desires of the case company, but also how the supplier could use them and their opinion on the

topic. Also, with the development of technology today, it is possible to have different support for both decision making and processes. It would be useful to explore which technologies best support the sustainability transition and how they could best be used to do so.

6 Conclusions

This study examined how sustainable procurement can be developed in the context of indirect procurement. Firstly, the study found that several factors influence the implementation of sustainable procurement, such as organizational culture, management commitment, resource availability, regulation, and stakeholder expectations. Key challenges include balancing cost-effectiveness and sustainability goals, integrating sustainability criteria into established procurement processes, and addressing the lack of visibility in complex supply chains.

Secondly, analysis of current practices revealed that the case company has already implemented several sustainable development initiatives related to procurement, such as supplier codes of conduct, environmental requirements, and reporting practices. However, these practices are applied unevenly in indirect procurement and often focus more on environmental than social or ethical aspects. This indicates both progress and a need for further development.

Thirdly, the study showed that procurement practices can be improved to better align with social sustainability and responsibility objectives by incorporating clear social criteria into procurement processes, strengthening cooperation with suppliers through joint development initiatives, and investing in the skills and awareness of procurement professionals. These measures require strong strategic alignment and management commitment so that social sustainability is not treated as a separate add-on feature, but as a core element of procurement decisions.

Overall, the study increases knowledge about sustainable procurement by indirectly highlighting the specific challenges and opportunities associated with procurement. The results suggest that, although significant progress has been made, the integration of social sustainability remains limited and requires a more systematic and strategic approach. For professionals, this study highlights the importance of leadership, process

development, and cross-functional collaboration in advancing sustainable procurement goals.

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Appendices

Appendix 1. Semi-structured interview questionnaire.

Briefly about the study:

The study focuses on the design of social sustainable procurement guidelines tailored to the needs of the indirect procurement activities of the case company. The study seeks answers to three research questions, which are:

RQ1: What are the current practices and initiatives related to socially sustainable procurement?

RQ2: What factors and challenges influence the implementation of social sustainability principles in the case company's procurement practices?

RQ3: How can procurement practices be enhanced to align more effectively with social sustainability and responsibility objectives?

This study examines social sustainability, focusing on issues such as human rights, working conditions, fair wages, diversity, ethical sourcing and supply chain transparency. However, as sustainability is usually divided into social, environmental and economic aspects, a triple bottom line (TBL) approach, also known as the 3Ps: people, planet and profit, is used. Sustainable development is a holistic approach, so all these aspects of sustainability are also taken into account. However, the focus is mainly on social sustainability, which is defined, among other things, by corporate social responsibility (CSR).

About the interview:

Next is a interview questionnaire consisting of 18 questions. I hope you will answer each one, but I understand that some questions may seem challenging. However, every answer is valuable and will move the research forward. I hope to be able to record the

interview to make it easier for me to analyze the data. The recording will only be visible to me and will be deleted after the thesis is completed and will not be shared anywhere. However, the recording will only be recorded with permission.

Background information

1. Can you briefly describe your current role and responsibilities in procurement?
2. How familiar are you with the case organisation's sustainability objectives in procurement?

Section 1: Current practices and initiatives (RQ1)

3. What sustainability-related procurement practices are currently in place at the organisation, particularly in relation to social sustainability?
4. Are there specific sustainability initiatives or guidelines that you follow when making procurement decisions?
5. How does the organisation evaluate the sustainability performance of suppliers, particularly in terms of environmental and social sustainability?
6. Are there any tools, systems, or certifications used to support and verify sustainable procurement?

Section 2: Challenges in sustainable procurement (RQ2)

7. What are the biggest challenges you face in integrating sustainability into procurement?
8. Are there any trade-offs between sustainability and other procurement priorities (e.g., cost, lead time, supplier availability)?
9. How do internal factors (e.g., company policies, management support, training) influence the adoption of sustainable procurement practices?
10. How do external factors (e.g., supplier capabilities, industry regulations, market trends) affect sustainable procurement?

11. What are the key challenges in ensuring social sustainability (e.g., fair wages, diversity, supply chain transparency)?
12. How does the organization manage potential risks related to human rights violations or unethical labour practices in the supply chain?
13. Are there specific supplier markets or regions where social sustainability challenges are more prevalent? How does the organization address these?

Section 3: Opportunities for improvement (RQ3)

14. What areas do you think need improvement to make procurement more sustainable at the organisation?
15. What kind of support (e.g., training, technology, policies) would help improve sustainable procurement efforts?
16. How do you think organisation could improve supplier collaboration to enhance social sustainability?
17. Do you think technology (e.g. AI, machine learning) could be utilized in socially sustainable procurement?

Closing question

18. Do you have any additional thoughts on how organisation can improve its sustainable procurement strategy?