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How to decide

- factors' that influence decisions regarding supplier audits

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Abstract

How to decide – factors that influence decision

CSR and supplier code of conducts have become commonplace in the last decades and there has been a lot of research into why companies use codes of conduct as well as the practical outcomes of them but almost nothing on how companies decide on what suppliers to audit. The purpose of this thesis is therefore to see *what factors influence how companies decide on what suppliers to audit?*

Through interviews with eight companies and three interviews taken from previously written student theses, all within retail, with representation from the food, coffee and clothing/textile industry nine different factors were found to influence how companies decide on suppliers to audit. It was also discovered that, even though the issue of CSR is becoming institutionalized, the industry the companies belong to affect the decision more than the issue of CSR and codes of conduct itself.

Keywords; CSR, code of conduct, SCC, audit, industry

Abbreviations:

CSR	Corporate Social Responsibility
SCC	Supplier Code of Conduct
ILO	International Labour Organization
BSCI	Business Social Compliance Initiative
BSR	Business of Social Responsibility
FWF	Fair Wear Foundation
GL	Geographical location

Introduction

Corporate social responsibility (CSR) is a well-known concept in today's business world; most companies work with it in some form or another. There are many definitions of CSR but in general the idea is that companies commit to “*minimizing or eliminating any harmful effects and maximizing its long-run beneficial impact on society*” (Hietbrink et al., 2010: 284). One central aspect of the CSR spectrum is workers' rights at suppliers and one of the most common ways of working with this issue is by having supplier codes of conduct (SCC) that supplier and partners should adhere to (van Tulder & Kolk, 2001). A SCC is a document containing paragraphs that explain what the buyer company expects from the supplier in terms of workers' rights. The codes are usually based on the UN resolution on human rights and the International Labour Organization's (ILO) convention on workers' rights (Bartley, 2007). Sometimes the buyer company will also add other issues to the codes of conduct, such as environmental impact and social issues in the surrounding society (Jenkins 2001). Suppliers usually need to sign the code of conduct in order to be eligible for business relationships with the buyer that has issued the code.

To ensure compliance with these SCC's companies conduct audits on a fairly regular basis (O'Rourke, 2003). These audits are, both by academics and practitioners, perceived to be necessary if SCC are to improve workers' rights in practice, and research has also shown that increased auditing lead to improved working conditions (Esbenshade, 2004). There are different ways that a supplier can be audited to ensure compliance with codes of conduct. Two of the most common ones are audits done by the buyer company using their own trained auditors or by a third-party auditor such as a certification organization like SAI. The audits usually take place with fairly regular intervals unless there is suspicion of violation of the code of conduct or if during the last audit the supplier showed the need to improve on certain aspects, then the next audit is usually within a 6-12 month period (Locke et al. 2007).

In parallel with the increased corporate interest in codes of conduct and auditing, the academic interest for codes of conduct has also increased. At the moment, there is extensive research into why companies work with SCC (van Tulder & Kolk, 2001), what effect codes of conduct has (e.g., Locke et al., 2007), how companies monitor the compliance with their codes of conduct (O'Rourke, 2003) etc. Yet there is little to no research regarding how companies decide on which of their suppliers to audit. In other words, there is limited research into what factors companies use to decide which suppliers to audit and which suppliers not to audit. Since most companies have numerous suppliers (especially when including sub-suppliers as well) and limited resources to spend on audits, the prioritization of which suppliers to audit poses a real challenge for companies and it sets the boundary for which suppliers (and workers) that are influenced by companies' SCC.

Purpose

The purpose of this study is to see how companies in three different industries, food, coffee and clothing/textile decide upon what supplier to audit. To address the gap in previous research, this thesis focuses on the question of:

What factors influence how companies decide on what suppliers to audit?

Empirically, the focus will be on Swedish retailers within the consumer goods industry that sell to stores in Sweden but have suppliers in developing countries. This is interesting because the consumer goods industry have several different suppliers and tiers of suppliers, which can make it difficult to decide who to audit.

In financial terms, this question is about companies finding an effective way to spend their limited resources in terms of supplier audits. In workers' rights terms, this question is about which workers are included and excluded in companies' work with codes of conduct.

The reason for a comparative study is the likelihood of common factors as well as the possibility of divergent factors due to differences in products and geographical placement of suppliers.

Previous research into codes of conduct

In the last two decades (Bartley, 2007) the issue of CSR has grown in both importance and execution with companies becoming more aware of the impact they have on local communities, environment and workers rights (Jenkins, 2001). Today, companies are expected to act in a socially and environmentally responsible way (Mohr, Webb & Harris, 2001). Companies are also increasingly using CSR as a way to improve their triple bottom line (Hart & Milstein, 2003) meaning the financial, environmental and social profit (Tate, Ellram & Kirchoff, 2010). Companies do this in part to safeguard its own brand name against potentially damaging publicity if inhumane working conditions are exposed within one of their suppliers (Egels-Zandén, 2010). Noted by Hietbrink et al (2010) is that CSR has become an important factor in brand protection and that this has lead to an increasing awareness of the importance of having socially and environmentally responsible suppliers.

In relation to suppliers, companies have developed codes of conduct to be followed as well as several different monitoring mechanisms that are aimed at making sure that the suppliers comply with the supplier codes of conduct (Locke et al., 2007). The auditing systems that many buyer companies have in place contain such things as both, announced and un-announced audits of factories, done by internal auditors as well as independent, certified auditors (Locke et al., 2007). There is also the ISO standardization that acts as a regulative framework for companies in regards to what should be done regarding both environmental and social issues (Schwartz & Tilling, 2009).

Carter & Rogers (2007) have done an extensive literature review regarding supply chain management and find ways to integrate sustainability, in their words; social, environmental and economical criteria. Other authors have studied supply chain management and sustainability in the supply chain (Roberts, 2003; Brown & Maloni, 2006; Cramer, 2007; Ciliberti, de Haan, de Groot & Pontrandolfo, 2010). There is widespread research into this subject, how companies can manage their supply chains and how to implement sustainability into the chain.

There is extensive previous research into codes of conduct, and private regulation of workers' rights more generally. Researchers have, for example, taken an interest in why companies adopt codes of conduct (van Tulder & Kolk, 2001), the negotiations leading up to certain and not other definitions of workers' rights in codes of conduct (Bartley, 2007), the emergence of multi-stakeholder initiatives for auditing workers' rights (O'Rourke, 2003), how local actors use codes of conduct to improve their situation (Yu, 2008), and the effects of codes of conduct in practice (Barrientos & Smith, 2007; Locke et al., 2007). However, the question of how companies decide on what suppliers to audit (and not to audit) has received little interest in previous research. This is somewhat surprising given the importance of this question for both the companies working with codes of conduct and for workers that are either included in or excluded from companies' attempts to improve workers' rights at suppliers. Based on the decision made by the company workers at suppliers will either benefit through improved standards or be forced to continue to work under unfair conditions.

There have been two previous student theses written within the same subject, Vingstrand and Anmark (2011) and Staaf and Nilsson (2012) where they have looked at one and three companies respectively all within the Swedish retail industry. In their theses the authors all found factors that influence the chosen companies' decisions in regards to suppliers to audit.

There is a gap in previous research where many authors have looked at supply chain management, sustainability and codes of conduct but very few have looked at what factors influence companies decisions in regards to suppliers to audit. In order for research into sustainability in supply chains and the effect of codes of conduct to be effective, there needs to be information regarding how companies' choose between suppliers to audit.

Theory

Meyer and Rowan (1977) discuss that organizations are divided into two different segments; the informal and the formal structures. The formal structure is what is shown outwards, the blueprint for the organization. It is through the formal structure and the myths surrounding it that a company gains legitimacy. Meyer and Rowan (1977) come to the conclusion that efficiency and legitimacy is the same thing, myths that are generated through organizations practices and that are diffused through relational networks have legitimacy based on the assumption of their rational efficiency.

Institutional theory

Institutional theory focuses on the way meanings become taken for granted in organizational arenas (Fligstein, 1997). It is about the process of defining something as an institution, something that is taken for granted as being the way that it is. One argument from institutional theorists is that engaging in corporate responsibility initiatives can ensure the legitimacy of an organization (Peters, Hofstetter & Hoffman, 2011). However, not complying with industry standards can lower the legitimacy of a company with such consequences as penalties, lowered consumer goodwill and bad public image (Peters et al., 2011). It can be argued that what is going on for companies' is an institutionalization process of what suppliers they are (and are not) responsible for.

Institutional entrepreneurs

Institutional entrepreneurs are actors that through their social skills can motivate other actors to cooperate through providing them with common meanings and identities (Fligstein, 1997). Institutional entrepreneurs can be actors such as NGO's, governments, stakeholders etc. How they affect the organization and the institutionalization of something depends on the amount of influence they have as well as their legitimacy. When institutional entrepreneurs establish or change an institution it can lead to the development of a fragmented social situation where the institutional entrepreneur has "friends" (allies to the institutional entrepreneur) and "enemies" (actors that defend the institutional status quo) (Peters et al., 2011). One example is renewable energy sources where Greenpeace is a friend and BP is an enemy as they rely on oil.

Institutional logic

Institutional logic is a derivative of institutional theory and discusses the different kinds of logics that can exist within an organization, society or country. Jackall (1988:112) describe institutional logics as, "...the way a particular social world works". Meaning the reason behind companies' actions is based on the logic they follow, the way their world works. In this study institutional logics could be assumed to shape, for example the number of tiers and

how far down the tiers a company takes responsibility, the number of suppliers and how many of these are audited and if suppliers in the same tier are treated differently. In other words, institutional logics will affect which factors are used when companies decide what suppliers to audit.

All three of these facets of institutional theory are applicable for this study for different reasons, i) institutional theory helps us understand the process of institutionalizing (taking for granted) issues such as what suppliers to audit, ii) institutional entrepreneurs help us understand the actors that can affect this institutionalization process and iii) institutional logic help us understand the different ways in which companies decide on which suppliers to audit.

Issue fields

There are different ideas in institutional theory regarding the domain in which institutionalization and institutional logics operate. Traditionally the idea has been that organizational fields shape this (DiMaggio & Powell, 1983). However, authors such as Hoffman (1999) talks about issue fields instead and the fact that as organizations form around an issue that has an significance to these organizations, issues become centers of debate where different actors negotiate for right to interpretation. Issue fields develop through interaction between different organizations and actors that have common interests and objectives.

In this study, the issue field is corporate responsibility toward the supplier and the organizational field is defined as the industry the companies work in.

Method

The purpose of this thesis is to analyze *what factors that influence how companies decide on what suppliers to audit?*

Given the limited previous research into this question, it is reasonable to adopt a qualitative approach. The empirical material was mainly collected using interviews with persons responsible for code of conduct issues at suppliers at Swedish retailers in the consumer industry. Besides doing interviews, secondary data was used in the form of two previous student theses' that had been written on the same subject (Vingstrand & Annmark, 2011; Staaf & Nilsson, 2012), focusing on one and two companies respectively. Both theses were based on interviews with relevant persons. The author conducted eight interviews while three respondents and correlating data was taken from the two previously written student theses. In total, eleven (11) retailers were included in this study. The companies in the study were chosen based on two criteria: how well known the company is in Sweden and that they sold products that were produced outside of Europe and the United States. These two criteria were chosen as it was reasoned that they would contribute relevant data.

An interview guide was developed based on the interview guides in the two previously written theses. After this three pilot interviews were conducted and the interview guide was modified slightly for each interview to fit the company and the respondent. The pilot study showed that relevant data could be collected using interviews and five more interviews were conducted at five more companies, the remaining three companies were taken from a secondary source, i.e. the theses. The respondents were chosen based on their role in the organization; most were either responsible for corporate responsibility/sustainability issues or worked with these issues (McKernan, 1996). All interviews were conducted in Swedish and the author translated the quotes used in the text from Swedish to English. Half of the conducted interviews were done face to face while the remaining four were conducted over the phone due to the respondents' geographical placement. All the respondents were asked for consent to record the interviews as well as given the choice to be anonymous, most did not

care but as two companies requested to be anonymous it was decided that all of the companies would be anonymous. Even though most of the material in the study can be found using other sources having the companies anonymous ensures that it is not as easy to find out which company works with CSR and SCC issues in what way.

The interviews were transcribed and the resulting data coded, by the author, into factors that had an influence over the decision-making process of which suppliers to audit (Kvale & Brinkman, 2009). These factors were found by coding the respondents answers and see what common denominators were found. Once all of the material had been coded it was converted into a table to facilitate further analysis (Silverman, 2006). Further analysis of the material lead to consolidation of some factors while others were removed. Further coding also identified gaps in the empirical data and follow-up questions to the different respondents were posed via e-mail as to close these gaps.

Once the replies to the follow-up questions had been received the data was once more looked over and the new answers used to clarify data. After this the empirical data was composed and divided into the different factors showing the different answers from the respondents with a short discussion part. Towards the end of the process the empirical data segment was e-mailed to the respondents in order for them to be able to correct or add things they felt necessary. This was however done at the author's discretion.

Empirical data

Table 1 depicts the companies that have been studied in the course of this thesis. It gives a brief overview of relevant data concerning the company such as ownership, size, products etc. Table 1 also show whether or not the companies belong to a 3rd party membership and if they conduct audits by themselves or through a third party auditor or, where applicable, both.

As can be seen in the table almost all of the companies have codes of conduct that are based on ILO and UN conventions in regards to workers- and human rights, the BSCI codes are also based on these conventions.

All of the companies conducts some form of audit/control of their suppliers, most also utilize third party auditors, either from an initiative they are part of or hired auditors. This shows that there is awareness from the buyer companies that it is important to ensure compliance with the code of conduct and to have continuous dialogue with the suppliers.

Table 2 shows the different companies and the factors that affect the decision of which supplier to audit. Underneath the table is a short definition of each factor to make it more understandable for the reader. In the text all companies will be shortened to Co.X (company x).

The companies

Table 1

	Company A	Company B	Company C	Company D	Company E	Company F	Company G	Company H	Company I	Company J	Company K
Owner structure	40% Swedish and 60% Dutch	50% majority holder	Family owned	Family owned,	Corporation	One owner	Part of an international corporation	One owner	Svenska Jeans AB	Founders	One owner
Founded in	1917	1999	1884	1906	1866	1899	1961	1953	2001	1994	1901
Size	2125 stores in Sweden, Norway, Estonia, Latvia and Lithuania	237 own stores and cooperation with 820 other stores	150 employees in Sweden, Norway, Denmark, Finland	160 employees in Sweden 290 employees within the corporation	328 000 employees world wide in both support functions and factories	3941 employees	158 stores	380 stores and 4900 employees in Sweden, Norway, Finland, Poland and the Czech republic	Sells in more than 20 countries		600 employees
Products	Food, household items	Food, household items	Coffee, wine and spirits and food	Coffee	Prepared dishes, coffee, health and nutrition, baby formula, confectionary	Clothing, home furnishing, cosmetics	Sporting goods and clothes	Clothing and accessories	Jeans, shirts, khakis, accessories	Clothing	Clothing, home furnishing, accessories
Name brand products	A-brand	B-brand	C-brand	D-brand	E-brand	F-brand	G-brand	H-brand	I-brand	J-brand	K-brand
Type of SCC	Based on ILO and UN conventions	Based on ILO and UN conventions. Own clauses concerning environment around production sites	CSR policy based on ILO and UN conventions	Based on ILO and UN conventions. Own clauses concerning environment and GMO	Own regarding business integrity, sustainability, labour standard, health and safety, environment, supplying farmers, audits	BSCI code of conduct	BSCI code of conduct	Based on ILO conventions	Fair Wear Foundation Code of Labour practice and own code of conduct	Fair Wear Foundation Code of Labour practice	Based on ILO and UN convention
Membership in 3rd party initiative	Yes, BSCI through owner	No	No	Yes, ICP; international coffee partners	Yes, AIM-progress	Yes, BSCI	Yes, BSCI through IIC; Business social compliance initiative	Yes, BSR; Business of Social Responsibility	Yes, Fair Wear Foundation	Yes, Fair Wear foundation	No
Audits	Conducted by in-house staff based on ICA social audit as well as 3 rd party auditors	One auditor based in Shanghai as well as 3 rd party auditors	Supplier evaluation , questionnaire sent to suppliers	Conducted through travels by own employees as well as 3 rd party auditors	3 rd party auditors, continuous contact with suppliers	Own audits as well as BSCI chosen auditors	Own auditors as well as IIC auditors	Own audits and minimum two controls during production	Through Fair Wear foundation and external consultants	Own and through Fair Wear Foundation	Own audits

Table 2

Factor/Company	Company C	Company D	Company E	Company A	Company B	Company F	Company G	Company K	Company H	Company I	Company J
Grade during previous inspection				X	X		X	X			X
Geographical location				X	X		X	X	X	X	X
Risk	X	X		X	X	X	X			X	X
Name brand product				X	X		X			X	
New supplier		X		X	X	X			X	X	X
Importance of supplier				X				X		X	
% of purchase		X			X	X	X	X	X	X	X
Resources	X		X		X		X				
Membership in 3 rd party initiative/ 3 rd party certification	X	X	X	X	X	X	X		X	X	X

- Grade during previous inspection; depending on if the supplier received a passable grade or need for improvement the audits will be done closer in time
- Geographical location; if the supplier is located in a high-risk country the audits will be done more often, spacing of suppliers geographically
- Risk; industry/product/area/product importance/consumer awareness, all factors that have to do with risk such as product e.g. coffee, consumer awareness e.g. bananas etc.
- Name brand product; the company has its' own name on the product. This will increase the likelihood of audits
- New supplier; if a new supplier will be audited before an order is placed
- Importance of supplier; if the supplier is of great importance to the company, e.g. the only supplier or the largest supplier
- % of purchase; how large the purchase is, from the buyer company's perspective, % of the suppliers stock and monetary size of purchase
- Resources; if the company says that the amount of resources available affects their decision. Using this factor the companies decides on the most critical suppliers to audit
- Membership in 3rd party initiative/3rd party certification; if the company is a member of an initiative that comprises a database of suppliers and buyer companies. If the supplier is audited by a third party certification organization.

Grade during previous audit

A little less than half of the interviewees said that one big factor in deciding which supplier to audit was the grade that the supplier had gotten during the previous audit, if the grade was low then they would return sooner than if the grade was high. The respondent for Co.A. put it this way;

“If you are unacceptable then we’ll be back fairly soon, then we’ll be back within 3-6 months. If you’re good, I think I’ve seen out of all of our audits maybe 1 in 300 that are good and the demands are fairly tough to get good, well then we might not be back for three years, there is no reason for us to run at a supplier that unique.”

The companies that said that previous grade influenced the decision, had three or four different grades that could be given; unacceptable, need for improvement, acceptable and good (some variations of name occurred). All of the interviewees said that suppliers always have a chance to improve no matter what grade they get. As the respondent for Co.A. said;

“...unless the supplier keeps showing the same deviations then they are not interesting for us as suppliers. But everyone is given a second chance. Unless we are denied access, in that case you’re not given a second chance.”

This is echoed by Co.B. that say that if there are issues that need to be improved a revisit will usually occur between 2-6 months after the initial audit. Co.G say that their audit report takes into consideration how well the factory owner controls the number of working hours, environment, if the workers have the appropriate safety equipment etc. The respondent at Co.G. goes on to say;

“Factories that have shown weakness on these issues are therefore controlled through “re-audits”, and we have our eyes on them.”

Almost all of the companies that use this factor have the same basic time frame for re-visits, between 3-6 months, sometimes longer depending on the type of product or the kind of improvements needed, e.g. renovations. The exception to this is Co.J. that says that they do a re-visit but did not give a specific time frame; they decided together with the supplier how long the supplier would need in order to rectify the findings. Co.K. say that they usually do a re-audit within three months if there has been need for improvement; sometimes this time frame can be longer if there are major renovations needed. The fact that re-visits are done fairly soon is a way for the companies to create legitimacy and show that they take the audits seriously and care about ensuring improvements at their suppliers.

That the rest of the companies did not put this factor as something they take into consideration does not mean that it is not part of the process, it could be that it is considered to be “outside” of the decision process. If a supplier gets a low grade then the buyer company will automatically have to do a re-audit to ensure improvement, it could be that some of the companies look at this as being separate from supplier that have yet to be audited or who got a better grade.

Geographical location

The companies’ that focus on foods or on clothes all said that geographical location was an important factor. Co.B. says;

“We have gotten the countries classified according to this (risk factors) and a typical high-risk country is China. [...] It was done in two ways, one Sustainia has done based on a number of factors such as human rights, environmental legislation and control, corruption and a few more. A university that has looked at results from real audits has done the second one.”

They go on to say that the countries that they consider to be the highest risk countries have more audits than low risk countries. The respondents who talk about high and low risk countries give China as an example of a high-risk country while Italy is a low risk country.

When deciding which countries are to be considered high-risk Co.A. follows the UNDP which is the UN’s Human development index where a score of <0.85 in human development index and a score of <0.50 on the economical security index classifies that country as a high-risk country.

Co.I. say;

“We have a philosophy of not working with countries that are not democratic...China is not. Therefore we have chosen not to work with China.”

None of the other companies in the study have expressed this sentiment in regards to country or even product, all of them are aware of the difficulties with certain products or countries but have not gone to the same length as Co.I. Most of the other companies can be considered to be dependent on being able to have suppliers in high-risk countries or sell products that are risky in order to be competitive on their respective markets.

Co.K. and Co.H. also look at geographical location regarding where in relation to each other the suppliers are located, not simply from a risk perspective. Co.G. looks at the geographical location and focuses their audits on suppliers in countries that can be considered high-risk (like both Co.B. and Co.A.); therefore the geographical location comes into play.

Most of the companies that utilize this factor do so in conjunction with the factor of risk, they look at high-risk countries and focus their audits there.

The companies where coffee is the main retail area do not focus on geographical location as a factor when deciding which suppliers to audit. This is not very surprising since coffee is only grown in certain geographical locations and the coffee companies therefore have no choice but to buy their product from these locations.

Co.C. says;

“Ethiopia is very politically sensitive, there can be no foreign exporters in the country so you, we cant buy from local, because of the risk we don’t buy directly from Ethiopia, we buy from traders, who unfortunately cannot have their own contacts that sign the contract, at least in Ethiopia. So it’s a bit tricky. But it’s an important country so we can’t stop buying from there either. [...] We have a very direct dialogue with our suppliers.”

Co.D. explains this;

“...our own controls are our trips where we with certain frequency visit the ones (suppliers) we work with and we do this for third-party certified as well, fair-trade and so on...we believe in long-term relations, we have had supplier-relations since the 1940’s-1950’s in certain instances and of course, we get to know them because we believe that is the best way to control them”.

Only one company say that the location of the suppliers within a country, no matter if it is a high or low risk country can affect the frequency with which audits are done. Co.J. try to find

suppliers that are close to their existing suppliers in order to be able to be efficient on the visits.

“...then you try to be as efficient as possible when you do these trips so vi try to make sure that our suppliers are in the same, close to each other more or less [...]close to each other in the same country.”

Risk

In this category all factors to do with risk have been consolidated into one in order to give a better overview.

Co.A. and Co.B. are two grocery-companies that have a lot of different products, both food and non-food. Co.A. says that;

“...if you look at Swedish berry-picking for example then after a couple of summers we can see that there is a risk here. It doesn't matter that Sweden is a non-risk country. We have entered an area of risk”

In regards to consumer awareness Co.B. responded:

“...if it is a type of product we get a lot of questions on then that can also influence, for example cut flowers from Kenya”

Co.A. gave a similar response:

“We know that coffee is a very critical product with large numbers of environmental and social problems connected to it. So there we choose to go a step further back down to the farmer.”

Two of the coffee companies say that they use this factor, Co.D. say;

“It depends. Partly it's over time if you see a risk, a risk assessment...”

A lot of the textile industry has production units in high-risk countries where chemicals are used in the dyeing process. This leads to an integrated problem within the industry of both high-risk environments and products.

Co.I. put it this way;

“We don't have that many (suppliers) so the ambition is that we should be able to cover all but if you have to prioritize which to audit first then you might choose the ones that are the sewing lines first, the high-risk countries first...”

At Co.J. they say;

“...we do some type of risk assessment but the goal is that we will visit all suppliers. But it can be that we might not visit a supplier that we know we will only have for a season because we know that it is a product that we won't have again...”

At Co.J. that sell both clothing, home furnishing and cosmetics they are in the process of making a risk assessment in order to find products that need to be more closely monitored from an environmental perspective. The respondent says;

“...in our own action plan we have put in that on certain products we will go deeper to follow the environmental issue in a more detailed way. [...]The dye-works where we believe there is a lot of chemicals’ or where you use a lot of water.”

Co.G. has chosen to have a focus on suppliers in high-risk countries. They say;

“It has to do with geographical impact to an extent, but we also look at grading of the supplier and the size.”

Most of the companies say that they do some form of risk assessment in order to prioritize between the different suppliers, and this assessment can be based on product type, product importance (i.e. if it is the main product of the company), consumer awareness or industry. That risk assessments are used in order to prioritize between the suppliers appears to be a quite strategic move, where can the most damage be done to the company due to a non-compliant supplier?

Name brand product

Co.A., Co.B., Co.G. and Co.J. say that their name brand on a product is a factor in their supplier selection process. Co.G. audits the suppliers that make textiles for their name brand, their main suppliers, before auditing other, smaller suppliers.

Co.A. explains their decision to have an extra focus on name brand product suppliers with;

“We have a bigger responsibility, both legally and morally, for our own brands than for say Arla or Coca Cola... .”

They also mention that they do no audit brands that are not their own unless Co.A. is the exclusive retailer for that particular brand.

Co.B. says;

“...if it is our own brand name products then there is a bigger focus and if they are big products then we also prioritize that over a more marginal product.”

Co.I only sell their own brand name but say that this is a factor that they look at.

Five out of the eleven companies looked at use this factor; most of them were companies that sell both their own brand name products as well as other companies products. There are other companies that have their name on the product but they do not sell products from other companies, meaning that all of their products are brand name products, which for these companies, makes this factor obsolete. If a company only has products with their own brand name then other factors will be more important to take into consideration when deciding on suppliers to audit.

New supplier

Co.A., Co.B, Co. D., Co.F, Co.J. and to a certain extent Co.G., Co.H. and Co.I. say that a new supplier will be informed about the code of conduct and semi-audited before an order is placed. Co.I. are in the process of implementing new routines where new suppliers will be audited. Co.B. say that;

“...the ones that are purchasers at our office in Shanghai, before the contract is signed they have a fairly ambitious list of different kinds of questions that they go through with the suppliers, but it’s not an audit but it’s a kind of control.”

Co.A. says that;

“...we always start with ensuring that the supplier commits through a contract that they will follow the demands we have that there will be no harmful child labour and so on. Then in what we call risk countries or high-risk countries we do a follow up audit.”

Co.F. say;

“...new suppliers of course, always new suppliers.”

Co.D. say;

“...we have tough criteria to become a new supplier and this is regulated in our purchasing policy[...]the intention of meeting them before an order is placed is crystal clear.”

One company that expressively says that they do not take this into consideration is Co.K. They do not conduct audits at new suppliers before an order has been placed, they do not consider it motivated to expect that a supplier should make changes when there is no guarantee that they buyer company will continue to put in orders.

Co.K. puts it this way;

“If we are only placing one order of Christmas baubles from a supplier then it is not reasonable to implement the code of conduct just for the sake of implementing it.”

Co.J. say that they might not conduct a formal audit at a new supplier but that they will go to the factory and do a control to ensure that there are no major issues. They have made a deal with Fair Wear Foundation (F.W.F) that a member from the F.W.F team goes along to day visits at suppliers just to ensure that everything looks ok, even though it is not a formal audit.

Co.J. say;

“... I visited some new suppliers with this auditor just to see that they have all the documents, do they have any routines, some of them have been audited before so they know the process.”

At Co.H. they do not place an order if the supplier cannot fulfill some base requirements, which is expressed this way;

“ It is very hard to rank which demands that are more important than the others...Then you know that this base, everyone has to manage the base. In here is for example fire and safety as well as child labour.”

Some of the companies have stated that they do not believe it fair to put so much pressure on a new supplier before an order has been placed since there is no guarantee that they buyer company will continue to place large orders. To force a supplier to implement changes just to be eligible to receive orders is not something that will promote trust and a desire to work together, some of the interviewed companies believe. It would seem natural to audit a new supplier so that, if issues are discovered, the buyer company can either find a different supplier or try to work together with the supplier in order to solve these issues. It is a way for both the buyer company and the supplier to ensure a more long-term relationship by showing willingness to work together to improve workers conditions.

Importance of supplier

If a buyer company only has one or two suppliers of a certain product then these will be higher on the list of suppliers to be audited than if the buyer company has six or seven suppliers of one product. Co.A. say;

“If we have many suppliers so that we can switch between, then one supplier isn’t extremely important for us if we have four others we can use if one should fall. Unlike if we only have one.”

A second part of this factor is if the supplier is the biggest for a certain type of product, there could be several smaller suppliers that produce the same product but at a much smaller scale. This will make the biggest supplier more important for the company to audit. Co.I. says that;

“...then it depends on the quantity that we have put there, if it is the majority of all products then of course we need to audit that supplier even if it is not a high-risk supplier, but if it is someone that we only have one article that is a very low quantity then they might not end up at the top of the priority list, it will have to wait a bit.”

Co.K. says;

“The five-ten factories that we work with most are important to have a continuous presence at in some way. At the same time many suppliers have worked for us, sometimes, between twenty and forty years which gives a different kind of security.”

None of the other companies specifically said that this is a factor that they look at. There was a higher mention of product importance and percentage of purchase from different suppliers than straight focus on important suppliers.

Percentage of purchase

This factor entails the % of the buyer company’s product they get from a supplier, the % of a suppliers stock/production that a buyer company acquire as well as monetary amount of purchase. More than half of the companies interviewed used this factor in determining which of their suppliers should be audited. Most said that a supplier that they got a majority of their production from was more prioritized than a supplier that was responsible for a smaller part. Co.G. says;

“Finally it is more natural to put more focus on auditing the bigger suppliers that produce a lot of products for us.”

Co.D. says;

“It depends. Partly it is over time if you see a risk, a risk-assessment then it is also to do with volume and depending on what type, if there is a third-party certification we might do fewer visits there so it’s those three parameters.”

Co.I. formulates it like this;

“...then it depends a bit on the quantity that we have there, if it is the majority of all products then of course we have to audit that supplier...”

The respondent for Co.F says;

“You start, everyone that has a turnover above 15 000 USD at their factory, we take them first and then we can think about if we feel that there are some other suppliers, then we can take them as well.”

Co.B. agree;

“...then big products (high turnover) we also prioritize higher than if it is a more marginal product.”

And at Co.K. the same thought is echoed;

“Of course size of the supplier matters, or rather, how much of our production is located at the individual manufacturer.”

Co.H. also base some of their decisions on the size of purchase from the supplier;

“I the beginning, if you have 2000-3000 suppliers then there is no possibility to audit all at once. Most companies usually start with the most important and biggest suppliers and then you keep going.”

This factor can be tied in with the importance of a supplier to a certain extent as a supplier that produces a high percentage of a company's products will be more important than a supplier that produce a small amount of products. However more companies say that they take this factor into consideration than the importance of the supplier. The differentiation between these two factors is interesting to note since it could be argued that they measure the same basic thing that it is simply semantics to look at them as two different factors.

Resources

Some of the companies interviewed cite a lack of resources as a major factor in deciding which of their suppliers to audit. Some of the companies say that resources play a part in the decision but is not a major factor in the decision.

As Co.C. say;

“We, none of us, neither we nor W or X or Y or Z or, we have none of us, it's only one or two persons at the purchasing department no matter where you go. So there is no team of people you can send out to audit.”

Co.E. echoes this sentiment;

“... if you put that in relation to that we have direct contact with 500 000 growers/year we, with all the will in the world we couldn't reach 10 million because we are not enough people to be able to carry through.”

Co.B. say;

“We audit as far down as to where we experience that the main production takes place...because otherwise it never ends, it's a question of resources.”

At Co.G. there is only one person at the headquarters who works with audit and control of suppliers, which limits the number of suppliers that can be audited each year.

However, a break from what most companies have said Co.J. do not cite resources as a factor that has any great impact on which of their suppliers to audit. Co.J. say;

“So far I have never gotten a no to an audit due to finances.”

The rest of the companies interviewed alluded to the limited amount of resources but most expressed a policy within the company of visiting most, if not all, of their suppliers as often as possible.

Co.I. say;

“We are quite present anyways at the factory even if we don’t do audits, there’s a lot of people who go down and check the production, sample handling and in Italy we have an agent who works there with five employees who control our products each day so we have quite a high presence anyway.”

That the other companies do not cite resources as a factor in their decision on which supplier to audit does not necessarily mean that it is not taken into consideration. All of the companies have limited resources to spend on travel and personnel, something that is required in order to conduct audits at suppliers that are usually located on a different continent. It could be that the variables that the companies take into consideration are being analyzed within the frame of resources given to the purchasing/CSR/supply chain departments.

Membership in a 3rd party initiative/audited by a 3rd party certification

There is a spread of membership in different organizations that aim at creating a database that buyer companies can look at to see if their suppliers have passed an audit related to the UN and ILO conventions. Co.G., through their mother company, as well as Co.F is part of BSCI, Co.E. is part of AIM, Co.H. is part of BSR and Co.I. are part of Fair Wear Foundation as well as Textile Exchange. Co.J. is also part of Fair Wear Foundation. Besides these the other companies all say that 3rd party certification is a factor in favor of auditing a supplier less frequently, perhaps not at all. The quotes show how some of the companies reason regarding membership on a third party initiative and third party certifications.

Co.C.:

“We have a dialogue and that we always try to increase the amount of certified coffee, because it is through certified coffee that we can make demands, and it is also there we can make sure that the demands are being followed.”

Co.F.:

“...through BSCI suppliers are invited to different trainings in order to be able to improve and we do this together to a fairly high extent.”

Co.E.:

“But then we also have a different monitoring program called AIM-progress...It’s a control system that means that through a database you type in for example when we are buying coffee from Kenya, you go in and type that we are buying coffee from this exporter and it’s going this route. This way the hope is to build a database that is transparent and that also means that if somebody doesn’t behave then they will be removed from this system and then it will be revealed, not just to the buyer that the product is going to but to everyone.”

At Co.I. the question about 3rd party certification is answered with;

“No, no, you have to, even if it’s, for in a way it’s like fair-trade certification is really just for the cotton so that’s no guarantee that it will be ok for the entire supply chain, we

can't just trust that...But then it's a good thing that they do have a certification but then it's no guarantee that it's a good thing/ for non-compliances in the production chain (the product)."

Co.D.;

"Our own controls are our travels where we with some frequency visit the ones we work with and we do this for third party certified as well, fair-trade and so on...if there is a third party certification we might do fewer visits."

Co.J.;

"I followed up an audit in Turkey and then it was a different Fair Wear Foundation member, there are quite a few Swedish companies that are part of FWF and then I had received, we share the audit reports with each other. So the control I did was based on the information that were in the report and what I noticed was that it was a pretty good factory. But what they hadn't noticed was that this factory used ten sub-suppliers and then, usually it can be that you have a nice factory that you show and you get good audit grading on it but it's not sure that the clothes are manufactured there. So what's important is to have a good knowledge of where the clothes are produced and you can get that if you have close contact, frequent visits to the factory."

Most of the companies that are part of some kind of initiative are within the textile or apparel industry where there are several different, well-organized initiatives those companies can be part of. Co. K is the only company that is not part of an initiative nor do they specifically say that certification from a third party will affect which of their suppliers they will audit.

Analysis

The data gathered during this study clearly shows that there are differences between the three different industries, coffee, food and clothing/textile, within which the companies are located. Looking at the empirical data gathered during the study four different logics can be seen (Jackall, 1988), that the companies use when they are deciding on which suppliers to audit. These four are CSR, efficiency, risk and organizing logic and are explained below. Together with the explanation of the different logics is also the different factors that can be connected to them, most of the factors can be connected to more than one logic. All of this is summarized in table 3 at the end of this segment.

The logics

Jackall (1988) discuss different logics that affect the way that a company looks at the rest of the world and that influence the actions and decisions taken by these companies. Looking at the data collected during this thesis there are four different logics that can be seen when analyzing the data; CSR or worker's rights logic, efficiency logic, risk logic and knowledge logic. There is no one company that use just one of these four logics, all of them are used in a mix depending on which factor and company is looked at. All of these logics connect to the underlying reason for a company's actions, why they do what they do.

CSR logic

This logic connects to companies wanting to ensure worker's rights and fair conditions at suppliers. Using this logic companies prioritize settings where they believe there are problems such as high-risk countries or buying certified products, as this will ensure better conditions for workers. Within this logic companies conduct risk assessments to find out where there is a risk of breach of the SCC in regards to workers rights. Within this logic is also membership in third party initiatives as these works towards ensuring fair conditions for workers as well as sustainable supply chains.

Within this logic one part of geographical location can be found, shortened to GL A, which connects to CSR as companies look at countries and regions where there is a risk of branches of the SCC such as China. In connection to both GL A and the CSR logic is the risk factor. The companies in the study talked about different kinds of risks based on different criteria. Risk in relation to the CSR logic is based on risks to the workers at suppliers and is called risk A.

Efficiency logic

There are two parts to this efficiency logic. The first one is connected to ensuring “bang for the buck” meaning that companies want as much result as possible from an action. The second part of efficiency logic is doing audits for other reasons such as quality and looking at issues regarding workers rights at the same time. This is a way for the company to be efficient and get information regarding working conditions and workers rights while having a different main reason for being at the supplier.

Within the “bang for the buck” logic is geographical location, shortened to GL B, where companies try to find suppliers that are located close to each other in a country or region as to be able to visit more of them in a fixed amount of time. Connected to this logic is also prioritizing suppliers in the first tier as they are well known to the company and therefore easy to audit. Trusting third party certification and initiatives can also be part of this logic as it ensures results without the company having to spend large amount of resources on auditing suppliers. Risk connected to the second part of this logic is regarding risks to the company that can be good to know, something that is tagged onto an audit being done for a different reason in order to be prepared. This risk factor is called risk B and connects more to risks to the efficiency such as losing a supplier or income due to disrupted production.

Risk logic

There are different parts to this logic. One connects to if the company has been exposed to something, e.g. bad publicity due to unfair conditions. The second part is pre-emptive logic that is based upon the belief that if something becomes public it will harm the company, “how would people react to X?” Asking this question and then doing audits and controls in order to ensure that these risks are minimized. The third part of this logic is connected to more of a business risk such as losing income due to only having one supplier for a product and that supplier being shut down for some reason. A second example of this is if a supplier that produces a name brand product is discovered not to comply with the SCC, which could lead to lesser profit for the company due to lowered customer support.

Connected to this risk logic is also the risk factor found during the study. The risk factor connects to the risk logic when the companies act on the foundation of the risk logic such as doing risk assessments in order to be aware of potential risks to the company, no matter what it is. This part of the risk factor is called risk C.

Organizing logic

This logic is more connected to third party initiatives even though it can be connected to buyer companies as well. Through a report due to be released in 2012 this logic has been found to influence third party initiatives in regards to audit of suppliers. There are two parts to this logic, legitimacy and structure. The legitimacy part is about creating legitimacy for the teams conducting the audits through being active in all regions, no matter where the supplier is located. Third party initiatives have to be active wherever suppliers are located, even if it is

very remote in order to create legitimacy for their certification. The second part of this logic is structure where third party initiatives that have teams in different locations have to conduct audits with certain regularity in order to ensure occupation for the auditors. Connected to this part is also the need to keep the structure of audits viable and the auditors up to date on new policy or ways of working.

Grade during previous audit is one factor connected to this logic as it is part of the structure used by the organization. Two other factors are also connected to this logic, resources and 3rd party initiatives as resources are dependent on the structure of an organization and 3rd party initiative can be part of creating legitimacy for an organization.

Table 3.

<i>Factor/Logic</i>	CSR	Efficiency	Risk	Organizational
Grade during previous audit		X		X
GL A	X			
Geographical location				
GL B		X		
Risk A	X			
Risk B		X		
Risk C			X	
Name brand			X	
New supplier	X	X		
Importance of supplier			X	
% of purchase		X	X	
Resources	X	X		X
3rd party initiative	X	X		X

The table above shows how the different factors found in the study connects with the four different logics discovered (Jackall, 1988). As can be clearly seen most of the factors belong to more than one logic, this shows that there is no one way to use a factor but that it depends on which logic is being used to interpret them.

Issue fields

Hoffman (1999) talks about issue fields and looking at the data two different kinds of fields become clear, an issue field regarding CSR and a branch field regarding the different

branches the companies belong to. It could be expected that within an issue field the different actors would act in the same way no matter what industry they belong to. However, based on this study, it does not appear as if the issue field is the main factor that affects the companies, it is the branch field. As DiMaggio and Powell (1983) discuss, when actors work to change their organizations to fit a field they inadvertently make the organizations more and more similar to each other. This can be connected to the concept of institutional entrepreneurs that Fligstein (1997) discuss, within each branch field the different actors can be considered institutional entrepreneurs as they affect each other and are part of changing their joint social world. The way that one company decides to work with CSR issues will affect the way that their competitors work with the same kind of issues, they affect each other both within their branch field and the issue field of CSR (DiMaggio & Powell, 1983). This effect is apparent throughout the data as most of the companies within each industry use many of the same factors as their branch competitors leading to the conclusion that they influence each other.

There are both differences and similarities between the different industries in the study, almost all companies, at least a majority from each industry, use the risk, percentage of purchase and 3rd party membership/certification factors. This shows that within the issue field (Hoffman, 1999) of CSR there are common ways to look at monitoring and auditing, no matter which industry the companies belong to (DiMaggio & Powell, 1983). At the same time there are more similarities within each branch field, which shows that branch or industry is a larger deciding factor than issue.

Clothing/textile industry

By looking at both table 2 and table 3 it becomes clear that the factors that are most used by the clothing/textile industry are connected to all of the four logics but with a higher focus on the CSR and efficiency logics. That can be interpreted as the clothing/textile industry, in this study, tries to keep their costs down while at the same time being aware of issues that exist at suppliers and are trying to ensure better working conditions.

The textile/clothing industry has been subjected to public outcry due to child labor and unfair working conditions at suppliers and this has had the consequence of ensuring institutionalization of regulations and monitoring organizations (Meyer & Rowan, 1977). A second effect of these public cases is that the consumers now expect these companies to behave in socially and environmentally responsible ways (Mohr et al., 2001). This institutionalization of the ways to work (Fligstein, 1997) with issues of CSR and supply chain responsibility should mean that there is one way to work, however, there is a spread between the companies in regards to which factors they use and in what way. The reason for this could be the fact that the companies are well aware of the common rules and regulations, formal and informal, which exist within the industry and are therefore comfortable in using individual interpretations of the factors and how they should be used.

The one factor that all of the textile companies in this study use is percentage of purchase, a factor that is connected to both efficiency and risk logic. Efficiency as it is an easy factor to measure and use and risk as it can affect the income for the company in case a supplier with a high percentage of production cannot produce the required amount of products. This factor can be seen as institutionalized within this industry as all of the companies, in this study, use it (Fligstein, 1997), even though they claim to use it in different ways as Co.F. has a monetary amount as their limit.

Most of the clothing/textile companies in this study also use geographical location as a factor, something that is also connected to both CSR and efficiency logic. The use of this factor varies between the different companies', some use risk A which is connected to CSR logic and use this factor as part of a risk assessment to see where there is a high risk for breaches of the SCC, where auditing is most needed (Locke et al., 2007). Others use risk B which is more connected to efficiency as the companies try to find suppliers as close to each other as possible, both within a country and within a region, in order to get more done for the same amount of money. One example of this is Co.J. that say that they try to find suppliers as close to each other as possible in order to be able to cover more of them during audits (Meyer & Rowan, 1977). Co.I. has made the decision not to work within countries that are not democracies, such as China. This standpoint is unique in this study; none of the other companies have used the geographical location factor in this way. Some of the companies also use risk C which is more connected to a general risk assessment of things that could harm the company, both profit wise as well as from a CSR perspective.

Co.K. say that they do not audit new suppliers until it becomes clear that they will use that supplier more than once. They do not believe it to be legitimate to demand, what can be, large changes from a supplier that will only be used for one product, one time. In contrast to this both Co.D. and Co.H. refuse to do business with new suppliers before they have been audited and approved based on strict criteria which connects to what Hart and Milstein (2003) call the triple bottom line where companies are trying to improve their social, environmental and financial profit. Co.K's choice not to audit new suppliers can lead to continued bad working conditions for the employees at the factory as well as continuous breaks in human and workers rights (Jenkins, 2001).

There is only one company in this industry that claim to look at suppliers producing their brand name goods above others and that is Co.G. This factor is connected to risk logic as there is a potential risk to the company, both of a lack of profit as well as bad publicity if bad conditions are found. Based on the study it stands to reason that Co.G. uses this factor as a preventive measure to protect the brand image (Peters et al., 2011).

The coffee industry

The one industry that uses the least amount of factors is the coffee industry; this could be connected to the inherent problems of the industry in regards to monitoring working conditions due to a large number of tiers and suppliers in each tier. The amount of tiers makes it difficult for the coffee companies to monitor and audit the supply chain all the way down to the farmer. Having several tiers of suppliers naturally increase the risk to the company (Peters et al., 2011) as well as makes it harder to reach all of them if they are located in different geographical locations. This is where third party initiatives have a natural place, they can go directly to farmers and not be limited by which they buy coffee from (O'Rourke, 2003). This could create further legitimacy for the third party initiatives as well as increase the efficiency of them (Meyer & Rowan, 1977).

Even though this industry uses few factors the ones that are used are connected to CSR, efficiency as well as risk (and to a certain extent organizational) logic (Jackall, 1988). That the few factors represent all four of the different logics is interesting as it shows that, at least the companies in this study, are trying to both improve workers' conditions as well as be as efficient as possible while at the same time minimizing risk to the company. The reason for all four logics being represented within this industry is not very clear, it could be connected to the many third party initiatives that operate within this industry or the fact that it is an

industry where, as the respondent for Co.C. put it, everyone knows everyone. This community and knowledge of competitors makes this an industry where it would appear easier to come to joint plans of actions while still being competitive.

The two factors that two of the companies use, Co.C. and Co.D., are risk and third party initiative (which is also used by the last company Co.E). In regards to the risk factor they use risk C mostly as they do risk assessments to see where there is a risk to the company however, both of them also say that they use risk A as it will give an indication of where there are problems. It is hard to pinpoint exactly which of the three dimensions within the risk factor that is being used as there is usually no clear reason for why it is used, there is usually a mix of reasons that belong to all three dimensions. All three coffee companies are either part of an initiative or say that they trust third party certification in relation to workers rights. This is a way for the companies to ensure that there is some kind of control of working conditions even though they might not be able to conduct their own audits, something that connects to both the CSR logic as well as efficiency and organizational logic.

Co.C. talk about the fact that the industry is quite small when looking at the buyer companies and exporters, taking this closeness into consideration it is surprising that there is such a clear difference in how the studied companies act and what they believe is the best way to ensure compliance with industry standards and codes of conduct. One would expect to find more similarities between the studied companies due to the fact that “everybody knows everybody”, which could be expected to lead to similar ways of working since the companies influence each other, similar to what Fligstein (1997) discuss regarding institutional entrepreneurs. This influence on each other should be apparent here, however the reason for this not being the case could be the many third party initiatives that exist. If everyone is part of, or trusts, third party initiatives and certifications than the way that the individual company acts is more due to their own view of the world and what is best for the company than what the competitors are doing.

The food industry

The two companies in this study that belong to the food industry are Co.A. and Co.B. Of the factors found in this study these two companies both use six of the same, Co.A. uses seven in total and Co.B. eight. The factors belong to all four of the logics found (Jackall, 1988) which shows both the spread of the factors used as well as the fact that there is no clear logic more dominant than the others. Mohr et al. (2001) discuss the expectation on companies to behave in socially and environmentally responsible ways and this can clearly be seen on these two companies where they use many different factors to decide on suppliers to audit. Hietbrink et al. (2010) say that SCC's and audits can be used as a way to protect a company brand and in the case of both Co.A. and Co.B. it is clear that they do consider CSR work to be a way to protect their names.

Based on the data in this study it there would appear to be an institutionalized way within the food industry of how to work with issues of CSR and workers rights. This could be connected to the many national and international rules and regulations regarding food that exists but it could also be that the companies have influenced each other to act in certain ways (Fligstein, 1997). Both of the companies looked at in this study use a large number of factors, many of them the same ones, which would indicate that there is a taken-for-granted way to work within this industry, with no one logic being more used than the others.

Both companies say that they do a risk assessment when deciding on suppliers to audit and that they also audit suppliers that are not located in a high-risk country if there is indications of unfair working conditions. Based on the replies gotten from the two respondents there seems to be a high level of CSR awareness within this industry as well as a will to work towards ensuring better conditions for workers at suppliers. This shows that the CSR logic is quite prevalent here, however as many of the factors used also connect to efficiency, risk and organizational logic it is hard to say that one is more used than the others. It would appear that it depends on what factor is looked at and the context within which it is being used.

The dimensions in table 4 are all based on information gathered during this study through comments from interviewees as well as extrapolated by the author. The number of tiers that a company has will affect which factors they use and in what way depending on how far down the tiers they audit. The number of suppliers will also affect the decisions as a high number of suppliers will naturally require a higher amount of resources than a low amount of suppliers. The industry that the company belongs to would appear to be the largest influence on which factors are used and in what way. The three different industries looked at in this study have some similarities as well as differences between each other, while having greater similarities to the competitors within the own industry, which leads to the conclusion that industry is a major influence on decisions in regards to supplier audits.

Table 4

Dimensions/ Logic	CSR	Efficiency		Risk			Org.
		“bang”	“know”	pre.	business	prev.	
Number of tiers	Risk A	Geographical location B	New supplier	Risk B		Risk C	
	Geographical location A	Risk B	Risk C				
Number of suppliers	3 rd party initiative	3 rd party initiative geographical location B	Risk	Risk	Importance of supplier	Risk C	Resources
	Geographical location A	resources		New supplier			3 rd party initiative
Industry	Geographical location A	Grade during previous audit	Geographical location B		Importance of supplier	Importance of supplier	Resources
	Brand name	% of purchase			% of purchase	Brand name	Grade during previous audit

That there is a spread both within and outside of the different industries of factors that affect companies’ decisions is not strange. Even though there are regulations and institutionalized norms within all of the industries in the study there is always room for interpretation by the companies themselves. All of the companies in the study work within the issue field of CSR (Hoffman, 1999) but due to the fact that there are quite a few differences between the industries it is a logical conclusion to draw that industry has more of an effect on the way that companies work with CSR than the specific issue field.

Conclusion

The purpose in writing this thesis was to start filling the perceived gap in the sustainable supply chain research that deals with how companies choose and prioritize their suppliers. This thesis has shown that there are some factors that appear to be common across industry

lines while others seem to be more specific depending on the industry looked at. The thesis has also shown that there are four main logics at play which affects the way that the different factors found are being used. Three different dimensions also influence all of this where the industry is the largest influence of the three.

The number of factors being used as well as the many different ways that the companies in the study use them shows that there is no clear way to work with the issue of CSR. It would appear that companies choose factors as one might pick candy, the ones that seem the best at the time. Depending on which factors are picked and the context within which it is applied there will be different results and consequences both for the company and for its suppliers. There are few clear structures surrounding how the different companies work with CSR and as there are many different ways of interpreting the field of CSR this is not surprising. What does appear clear however, is that what influences a company's way of working with these kinds of issues is more connected to the industry they belong to, rather than the issue of CSR itself. There are some similar factors between the different industries, however that can be attributed more to the change society has gone through in the last couple of decades, from CSR being something unsubstantial to an issue that in essence can make or break a company.

There is a need for further research in this area for example how companies can get further down the supply chain or what society can do to ensure good working conditions throughout the supply chain. Getting more research on this would enable both companies and independent initiatives to make more informed decisions with a clearer understanding of the factors that influence their decisions as well as the consequences of these choices.

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